

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

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended November 30, 2010 or

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

For the transition period from _____ to _____

Commission file number: 1-9610

Commission file number: 1-15136

Carnival Corporation

(Exact name of registrant as specified in its charter)

Republic of Panama

(State or other jurisdiction of
incorporation or organization)

59-1562976

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

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

(Address of principal executive offices and zip code)

(305) 599-2600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock
(\$0.01 par value)

Name of each exchange on which registered

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 ☒ 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 ☒

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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, non-accelerated filers, or small reporting companies. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large Accelerated Filers ☒ Accelerated Filers ☐ Non-Accelerated Filers ☐ Smaller Reporting Companies ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was \$14.5 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 24, 2011, Carnival Corporation had outstanding 607,840,462 shares of its Common Stock, \$0.01 par value.

Carnival plc

(Exact name of registrant as specified in its charter)

England and Wales

(State or other jurisdiction of
incorporation or organization)

98-0357772

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

Carnival House, 5 Gainsford Street,
London SE1 2NE, United Kingdom

(Address of principal executive offices and zip code)

011 44 20 7940 5381

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

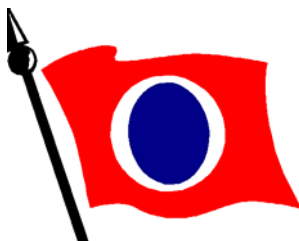
Ordinary Shares each represented by American
Depositary Shares (\$1.66 par value), Special Voting Share,
GBP 1.00 par value and Trust Shares of beneficial interest
in the P&O Princess Special Voting Trust

Name of each exchange on which registered

New York Stock Exchange, Inc.

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 \$6.7 billion as of the last business day of the registrant's most recent completed second fiscal quarter.

At January 24, 2011, Carnival plc had outstanding 214,412,366 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 607,840,462 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' 2010 annual report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

Item 5(a). Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Market Information, Holders and Performance Graph.

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' 2011 joint definitive Proxy Statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

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, and Director Independence.

Item 14. Principal Accounting Fees and Services.

PART I

Item 1. Business.

A. General

Carnival Corporation was incorporated in Panama in 1972, and Carnival plc was incorporated in England and Wales in 2000. Carnival Corporation and Carnival plc operate a dual listed company (“DLC”), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation’s Articles of Incorporation and By-Laws and Carnival plc’s Articles of Association.

Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. The two companies operate as if they are a single economic enterprise with a single executive management team and identical Boards of Directors, but each has retained its separate legal identity. See Note 3, “DLC Structure” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Together with their consolidated subsidiaries Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as “Carnival Corporation & plc,” “our,” “us” and “we.”

We are the largest and financially strongest cruise company and among the largest and most profitable vacation companies in the world. We have a portfolio of widely recognized cruise brands that are sold in all the major vacation markets of the world and are a leading provider of cruises to all major vacation destinations. We believe our multi-brand strategy is essential to our cruise industry leadership position. See Part I, Item 1. Business. B. “Cruise Operations” for additional information.

Each of our cruise brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia (“EAA”) reportable cruise segments based on the similarity of their economic and other characteristics. Our North America segment cruise brands include Carnival Cruise Lines, Holland America Line, Princess Cruises (“Princess”) and Seabourn. Our EAA segment cruise brands include AIDA Cruises (“AIDA”), Costa Cruises (“Costa”), Cunard, Ibero Cruises (“Ibero”), P&O Cruises (UK) and P&O Cruises (Australia). See Note 11, “Segment Information” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K.

As of January 31, 2011, the summary by cruise brand of our passenger capacity, the number of cruise ships we operate and the primary areas or countries in which they are marketed are as follows:

<u>Cruise Brands</u>	<u>Passenger Capacity (a)</u>	<u>Number of Cruise Ships</u>	<u>Primary Markets</u>
<u>North America</u>			
Carnival Cruise Lines	54,480	22	North America
Princess	37,608	17	North America
Holland America Line	23,492	15	North America
Seabourn	<u>1,524</u>	<u>5</u>	North America
North America Cruise Brands	<u>117,104</u>	<u>59</u>	
<u>Europe, Australia & Asia (“EAA”)</u>			
Costa	29,202	14	Italy, France and Germany
P&O Cruises (UK) (b)	15,098	7	United Kingdom (“UK”)
AIDA	12,054	7	Germany
Cunard	6,676	3	UK and North America
P&O Cruises (Australia)	6,322	4	Australia
Ibero	<u>5,008</u>	<u>4</u>	Spain and South America
EAA Cruise Brands	<u>74,360</u>	<u>39</u>	
	<u>191,464</u>	<u>98</u>	

(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) Includes the 1,200-passenger capacity *Artemis*, which was sold in October 2009 to an unrelated entity and is being operated by P&O Cruises (UK) under a bareboat charter agreement until April 2011.

As of January 31, 2011, we had signed agreements with three shipyards providing for the construction of ten additional cruise ships scheduled to enter service between April 2011 and June 2014. These additions, net of the withdrawal of P&O Cruises (UK)’s *Artemis*, are expected to result in an increase in our passenger capacity by 26,300 lower berths. The impact of these net additions is a 13.7% increase in passenger capacity compared to our January 31, 2011 passenger capacity. It is possible that some of our other older ships may also be sold, chartered 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 acquire more ships, thus increasing the size of our fleet over this period. Our North America cruise brands and our EAA cruise brands each have five ships scheduled to enter service by June 2014 and June 2013, respectively, which are expected to result in an increase in their passenger capacity of 14,950 and 12,550 lower berths, respectively. After adjusting for *Artemis* leaving the fleet, the impact on passenger capacity of these net additions is a 12.8% increase in our North America cruise brands and a 15.3% increase in

our EAA cruise brands. See Part I, Item 1. Business. B. “Cruise Operations – Ships Under Contract for Construction” and Note 6, “Commitments” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional information regarding our ship commitments.

In addition to our cruise brands, we have a Cruise Support segment that includes our cruise port and related facilities located in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Long Beach, California and Roatán, Honduras, which are operated for the benefit of our cruise brands. Cruise Support also includes other corporate-wide services that are provided for the benefit of our cruise brands.

In addition to our cruise operations, we own Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which primarily complements our Alaska cruise operations. This tour company currently owns and operates, among other things, 15 hotels or lodges, with 3,420 guest rooms, 395 motorcoaches and 20 domed rail cars. This tour company and the two cruise ships we own and charter-out under long-term bareboat charter agreements to an unaffiliated entity comprise our Tour and Other segment.

Mission, Primary Financial Goal and Related Strategies

Our mission is to deliver exceptional vacation experiences through many of the world’s best-known cruise brands that cater to a variety of different geographic regions and lifestyles, all at an outstanding value unrivalled on land or at sea. Our primary financial goal is to profitably grow our cruise business, while maintaining a strong balance sheet, which enhances our financial flexibility and allows us to return free cash flow to shareholders. Our ability to generate significant operating cash flows has allowed us to internally fund the majority of our capital investment program.

To achieve our goals we build new and innovative ships and continue to invest in our existing ships to strengthen the leadership position of each of our brands. Our newbuilding program is the primary platform for our growth. We currently have ten cruise ships scheduled to enter service between April 2011 and June 2014, four of which will enter service in 2011. Our current intention is to have an average of two to three new cruise ships enter service annually in 2012 and beyond. We believe our strong balance sheet allows us to capitalize on the attractive newbuild prices that currently exist in the market place. Based on our current ship orders, our growth rate for our North America cruise brands, which is the most developed cruise region, is 3%, compounded annually through 2013. However, the majority of our growth over the next three years will come from our European brands, which are in an earlier stage of market development, and are expected to grow by 7%, compounded annually through 2013. We also currently intend to grow our presence in other markets, such as Australia, Asia and South America by redeploying some of our existing ships to these markets in order to develop an increasing awareness and appetite for cruising.

Our operating structure is decentralized, with each of our major brands having its own headquarters and operating team, which helps create an ownership culture that is an important driver of our performance. We believe this approach results in delivering a product that is specifically tailored to identifiable geographic regions and lifestyles, which allows us to penetrate each market more effectively. Although we operate under this decentralized structure, we leverage our size to obtain economies of scale and synergies, which reduces costs by consolidating our purchasing power and implementing common cost-containment initiatives, such as common reservation systems, coordinated media buying, cross-selling, shared data centers and shared port facilities.

We believe the successful execution of these and other ongoing strategies has enabled us to become among the largest and most profitable companies in the vacation industry. We also believe we are well-positioned to achieve increasing returns as the global economy recovers. Since we have slowed down the pace of our newbuilding program, we currently believe this will lead to increasing free cash flows in 2011 and beyond.

Health, Environment, Safety and Security Policy

In conjunction with our mission, primary financial goal and related strategies discussed above, we are committed to:

- Protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, illness and loss.
- Protecting the environment, including the marine environment in which our vessels sail and the communities in which we operate, by minimizing adverse environmental consequences and using resources efficiently.
- Fully complying with or exceeding all legal and statutory requirements related to health, environment, safety and security throughout our business activities.
- Assigning health, environment, safety and security matters the same priority as other critical business matters.

B. Cruise Operations

I. Industry Background

a. Overview

The multi-night cruise industry has grown significantly, but still remains relatively small compared to the wider global vacation market, which includes a variety of land-based travel destinations around the world. For example, there are only about 215,000 cabins in the global cruise industry at November 30, 2010, which is less than the 265,000 rooms in just two North American vacation destinations - Orlando, Florida and Las Vegas, Nevada. Within the wider global vacation market, cruise companies compete for the discretionary income spent by vacationers. Within that context, a recent Nielsen Global Confidence Survey found that after providing for savings and living expenses, the number one global spending priority is for vacations. Because of these and other favorable cruise industry characteristics, we believe that the cruise industry has opportunities for growth.

The industry's and our net capacity serving the global cruise industry's guests have increased at a compound annual growth rate of 5.7% and 6.8%, respectively, from 2005 to 2010. The industry's and our compound annual net capacity growth rate is currently expected to be 4.2% and 4.5%, respectively, from 2010 to 2013 based on the assumptions discussed below. The weighted-average passenger capacities that have been or are expected to be marketed by the global cruise industry and us are as follows:

<u>Fiscal Year</u>	<u>Global Cruise Industry</u>	<u>Carnival Corporation & plc</u>
2005	321,000	134,000
2006	337,000	140,000
2007	359,000	150,000
2008	377,000	162,000
2009	397,000	174,000
2010	423,000	186,000
2011 (a)	443,000	195,000
2012 (a)	459,000	204,000
2013 (a)	479,000	212,000

(a) Our estimates of future capacity do not include any assumptions related to unannounced ship withdrawals due to factors such as the age of ships and, accordingly, our estimates could indicate a higher growth in capacity than will actually occur.

The number of cruise passengers carried in the global cruise industry increased at a compound annual growth rate of 5.3% from 2005 to 2010. The regions from which cruise passengers are sourced are North America, which has increased at a compound annual growth rate of 1.6% from 2005 to 2010, and Europe, Australia, Asia and Other where cruise passengers have increased at a compound annual growth rate of 12.1% over the same period. The number of cruise passengers carried in the global cruise industry by geographic regions from 2005 to 2010 is as follows:

<u>Year (a)</u>	<u>Global Cruise Industry</u>	<u>North America</u>	<u>Europe, Australia, Asia and Other</u>
2005	14,360,000	9,960,000	4,400,000
2006	15,150,000	10,380,000	4,770,000
2007	15,900,000	10,450,000	5,450,000
2008	16,240,000	10,290,000	5,950,000
2009	17,500,000	10,400,000	7,100,000
2010 (b)	18,600,000	10,800,000	7,800,000

(a) Our estimates of the total passengers carried for 2005 through 2009 were obtained from G.P. Wild (International) Limited, an independent cruise research company and are based upon where the passengers were sourced, and not the cruise brands on which they sailed.

(b) Our estimates of the total passengers carried for 2010 were based on internally developed global capacity growth rates.

We believe that the North American cruise vacation market continues to have growth potential because of its low market penetration levels and other favorable characteristics of the cruise industry, as discussed below. In Europe, cruising represents a smaller proportion of the overall vacation market than it does in North America and, accordingly, we believe the European cruise vacation market has significant growth potential. Other areas such as Australia, Asia and South America are currently a source of fewer cruise passengers, but we believe these regions also have significant growth potential. As we continue to expand our global presence, our revenues generated from passengers sourced outside the U.S. have grown to 54% in 2010, up from 52% and 50% in 2009 and 2008, respectively. See Note 11, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for financial information regarding our cruise segments.

Cruising offers a broad range of products to suit vacationing guests of many ages, backgrounds and interests. Cruise brands can be broadly classified 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 and appeal to the more experienced cruise guest who is usually more affluent and older. Premium cruises emphasize quality, comfort, style, more destination-focused itineraries and the average pricing is normally higher than contemporary cruises. The luxury experience is usually characterized by smaller vessel size, very high standards of accommodation and service, higher prices and exotic itineraries to ports which are inaccessible to larger ships. Notwithstanding these broad classifications, there generally is significant overlap and competition among all cruise products.

We are a leading provider of cruise vacations in all the largest vacation markets in the world, which are comprised of North America, Europe, Australia, Asia and South America. We have product offerings in each of the three classifications noted above. A description of the principal vacation areas where we source substantially all of our guests and our brands that market primarily to these vacationers is discussed in further detail in Sections III. “North America” and IV. “Europe, Australia & Asia” below.

b. Characteristics of the Cruise Industry

1. Exceptional Value Proposition

We believe that the cost to a guest for a cruise vacation represents an exceptional value in comparison to comparable land-based vacations. This is especially true when considering that a cruise provides its guests with transportation to various destinations, while also providing hotel accommodations, a generous diversity of food choices and a selection of daily entertainment options for one all-inclusive, competitive price. In order to make cruising even more cost effective and more easily accessible to our guests, we offer a number of drive-to-home ports, which enables some cruise guests to reduce their overall vacation costs by eliminating or reducing air transportation.

2. Relatively Low Market Penetration Levels

Based on industry data, the 2010 annual penetration rate, computed based on the number of annual cruise passengers as a percentage of the total population, is 3.1% for North America, 2.6% in the UK, 1.2% in continental Europe (continental Europe represents Germany, Italy, France, Spain and Portugal) and 1.8% for Australia. Based on industry data or our internal estimates, less than 20% and 10% of the U.S. and UK populations, respectively, and lower percentages of continental European and Australian populations have ever taken a cruise. In addition, the European and Australian markets have significantly more vacation days in a year than North Americans, which presents opportunities for increases in these penetration levels compared to the level in North America.

Elsewhere in the world, such as Asia and South America, cruising is at an early stage of development and has far lower penetration rates. However, there have been an increasing number of these relatively lower penetrated countries in the world where economic growth has fueled an increasing demand for vacations, including cruising.

3. Wide Appeal

Cruising appeals to a broad range of ages and income levels. The average age of a cruise guest in North America is 50 years old and we believe that it is a similar age for the rest of the world. However, cruising is designed to provide something for every generation, from the youth clubs for four to five year olds to the elegance, style and sophistication of a bygone era provided to our more senior guests. Cruising also offers a very broad range of ship types and sizes, as well as price points to attract guests with varying tastes from substantially all income levels. The range of pricing can vary from a three-day cruise from a local home port in an inside cabin on a contemporary line to a penthouse suite on a world cruise, on a premium or luxury brand.

4. Positive Guest Demographics

The age of populations in more developed countries is increasing, primarily as a result of the aging of the Baby-Boom generation and healthcare advancements. Therefore, between 2010 and 2020, the number of people in the cruise industry’s primary age group of 45 years and older are expected to grow by 20 million, or 15%, in the U.S. and Canada, and 17 million, or 12%, in the major Western European countries. We believe the cruise industry is well-positioned to take advantage of these favorable demographic trends impacting its major markets.

5. High Guest Satisfaction Rates

Cruise guests tend to rate their overall satisfaction with a cruise-based vacation higher than comparable land-based hotel and resort vacations. According to industry surveys, North American cruise guests have a total satisfaction rating of 95%, with nearly 45% of cruise guests stating that they are extremely satisfied with the experience, which is defined in the surveys as the highest satisfaction rating of any vacation alternative they have experienced. Based on our internal surveys, our European cruise guests are also very satisfied with their cruise vacations compared to other vacation alternatives.

6. Favorable Supply Versus Demand Balance

Our current intention is to have an average of two to three new cruise ships enter service annually in 2012 and beyond, which is below our recent growth levels, and to focus our growth toward the higher returning European brands. We believe that some of our competitors will also be slowing down their future capacity growth based on their recent public comments. Furthermore, we believe the industry's older ships will be retired from service as they near the end of their economic lives. Moreover, due to the significant amount of capital required to purchase a new cruise ship and the complexities surrounding their operation, the cruise industry has relatively high barriers of entry. Based on the above factors, among others, we expect long-term cruise industry supply growth to slow, and we expect demand to accelerate as global economies recover and emerging markets continue to develop. We believe this favorable supply versus demand balance will have positive impacts on our ability to profitably grow our business.

II. Passengers, Capacity and Occupancy

The number of cruise passengers we carried and our weighted-average passenger capacity have increased at a compound annual growth rate of 6.0% and 6.8%, respectively, from 2005 to 2010. Our cruise operations had worldwide cruise passengers, passenger capacity and occupancy as follows:

<u>Fiscal Year</u>	<u>Cruise Passengers (a)</u>	<u>Year-End Passenger Capacity (b)</u>	<u>Occupancy (c)</u>
2005	6,848,000	136,960	105.6%
2006	7,008,000	143,676	106.0%
2007	7,672,000	158,352	105.6%
2008	8,183,000	169,040	105.7%
2009	8,519,000	180,746	105.5%
2010	9,147,000	191,464	105.6%

- (a) The number of cruise passengers we carried as a percentage of the global cruise industry's cruise passengers is estimated to have grown to 49.2% in 2010 from 47.7% in 2005.
- (b) Our passenger capacity has grown from 136,960 berths at November 30, 2005 to 191,464 berths at November 30, 2010, net of disposals, primarily because of the deliveries of 24 new cruise ships during this five-year period.
- (c) 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. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

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

<u>Quarters Ended</u>	<u>Occupancy</u>	
	<u>2010</u>	<u>2009</u>
February 28	103.5%	103.9%
May 31	103.8%	103.3%
August 31	111.1%	111.4%
November 30	103.8%	103.2%

III. North America

Almost 58% of the cruise passengers in the world are sourced from North America, where cruising has developed into a mainstream alternative to land-based vacations. Approximately 10.4 million North American-sourced cruise passengers took cruise vacations for two or more consecutive nights in 2009, and we estimate that approximately 10.8 million passengers cruised in 2010. Historically the North American cruise vacation market has grown significantly, although recently growth in this market has been limited by the passenger capacity allocated to it. We believe the North American cruise vacation market continues to have growth potential, as previously discussed.

As of January 31, 2010, five ships or almost 15,000 berths under construction have been designated for our North American brands through 2014. Our North American brands represent 61% of our total capacity at November 30, 2010.

The most popular location visited by North American-sourced cruise guests in 2010 was the Caribbean (including The Bahamas), followed by other locations, such as the Mediterranean Sea, Alaska, Northern Europe, Mexican Riviera, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, such as South and Central America, the South Pacific Islands, Australia, the Far East and India.

Within Carnival Corporation & plc, Carnival Cruise Lines, Princess, Holland America Line and Seabourn source their guests primarily from North America. Costa and Cunard also source some of their guests from North America.



Carnival Cruise Lines, which began operations in 1972, is our largest brand and is a leader in offering fun, memorable vacations at affordable prices. This brand is widely recognized as the “Fun Ships,” with 22 contemporary ships operating voyages generally from three to eight days. These ships call year-round in ports in the Caribbean, including The Bahamas, and the Mexican Riviera, with the Caribbean being the principal area of sailing. Carnival Cruise Lines is the predominant year-round cruise line in the Caribbean. In addition, they sail on seasonal cruises to Europe, Alaska, New England and Canada, Bermuda, Hawaii and the Panama Canal. Carnival Cruise Lines will operate from 15 North American home ports in 2011. Beginning in October 2012, Carnival Cruise Lines will deploy one 2120-passenger capacity ship, *Carnival Spirit*, on a year-round basis for cruises departing from its Sydney, Australia home port. The ship will primarily visit the South Pacific Islands and Australia offering cruises generally from eight to 12 days, and will source guests primarily from Australia.

Carnival Cruise Lines strives to reconnect guests to the fun in life and its brand promise of FUN FOR ALL. ALL FOR FUN.SM captures the authentic spontaneous fun of the Carnival Cruise Lines experience. A Carnival Cruise Lines vacation offers award-winning dining, spectacular entertainment, spacious staterooms, innovative children’s programming, revitalizing spa services and action packed casinos. Carnival Cruise Lines continues to add new features that fit its fun, memorable positioning. For example, in 2010 it launched Punchliner Comedy Club, offering a diverse array of comedians on multiple nights and SuperStar Live Karaoke, giving guests the center stage to sing with a live band further enhancing the onboard entertainment experience. This spirit, when combined with a culture that prides itself on innovation, positions the brand well to continue to retain and grow its standing as a cruise market leader.

In May 2011, Carnival Cruise Lines’ next *Dream*-class ship, the 3,690-passenger capacity *Carnival Magic* will enter service. This new ship will offer a host of guest amenities including, among others, the RedFrog Pub, a Caribbean-inspired pub at sea; Cucina del Capitano, a family-style Italian restaurant inspired by its Italian ship captains; Carnival WaterWorks aqua park featuring a gigantic, 500-gallon water “dump bucket.” *Carnival Magic* will also offer SportsSquare with the cruise industry’s first ropes course, where thrill-seeking guests can traverse across ropes suspended above the ship offering spectacular views to the sea nearly 150 feet below. The line has one additional *Dream*-class ship, *Carnival Breeze*, scheduled to enter service in June 2012. With these two new ships additions, Carnival Cruise Lines’ existing capacity will grow by 13.5%. Carnival Cruise Lines also continues to invest in its current fleet, which includes upgrades to guest accommodations, new water parks, resort-style pools and the addition of Serenity, an adults-only retreat area.



Princess, whose brand name was made famous by the *Love Boat* television show, has been providing cruises since 1965. Princess, the world’s third largest cruise line, operates a fleet of 17 modern ships, with two additional ships scheduled to enter service, one in June 2013 and one in June 2014. The new ships will each have a 3,560-passenger capacity and will continue the evolution of the Princess product. With these two new ship additions, net of *Royal Princess* transfer to P&O Cruises (UK), Princess’ existing capacity will grow by 17.0%. Princess offers 113 unique itineraries to 319 destinations, with cruises generally from seven to 14 days, and two world cruises in 2011 of 104 and 107 days. Princess is a leading cruise line in international and exotic regions all over the world, including Europe, Alaska, Australia, Asia, Panama Canal, Hawaii and South America. Some of Princess’ Caribbean cruise offerings feature a private island destination that Princess leases and operates, known as Princess Cays® which is located on the island of Eleuthera in The Bahamas.

Princess is widely recognized as an innovative, premium cruise line committed to helping its guests Escape Completely® from their daily routine and responsibilities. Designed with a warm, welcoming “comfortable elegance,” Princess’ ships provide a relaxed, rejuvenating retreat at sea, with signature amenities offered consistently across most of its fleet befitting its mission to be The Consummate Host® to its guests. Its “Piazza” main atrium serves as the heart of the ship, featuring its International Café and specialty coffee bar, its Vines wine and seafood bar and a variety of entertainment throughout the day and evening. Its “Movies Under The Stars” outdoor theaters recreate the drive-in movie experience out on deck, with first-run Hollywood hits and major sporting events shown on a 330 square-foot poolside LED screen, complete with fresh-made popcorn. Its adults-only Sanctuary retreat space and unique “Ultimate Balcony Dining” course-by-course dining option were industry firsts. Princess is now introducing these amenities to other ships in its fleet. See Part I, Item 1. Business. B. “Cruise Operations – Australia” for additional discussion of Princess’ operations in Australia.

Holland America Line, with 137 years of cruising experience, operates a premium fleet of 15 ships. In July 2010, Holland America Line launched its second Signature-class ship, *Nieuw Amsterdam*. The 2,106-passenger capacity *Nieuw Amsterdam* is a sister ship to *Eurodam*, which was delivered in July 2008. Holland America Line calls on 354 destinations in 98 countries and territories on all seven continents, including Antarctica. While the majority of cruises are from seven to 21 days, Holland America Line also offers longer, exotic Grand Voyages up to 70 days, plus an annual Grand World Voyage of 110 days. In the Caribbean, most ships visit Holland America Line's private island in The Bahamas, Half Moon Cay.

Holland America Line's mission is to create once-in-a-lifetime experiences for its guests every time they cruise. The brand continues to enjoy one of the highest rates of repeat cruisers in the cruise industry. Holland America Line's \$550 million Signature of Excellence product enhancement initiative emphasizes its dedication to all aspects of the guest experience, including elegant accommodations, sophisticated five-star dining and award-winning service. Its fleet of mid-sized ships is designed for more intimate cruising and feature classically-designed interiors, wraparound teak decks and private verandas. In addition, Holland America Line ships have one of the most extensive collections of art and antiques at sea.

All of Holland America Lines' ships have Culinary Arts Centers presented by *Food & Wine* magazine, where guests enjoy cooking demonstrations, private cooking lessons, wine tastings and lifestyle seminars. The Digital Workshop in collaboration with Windows® offers complimentary photo technology classes and guests will find specialty coffees, an extensive library, music listening stations and internet access in the Explorations Café® in partnership with The New York Times®. The Greenhouse Spa and Salon has extensive wellness and beauty treatments, fitness classes and exercise equipment.



Seabourn provides ultra-luxury cruising vacations on smaller ships that focus on personalized services, all-suite accommodations, superb cuisine and unique experiences and in 2010 was awarded the "Best-Small Ship Cruise Line" by both *Travel & Leisure* and *Condé Nast* magazines. Seabourn pampers its guests with complimentary open bars and value-added extras such as Massage MomentsSM on deck and Caviar in the SurfSM beach parties. Seabourn's ships offer destinations throughout the world, including Europe, Asia, the South Pacific Islands, Australia and the Americas, with cruises generally from seven to 14 days, with some of longer length, including a 111-day world cruise.

Seabourn currently operates three 208-passenger capacity ships and two 450-passenger capacity ships and will continue its fleet expansion in 2011 with *Seabourn Quest*, another 450-passenger capacity ship. With this new ship addition, Seabourn's existing ship capacity will grow by 29.5%. The larger 450-passenger capacity ships offer more categories of luxury suites, more dining alternatives and an 11,400-square foot spa facility that is the largest on any ultra-luxury vessel. All the Seabourn ships have a service ratio of nearly one staff member per guest and the intimate, sociable atmosphere that has been the hallmark of the Seabourn lifestyle for over 22 years. During 2009 and 2010, the original three 208-passenger capacity ships each completed an interior refurbishment of public areas to more closely match the ambiance of its recently delivered ships.

IV. Europe, Australia & Asia ("EAA")

a. Europe

We believe that Europe is the largest single leisure travel vacation market in the world, but to date cruising in Europe has achieved a much lower level of market penetration than in North America and represents a relatively small percentage of the European vacation market. Approximately 4.9 million European-sourced passengers took cruise vacations for two or more consecutive nights in 2009 compared to approximately 10.4 million North American-sourced passengers. Additionally, we estimate that about 5.5 million European-sourced passengers took a cruise in 2010, which was approximately the same size as the North American market in 1998. The number of European cruise passengers increased at a compound annual growth rate of approximately 11.7% from 2005 to 2010, as passenger capacity has been added. We believe that the European cruise vacation market represents a significant growth opportunity for us, and we plan to continue introducing new ships into Europe over the next several years.

As of January 31, 2011, five ships or over 12,500 berths under construction have been designated for our European brands through 2013. Our European brands represent 39% of our total capacity at November 30, 2010.

The most popular location visited by European-sourced cruise guests in 2010 was the Mediterranean Sea, followed by other locations, such as the Caribbean, Bermuda, Northern Europe (including Scandinavia and the Baltic Sea), the Atlantic Isles (including the Canary Islands and Madeira), the Arabian Gulf and Indian Ocean, the Far East, South America, New England, New York and Canada.

1. United Kingdom (“UK”)

The UK provides the largest number of cruise passengers sourced in Europe. Over 1.5 million UK passengers took cruises in 2009, and we estimate that 1.6 million cruised in 2010. Cruising in the UK is an established alternative to land-based resort and sightseeing vacations. The number of UK cruise passengers increased at a compound annual growth rate of approximately 8.3% from 2005 to 2010. We believe that the UK has growth potential for the cruise industry because of low market penetration levels and other favorable characteristics of the cruise industry.

P&O Cruises (UK) sources substantially all of its guests from the UK. Cunard sources most of its guests from the UK, North America, Germany and Australia. Our North American brands and Costa also source guests from the UK.



P&O Cruises (UK) is the most recognized cruise brand in the UK and takes more British cruisers on holiday than any other cruise brand in the world. With seven premium ships of differing sizes, it offers a broad range of British guests the opportunity to “Discover a Different World...” while still feeling very much at home, because the world of P&O Cruises (UK) is one which is tailored to those who enjoy today’s British tastes. Also as the trusted UK cruise experts, having established cruising over 170 years ago, P&O Cruises (UK) celebrates maritime traditions and offers genuine service, a sense of occasion and attention to detail to ensure guests enjoy the holiday of a lifetime, every time they travel.

P&O Cruises (UK)’s ships visit 270 destinations in 90 countries, with cruises ranging from two-day cruise breaks to world cruises of 87 to 109 days. The majority of cruise vacations in the summer are seven to 14 days in duration and depart from Southampton, England cruising to the Mediterranean Sea, the Baltic Sea, the Norwegian fjords or the Atlantic Isles. In the fall and winter, P&O Cruises (UK) offers cruises embarking in the Caribbean and Mediterranean Sea, world cruises and longer cruises departing from Southampton, England to the Mediterranean Sea, the Atlantic Isles and the Caribbean.

Each ship offers a range of entertainment and restaurants, including classic silver service, designed to please our British guests. Two of its ships offer vacations exclusively for adults, while the other ships are well-suited for families. With the addition of its largest ship, *Azura* in 2010, P&O Cruises (UK) introduced the first fine dining Indian restaurant at sea, from an Indian born British chef awarded a Michelin star, a new wine bar concept, and the first large screen outdoor cinema on a P&O Cruises (UK) ship.

Adonia, which is currently sailing as Princess Cruises’ *Royal Princess*, will be joining this fleet in May 2011 to replace *Artemis*.



Cunard, which was launched in 1839, operates three premium/luxury ships that evoke a golden era of luxurious cruising. In October 2010, Cunard took delivery of the 2,068-passenger capacity *Queen Elizabeth*, which combined with *Queen Victoria* and *Queen Mary 2* represents the youngest fleet in the world. During 2011, Cunard ships will primarily sail a variety of seasonal itineraries in Northern Europe, the Mediterranean and the Caribbean as well as traditional transatlantic voyages. Most of Cunard’s voyages range from seven to 14 days with two world cruises of 96 and 103 days.

Cunard ships provide guests with the opportunity to relive the glory days of ocean travel featuring sophisticated five-star dining, luxurious accommodations and award-winning white-glove service. In addition, Cunard ships spotlight unique British-styled shipboard amenities, such as libraries, traditional British pubs and art galleries. Cunard ships also feature exquisite dining in grills or exclusive restaurants, lounges with 270 degree views of the ocean and cabins that are named after Cunard commodores who were knighted. Together, these features further distinguish this historic brand apart from all others and have made Cunard ships the Most Famous Ocean Liners In The WorldSM.

2. Continental Europe

The main countries in continental Europe for sourcing cruise passengers are Germany, Italy, Spain and France. Together, these main countries generated approximately 2.8 million cruise passengers in 2009 and we estimate that approximately 3.1 million passengers took a cruise in 2010. The German cruise market reached more than 1.2 million passengers in 2010 and is the second largest market in Europe, after the UK. Italy is the third largest cruise market in Europe with almost 880,000 passengers in 2010. Spain and France are the fourth and fifth largest cruise markets in Europe with almost 640,000 passengers and 380,000 passengers in 2010, respectively. Cruising by

passengers sourced from Germany, Italy, Spain and France combined increased at a compound annual growth rate of approximately 11.9% from 2005 to 2010. We believe that continental Europe has significant growth potential for the cruise industry because the market penetration level is estimated at approximately one-third of North America's market penetration level and other favorable characteristics of the cruise industry. We intend to increase our penetration in continental Europe primarily through Costa, AIDA and Ibero. The principal sources of our guests for Costa are from Italy, France and Germany, while AIDA and Ibero source their guests principally from Germany and Spain, respectively. The operating results of our newest brand, Ibero, are being adversely impacted by the weakness of the Spanish economy, however, we believe Ibero has good long-term growth prospects. See Note 10, "Fair Value Measurements, Derivatives Instruments and Hedging Activities" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional discussion. Finally, as discussed below our Costa and Ibero cruise brands also market to, and provide cruise vacations in, South America, principally during the Northern Hemisphere's winter months.



Costa is Italy's and Europe's # 1 Cruise Line based on guests carried and ship capacity and boasts over 62 years of cruising history. Costa is one of the most recognized cruise brands marketed in Europe. In 2010, Costa took delivery of one new cruise ship, *Costa Deliziosa*, and now operates 14 contemporary ships, with two additional ships, *Costa Favolosa* and *Costa Fascinosa*, scheduled to enter service, one in July 2011 and one in May 2012. With these two new ship additions, Costa's existing capacity will grow by 20.4%.

Costa offers guests an international and multi-lingual ambiance with an Italian touch. Costa's 1.4 million guests in 2010 were sourced from 179 countries. The Costa brand offers a more traditional product catering to an older demographic in Germany and a higher-end contemporary product in Spain and thus segments these markets where we also own and operate the AIDA and Ibero brands.

Costa calls on 250 ports around the world, with 100 different itineraries, most from seven to 11 days. In the summer months, Costa deploys its ships in the Mediterranean and Northern Europe areas. In the winter months, Costa deploys its ships in the Mediterranean Sea, South America, the Arabian Gulf, the Caribbean, the Red Sea and the Indian Ocean. See Part I, Item 1. Business. B. "Cruise Operations – Asia" for additional discussion of Costa's operations in Asia.



AIDA, which began operating in 1996, sources substantially all of its guests from Germany, Austria and German-speaking Switzerland, and is the leader and most recognized cruise brand in the German cruise market. AIDA operates seven contemporary ships, with three additional ships scheduled to enter service, one in each of 2011, 2012 and 2013. With these three new ship additions, AIDA's existing capacity will grow by 54.6%. AIDA's current generation of vessels, which it started taking delivery of in 2007, are innovative. For example, AIDA introduced the "Theatrium," a completely new space concept that provides guests a central meeting space and an enhanced entertainment venue. On *AIDAblu*, which was delivered in February 2010 and for the next three newbuilds, the spa concept has been further developed to include 30 spa suites and veranda cabins. Additional product innovations on these new vessels will include the Brauhaus, a micro-brewery, which was introduced on *AIDAblu*, and new restaurants with fresh culinary concepts.

AIDA's product is especially tailored for the German-speaking market, including German-speaking crew as well as German-style food and entertainment. AIDA offers an exceptionally relaxed, yet active, cruising experience with an emphasis on a healthy and youthful lifestyle, choice, informality, friendliness and activity. In addition, AIDA's ships include a variety of informal and formal dining options, including buffets, grills and exclusive restaurants.

AIDA offers its guests cruises generally from five to 14 days, while calling on approximately 170 ports. During the summer, the AIDA ships sail in the North Sea, the Baltic Sea, the Mediterranean Sea and New England and Canada. During the winter, AIDA ships sail in the Caribbean, Central America, the Atlantic Isles, the Western Mediterranean Sea, the Far East, the Arabian Gulf and Trans-Suez Canal passages. In the fall of 2010, AIDA began offering cruises to South America and up the Amazon River, and from summer 2011 AIDA will offer cruises for the first time in the Black Sea.



Ibero, which began operations in 2003 but was acquired by us in 2007, operates four contemporary cruise ships, including *Grand Holiday* (formally Carnival Cruise Lines' *Holiday*), which entered Ibero service in May 2010. Substantially all of Ibero's guests are sourced from Spain, Brazil and Argentina. Ibero's ships are especially tailored to the Spanish market, including Spanish-speaking crew as well as Mediterranean and Spanish-style food and entertainment. From spring until fall, all of Ibero's ships offer seven-day Mediterranean and Northern European sailings. As discussed below, three of Ibero's ships were repositioned to South America for the Northern Hemisphere's fall and winter to offer cruises along the Brazilian and Argentine coasts.

3. South America

For many years cruise vacations have been marketed in South America, principally to Brazilian and Argentinean-sourced passengers, although cruising as a vacation alternative remains in a relatively early stage of development. Brazil and Argentina have populations of approximately 200 million and 40 million, respectively, and we believe that their discretionary incomes will grow significantly in the future. More than five million Brazilian tourists traveled abroad in 2010 and we expect this to increase to approximately six million in 2011. Approximately one million Argentine tourists traveled abroad in 2010 and we expect this amount to increase slightly in 2011. Based on industry data and our internal estimates, approximately one million Brazilians and Argentineans took a cruise vacation in 2010, of which almost 25% sailed on a Carnival Corporation & plc branded vessel primarily through our Costa and Ibero brands. We believe that the South American vacation market has significant growth potential for the cruise industry because the combined Brazilian and Argentine estimated market penetration levels are less than 15% of the North American cruise vacation market's penetration level and other favorable characteristics of the cruise industry.

Cruises from South America typically occur during the Southern Hemisphere summer months of November through March. Costa and Ibero are each operating three ships in this region from November through March. These ships depart from home ports in Brazil and Argentina.

b. Australia

Cruising in Australia continues to develop. We estimate that approximately 370,000 Australians and New Zealanders took cruise vacations in 2009 and estimate that this number grew to approximately 470,000 in 2010. Cruising by passengers from these countries increased at a compound annual growth rate of approximately 19.2% from 2005 to 2010. We serve this region through the contemporary P&O Cruises (Australia) brand, which is the leading cruise line in Australia and New Zealand. In addition, our premium brand Princess has a significant presence in the Australian vacation market. We believe that the Australian market has significant growth potential for the cruise industry because the market penetration level is estimated at approximately half of North America's market penetration level and other favorable characteristics of the cruise industry.



P&O Cruises (Australia), with over 75 years of cruising experience, caters specifically to Australians and New Zealanders. P&O Cruises (Australia) has more than doubled its fleet capacity with the transfer of two Ocean Village ships. The second ship was transferred in November 2010 and was renamed *Pacific Pearl* and has just completed a multi-million dollar refurbishment. The previous Ocean Village transfer was renamed *Pacific Jewel*, which was transferred in November 2009.

Its four contemporary ships offer cruises generally ranging from seven to 12 days. The ships are home ported in a number of cities in Australia and New Zealand. These cruises enable guests to discover the islands of the South Pacific from New Caledonia to Tahiti, as well as exploring Australia's magnificent coast line, New Zealand and Asia.



Princess deploys two ships on a year-round basis on cruises departing from home ports in Australia. In late 2011, a third ship will reposition to Australia for seasonal deployment. These ships visit the South Pacific Islands, Australia, New Zealand and Asia; and the cruises generally range from 13 to 17 days, with one world cruise of 104 days. Princess is primarily marketed in North America, so we consider it a North America cruise brand. Therefore, the operating results of the ships deployed in the Australian market are included in our North America cruise brand segment, even though these ships are primarily marketed to Australians.

c. Asia

We began sourcing passengers from China in 2006. We source most of our Chinese guests from the cities of Beijing and Shanghai and the province of Guangdong, which have a combined population of over 130 million. Tourism is one of the most rapidly growing sectors in the Chinese economy as Chinese discretionary income has increased at a compound average growth rate of 10.4% over the last five years. More than 57 million Chinese tourists traveled abroad in 2010. We believe this market has outstanding long-term growth potential for the cruise industry given its early stage of development, large population, easing of travel restrictions and expanding international tourist travel.



Costa Asia, which began its operations in 2006, currently operates one contemporary cruise ship. Costa Asia caters primarily to the Chinese and surrounding markets and was the first international cruise line to home port a ship in China. Costa Asia's ship is specifically tailored to the Chinese market, serving Chinese style cuisine, offering mah-jongg tables and providing well-known luxury brands in its retail shops. During the non-peak Chinese vacation months, Costa Asia offers longer Far East cruises principally to Europeans.

V. Ships Under Contract for Construction

Summary information of our ships under contract for construction as of January 31, 2011 is as follows (a):

<u>Cruise Brands and Ships</u>	<u>Expected Service Date (b)</u>	<u>Passenger Capacity</u>
<u>North America Brands</u>		
<u>Carnival Cruise Lines</u>		
<i>Carnival Magic</i>	5/11	3,690
<i>Carnival Breeze</i>	6/12	<u>3,690</u>
		<u>7,380</u>
<u>Princess</u>		
Newbuild	6/13	3,560
Newbuild	6/14	<u>3,560</u>
		<u>7,120</u>
<u>Seabourn</u>		
<i>Seabourn Quest</i>	6/11	<u>450</u>
North America Cruise Brands		<u>14,950</u>
<u>Europe, Australia & Asia (“EAA”) Brands</u>		
<u>AIDA</u>		
<i>AIDAsol</i>	4/11	2,194
<i>AIDAmar</i>	5/12	2,194
Newbuild	3/13	<u>2,194</u>
		<u>6,582</u>
<u>Costa</u>		
<i>Costa Favolosa</i>	7/11	2,984
<i>Costa Fascinosa</i>	5/12	<u>2,984</u>
		<u>5,968</u>
EAA Cruise Brands		<u>12,550</u>
		<u>27,500</u>

- (a) Our ship construction agreements cannot be cancelled by either party without cause, and such cancellation will subject the defaulting party to contractual liquidated damages. See Note 6, “Commitments” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional information regarding our ship commitments.
- (b) The expected service date is the month in which the ship is currently expected to begin its first revenue generating cruise. Our Carnival Cruise Lines, Princess and Costa ship construction contracts are with the Fincantieri shipyards in Italy. Our AIDA and Seabourn ship construction contracts are with Meyer Werft shipyard in Germany and T. Mariotti shipyard in Italy, respectively.

VI. Cruise Port and Repair Facility Development and Operations

Our cruise brands provide guests with an improved vacation experience and additional home ports through the development and management of new or enhanced cruise port facilities. Our involvement is usually in cooperation with governmental entities and typically includes providing development and management expertise and financial commitments that are limited to long-term port usage and preferential berthing agreements. However, sometimes we provide direct financial support or develop the port infrastructure ourselves.

During 2010, we were in various stages of involvement with the development, enhancement and/or financing of government-owned and operated cruise port facilities in Galveston, Texas; Miami, Florida; New York City, New York; Port Everglades, Florida; San Diego, California; San Juan, Puerto Rico and St. Maarten, Kingdom of the Netherlands. In addition, we own and operate or have interests in joint ventures that own and operate port and related facilities in Barcelona, Spain; the Caribbean; Civitavecchia, Naples, Savona and Trieste, Italy; Hamburg, Germany; Juneau, Alaska; Marseilles, France and Long Beach, California for the benefit of our cruise brands.

We own a 40% interest in Grand Bahamas Shipyard Ltd. (“GBSL”), which is the largest cruise ship dry-dock repair facility in the world. Royal Caribbean Cruises Ltd. (“RCCL”), one of our cruise competitors, also owns a 40% interest and the Grand Bahamas Port Authority owns 20%. This repair facility, located in Freeport, Grand Bahamas, has three dry-docks, which can accommodate ships up to 137,000 tons. Our North American brand ships based in the Caribbean primarily use this facility. During 2010, RCCL and our brands had an aggregate of 19 ships serviced at this facility. In addition, unaffiliated cruise ships and other types of ships, such as cargo and oil and gas tankers, were serviced at this facility. GBSL generated total revenues of \$98 million in 2010, a large portion of which were derived from work on RCCL and our cruise ships.

We account for our investment in GBSL using the equity method, with our share of income or loss recorded as other nonoperating income or expense. Our total net investment in, including notes receivable from, GBSL was \$72 million at November 30, 2010. GBSL had an aggregate of \$138 million of outstanding debt to RCCL and us and \$2 million of outstanding debt under a revolving credit facility to a third party at November 30, 2010.

VII. Cruise Pricing and Payment Terms

Each of our cruise brands publishes prices for the upcoming seasons primarily through the internet. Some of our cruise brands still use printed brochures, although their use is diminishing. Prices vary by cruise line, by category of cabin, by ship, by season and by itinerary. Cruise prices frequently change in a dynamic pricing environment. Some cruise prices are discounted through special promotions, early booking or loyalty programs.

Historically, our advance bookings have generally been taken from several months in advance of the departure date for all contemporary brand sailings, to more than a year in advance for some of our luxury and European brand sailings. Generally, the longer the cruise itinerary the further in advance the bookings are made. This lead-time provides us with more time to manage our prices in relation to demand for available cabins through the use of advanced revenue management capabilities and other initiatives, with the strategy of filling our ships while achieving the highest possible overall net revenue yields. Some of our fares, such as Carnival Cruise Lines' Early Saver, Costa's Pronto Price Savings and Holland America Line's Early Advantage and Mariner Savings fares are designed to encourage potential guests to book cruise reservations earlier. In addition, we have the ability to change ship itineraries over time to maximize our revenue yields. (See "Key Performance Non-GAAP Financial Indicators" in our Management Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 to this Form 10-K).

If our guests do not pay a vacation protection premium for the ability to obtain a refund if they cancel their cruise within a pre-defined period before sailing, then they are subject to a cancellation fee if they subsequently cancel, which we recognize in cruise passenger ticket revenues upon cancellation. For those guests who pay a vacation protection premium for the ability to obtain a refund, they will receive all or a portion of their deposit value back in accordance with the terms of the program, while we will recognize this vacation protection premium in other revenues.

The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including nightclubs, theatrical shows, movies, parties, a jogging track, a health club, swimming pools, sun decks, whirlpools and saunas. Our brands' payment terms generally require that a guest pay a deposit to confirm their reservation with the balance due before the departure date, although some of our European brands provide certain of their travel agents and tour operators with credit terms even though these parties typically require the guest to pay for the entire cruise ticket price before sailing. Substantially all of our guests' payments are received via credit cards or through other electronic banking transfers.

As a convenience to our guests, we offer to arrange air transportation to and from the port. When a guest elects to purchase air transportation from us, both our revenues and expenses generally increase by approximately the same amount. Air transportation prices typically vary by gateway, destination and other ticket restrictions. Over the last several years, approximately 14% of our guests purchased air transportation from us. We believe this relatively low percentage is partially a result of having embarkation points close to our guests' homes and partially due to the wide availability of competitively priced air tickets sold by third parties. In addition, for some of our European brands' cruise itineraries we charter aircraft to facilitate our guests' travel to distant locations. We also offer transfers from and to the airport as part of these programs, as well as to other guests who may need this transfer service.

In 2007, we introduced a fuel supplement across substantially all of our cruise brands, which resulted in an additional fee being charged to the guests on these brands, commencing for the most part with cruises departing in early 2008. This temporary fuel supplement, which is included in cruise passenger ticket revenues, was introduced to partially offset a portion of the very high fuel costs we had been experiencing, and was usually charged on a daily basis, with established total maximum amounts per passenger. Currently, AIDA, Cunard and P&O Cruises (UK) are charging fuel supplements. We reserve the right to reinstate our fuel supplements in our other brands and will continue to monitor our markets and review our position based upon the appropriate facts and circumstances.

VIII. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. We earn onboard and other revenues from activities and services not included in the cruise ticket price consisting of, but not limited to, bar and some beverage sales, shore excursions, casino gaming, gift shop sales, photo sales, full service spas and internet and phone services. To maximize onboard revenues, we use various cross marketing and promotional tools and are supported by point-of-sale systems permitting "cashless" transactions for the sale of these onboard products and services. Substantially all of our onboard revenues are paid with credit cards.

Our casinos, which are operated directly by us, contain a variety of slot machines and gaming tables. The casinos are only open when our ships are at sea in international waters or when otherwise specifically permitted by law.

Sales to our guests of shore excursions at each ship's ports of call include, among other things, general sightseeing, adventure outings and local boat and beach parties. We typically utilize locally-owned operators who provide shore excursions based on the local price points and with guides who speak the same languages as most of our shore excursion guests. For the Holland America Line, Princess and Carnival Cruise Lines ships sailing to destinations in Alaska, shore excursions are operated by Holland America Princess Alaska Tours, as well as locally-owned operators. We also offer revenue-producing activities on the private islands and the Caribbean ports we operate.

In conjunction with our cruise vacations, substantially all our cruise brands sell pre-and post-cruise land packages of one to four nights. Vacation packages offered in conjunction with ships based in North America include nearby attractions or other vacation destinations, such as individual/multiple city tours of Boston, Massachusetts; New York City, New York; Seattle, Washington; San Diego, California and Vancouver, British Columbia. Vacation packages offered in conjunction with ships based in Europe include stays in well-known European cities such as Athens, Greece; Barcelona, Spain; Copenhagen, Denmark; London, England; Paris, France and Rome and Venice, Italy.

In conjunction with our Alaska cruise vacations, principally on our Holland America Line and Princess ships, we sell pre-and post-cruise land packages, utilizing, to a large extent, our hotel and transportation assets, which revenues are included in our Tour and Other segment.

IX. Sales Relationships

We sell our cruises mainly through travel agents, including wholesalers and tour operators that serve our guests in their local markets. We believe our travel agent partners are an integral part of our long-term cruise distribution network. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands, except for certain brands sourcing UK and Australian guests as discussed below. These travel agent relationships are not exclusive and most travel agents also sell cruises and other vacations provided by our competitors. We motivate travel agents to support our products with competitive sales and pricing policies and joint marketing and advertising programs. We also employ a wide variety of trade marketing techniques, including websites, seminars and videos, to familiarize agents with our cruise brands and products. Substantially all of our cruise brands offer interactive online and other continuing education courses for travel professionals who want to continue learning about the cruise industry and how to effectively sell our cruise products and services. As with our brands' travel agent relationships, each of our brands' trade marketing programs are generally independent of each other. 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 2010, no controlled group of travel agencies accounted for 10% or more of our revenues.

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. Our investment in customer service includes the development of employees, processes and systems. We continually improve our systems within the reservations and customer relationship management functions, emphasizing the continued support and training of the travel agency community, while simultaneously developing greater contact and interaction with our high-value guest base. Each brand has its own consumer website, which provides access to information about our products to users throughout the world, and substantially all provide self-service internet booking engines to our travel distribution network and to our customers to enable them to more efficiently book our cruises, air transportation, land transfers, shore excursions, pre-and post-cruise tours and, in some cases, other onboard activities. We also support trade booking capabilities through global distribution systems, including Amadeus, Travelport and SABRE. We estimate that almost 60% of our bookings from travel agents are made electronically. Finally, as part of our efforts to increase efficiency and improve the embarkation process for our guests, most of our brands offer their guests the ability to generate their own electronic ticket documents via their websites.

To further stimulate demand, we offer a number of home ports that are closer to guests' homes as this enables them to lower the price of their cruise vacation by substantially reducing or eliminating the cost of air travel to and from the port.

In the UK and Australia, we have formed a sales alliance known as "Complete Cruise Solution," whereby our UK and Australian sales forces and back-office operations combine to provide travel agents with one-stop cruise shopping for a number of our brands. In North America, Italy and the UK, we also raise consumer and travel agent awareness through the "World's Leading Cruise Lines" alliances for our cruise brands that source guests from these markets. Most of our cruise brands offer their own past guest recognition programs, such as Princess' "Captain's Circle," Costa's "CostaClub" and Holland America Line's "Mariner Society," through which they reward repeat guests with special incentives such as discounted fares, expedited ship embarkation and disembarkation and onboard activities.

X. Marketing Activities

Each of our brands have comprehensive marketing and advertising campaigns to promote their brands to vacationers and their travel agent partners. They typically market and promote their brands, not their ships, as each brand strives to have a relatively consistent product, although their ships may differ. Each brand's marketing activities are designed to reach a local market in the local language while maintaining consistency within each brand's overall strategy and web presence. The principal media used for marketing and advertising are television, magazine, radio, outdoor, direct mail, e-mail, online websites, and other forms of social media.

We have recently expanded our use of online and social media (for example, Facebook, Twitter, YouTube, etc.) to help us cultivate guests as fans of our brands, ships, itineraries and onboard services. In January 2011, one of our North American cruise brands started accepting cruise bookings via Facebook, which has over 500 million users, and we believe Facebook will provide another source to attract cruise guests. We also have blogs that are hosted by ship captains, cruise and entertainment directors, executive pursers and special guests. We use Twitter to enhance our customer service and as part of our public relations strategies to inform the press, popular bloggers, fans and brand advocates of new developments and breaking news stories.

Customer feedback and research is also a critically important element in the development of our overall marketing and business strategies. Accordingly, we have electronic and manual processes for measuring and understanding key drivers of customer loyalty and satisfaction from our guests that provide valuable insight about their cruise experience. We regularly initiate customer research studies among both guests and travel partners to assess the impact of various programs and to solicit feedback that we use to help make our future decisions.

XI. Seasonality

Our revenues from the sale of passenger tickets are 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 operating income is earned during this period. The seasonality of our results also increases due to ships being taken out of service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season. The seasonality of our results will continue to increase as we expand our EAA brands which tend to be more seasonal than our North America brands. Finally, our North America brands have recently been trending towards an increasing level of seasonality.

XII. Competition

We compete with land-based vacation alternatives throughout the world, including hotels, resorts (including all-inclusives), theme parks, organized tours, land-based casino operations and vacation ownership properties located in Las Vegas, Nevada; Orlando, Florida; the Caribbean (including The Bahamas); Dubai, and various European, Mediterranean, Mexican, and Hawaiian and Canary Island destinations, as well as numerous other vacation choices throughout the world.

Our primary cruise competitors for North American-sourced guests are RCCL, which owns Royal Caribbean International ("RCI"), Celebrity Cruises ("Celebrity") and Azamara Club Cruises; Norwegian Cruise Line ("NCL"), Oceania Cruises and Regent Seven Seas Cruises, all three of which are controlled by affiliates of Apollo Management LP; Disney Cruise Line ("Disney"), MSC Cruises ("MSC"), Crystal Cruises and Silversea Cruises.

Our primary cruise competitors for European-sourced guests in the UK are RCI, Celebrity, NCL, MSC, Thomson Cruises, which is owned by TUI AG ("TUI"); Fred Olsen Cruise Lines and Saga Cruises; and in continental Europe they are Celebrity, Disney, NCL, MSC, Louis Cruise Line, and CDF Croisieres de France, Pullmantur and RCI, all three owned by RCCL; TUI Cruises, which is jointly owned by RCCL and TUI; Hapag-Lloyd, which is also owned by TUI; and Phoenix Reisen.

Our primary cruise competitors for guests sourced from other parts of the world, such as Australia, Asia and South America, are RCI, Celebrity, Pullmantur, Star Cruises, NCL, CVC Cruise and MSC.

All of our brands compete to a certain extent among themselves for guests.

XIII. Governmental Regulations

a. Maritime Regulations

1. General

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. Our ships, which are registered in The Bahamas, Bermuda, Italy, Malta, the Netherlands, Panama, Portugal and the UK, are regulated by these jurisdictions and are required to comply with the international conventions that govern the safety of our ships, guests and crew and the protection of the environment. Each country of registry conducts periodic inspections to verify compliance with these regulations as discussed more fully below. In addition, the regulations of the European Union ("EU"), which apply to all our European brands, the U.S. and the many other international ports that our ships visit apply to some aspects of our ship operations.

Our ships are subject to periodic dry-docking requirements and class renewal surveys by ship classification societies, which verify that our ships have been maintained in accordance with the rules of the classification societies and that recommended repairs have been satisfactorily completed. They also ensure that our ships comply with international conventions adopted by the countries of registry and domestic rules and regulations. Dry-dock duration is a statutory requirement controlled under the International Convention for Safety of Life at Sea ("SOLAS") and to some extent the International Load Lines Convention. Under these regulations, it is required that a passenger ship dry-dock twice in five years and the maximum duration between each dry-dock cannot exceed three years. The time in dry-dock can be for a period of one or more weeks depending on the amount of work performed. However, some of our ships qualify under special exemptions to dry-dock once in every three or five years.

Our ships are subject to inspection by the port regulatory authorities in the various countries that they visit. Such inspections include verification of compliance with the maritime safety, security, environmental, customs, immigration, health and labor regulations

applicable to each port. For example, in U.S. ports these authorities include the U.S. Coast Guard and U.S. Customs and Border Protection. In EU ports, the Paris Memorandum of Understanding enforces internationally accepted conventions through Port State Control Inspections by 27 Marine Administrations. In UK ports, these authorities include the Maritime and Coastguard Agency, the Department for Transport's Transport Security team, otherwise known as TRANSEC, and the Port Health Authority.

We believe maritime safety, security, environmental, health and labor issues will continue to be areas of focus by relevant government authorities in the U.S., the EU and elsewhere where our cruise ships operate. Legislation, regulations or treaties, or changes thereto, in these areas could impact our operations and have and will likely subject us to increasing compliance costs in the future.

Although not required by regulations, we voluntarily publish Annual Sustainability reports that address environmental, labor, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which can be viewed at www.carnival.com and www.carnivalplc.com, were developed in accordance with Sustainability Reporting Guidelines established by the Global Reporting Initiative framework, which is a global reporting standard for economic, environmental and social performance.

2. Maritime Safety Regulations

The International Maritime Organization ("IMO"), a specialized agency of the United Nations, has adopted safety standards as part of SOLAS, which apply to all of our ships. Among other things, SOLAS establishes requirements for vessel design, structural features, materials, construction, life-saving equipment, safe management and operation and security in order to help ensure guest and crew safety and security. SOLAS requirements are periodically revised for both new and existing ships.

SOLAS incorporates the International Safety Management Code ("ISM Code"), which 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 are regularly audited by national authorities and maintain the required certificates of compliance with the ISM Code. National authorities, acting under the provisions of the international agreements related to Port State Control, regularly inspect our ships when they are in that nation's waters.

IMO's Maritime Safety Committee approved amended SOLAS requirements related to the damage stability of new passenger cruise vessels. These regulations, which were adopted in May 2005, apply to vessels whose keels were laid after January 1, 2009. For vessels with keels laid after January 1, 2009, compliance with these standards require different designs. The Maritime Safety Committee also amended SOLAS to require new passenger cruise vessels whose keels are laid after July 1, 2010, to comply with the "safe return to port" requirements, which relate to vessel survivability standards and require the development of new ship designs. These two new requirements do not affect our existing fleet or our vessels currently under contract except for the two Princess newbuilds. Compliance with both these regulations has not resulted in significant cost increases.

In 2010, a significant set of SOLAS modifications required all existing passenger ships to comply with current standards regarding fire safety. Our existing fleet is compliant with these SOLAS modifications.

3. Maritime Security Regulations

Our ships are subject to various security requirements, including the International Ship and Port Facility Security Code ("ISPS Code"), which is part of SOLAS. Among other things, the ISPS Code requires 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 countries of registry and International Ship Security Certificates have been issued demonstrating compliance with the ISPS Code.

The U.S. Maritime Transportation Security Act of 2002 ("MTSA") is the governing regulation for ships that operate in U.S. ports. MTSA establishes Area Maritime Security requirements for 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.

The U.S. Cruise Vessel Security and Safety Act ("CVSSA") will phase in through 2013 and is applicable to all our ships that embark or disembark passengers in the U.S. The law is designed to bring consistency and clarity to security laws and regulations for the cruise industry and establishes a framework for security equipment and systems. Compliance with CVSSA will not result in significant costs.

4. Maritime Environmental Regulations

We are subject to numerous international, national, state and local environmental laws, regulations and treaties that govern, among other things, air emissions, waste discharge, water management and disposal, and the storage, handling, use and disposal of hazardous substances, such as chemicals, solvents and paints. We are committed to helping to preserve the environment, not only because of the existing legal requirements, but because a pristine environment is one of the key elements that bring our guests onboard our ships. Our environmental efforts are focused on, among other things, reducing greenhouse gases ("GHGs", such as carbon dioxide) and other emissions (such as sulfur oxide ("SOx") and nitrogen oxide ("NOx")) from the combustion of marine fuel oil consumed by our ships,

which accounts for substantially all of our GHG and other emissions. Therefore, improving fuel consumption is a key business strategy. In addition to reducing fuel consumption, we actively monitor and investigate new abatement technologies for use onboard our ships or shoreside in order to reduce operating costs and GHG emissions.

If we violate or fail to comply with environmental legislation, 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 legislation, regulations and treaties.

i. International Regulations

The most important environmental convention governing ships is the IMO International Convention for the Prevention of Pollution from Ships (“MARPOL”). This convention includes requirements designed to prevent and minimize both accidental and operational pollution by oil, sewage, garbage and air emissions. 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. All of our ships must carry an International Oil Pollution Prevention Certificate, an International Sewage Pollution Prevention Certificate and an International Air Pollution Prevention Certificate. These certificates are issued by the ship’s state of registry indicating that our ships are operating in compliance with the MARPOL regulations regarding oil, sewage and air pollution prevention.

In jurisdictions that have not adopted the IMO Conventions, various national, regional or local laws and regulations have been established to address oil and waste pollution.

The International Organization for Standardization (“ISO”) is an international standard-setting body which produces worldwide industrial and commercial standards. ISO 14001, an environmental management standard that was developed to help organizations manage their processes, products and services to minimize environmental impacts, presents a structured approach to setting environmental objectives and targets. It provides a framework for any organization to apply these broad conceptual tools to their own processes. During 2006, we completed a corporate-wide implementation of ISO 14001. The environmental management systems of all of our cruise brands are certified in accordance with ISO 14001, with the exception of Ibero, which is expected to be implemented by early 2012.

ii. U.S. Federal and State Regulations

The U.S. Act to Prevent Pollution from Ships, implementing the MARPOL convention, 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.

The U.S. Oil Pollution Act of 1990 (“OPA 90”) provides for strict liability for water pollution, such as oil pollution or possible oil pollution incidents in the 200-mile exclusive economic zone of the U.S., subject to defined monetary limits. OPA 90 requires that in order for us to operate in U.S. waters, we must obtain Certificates of Financial Responsibility from the U.S. Coast Guard for each of our ships. These certificates demonstrate our ability to meet the maximum amount of liability that our ships could be subject to for removal costs and damages related to water pollution, such as from an oil spill or a release of a hazardous substance, up to each ship’s statutory liability limit. Our financial responsibility under these certificates is covered by our insurance.

The Clean Water Act of 1972 and other laws and regulations provides the U.S. Environmental Protection Agency (“EPA”) with the authority to regulate commercial vessels’ incidental discharges of ballast water, bilge water, gray water, anti-foulant paints and others during normal operations into the U.S three mile territorial sea and inland waters. The EPA requires vessels to obtain permits and comply with inspection, monitoring, recordkeeping and reporting requirements.

Most U.S. states that border navigable waterways or sea coasts have also enacted environmental regulations that impose strict liability 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.

In connection with certain of our Alaska cruise operations, Holland America Line, Princess 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. We cannot be certain 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. The U.S. National Park Service renewed our permits through the 2019 Alaska cruise season.

The state of Alaska enacted legislation which prohibits certain discharges in designated Alaskan 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 regimes in Alaska are 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.

iii. EU Regulations

In the past 30 years the EU has adopted a substantial and diverse range of environmental measures aimed at improving the quality of the environment for European citizens and providing them with a high quality of life. To support the implementation and enforcement of European environmental legislation, the EU has adopted directives on environmental liability and enforcement and a recommendation providing for minimum criteria for environmental inspections.

In November 2002, the European Commission (“EC”) adopted a strategy to reduce atmospheric emissions from seagoing ships. The strategy reports on the magnitude and impact of ship emissions in the EU and sets out a number of actions to reduce ship emissions. The EU strategy seeks to implement SOx Emission Control Areas set out in MARPOL Annex VI and in addition goes beyond the IMO in that in January 2010 it introduced requirements to burn low sulfur (less than 0.1%) marine gas oil in EU ports and other areas. The EC also seeks to press for tighter NOx standards.

The EU continues to pursue an aggressive policy towards environmental protection and we can expect to see legislation being implemented in the near future related to, among other things, limiting waste water discharges in the Baltic Sea and reducing GHG emissions.

iv. Low Sulfur Fuel Regulations

Limitations on the sulfur content of fuel are part of regulations approved in EU Directives and MARPOL Annex VI. On January 1, 2010, the EU directive became effective that requires the use of 0.1% sulfur content in all marine fuels used while ships are at berth or anchored in EU ports. This requires the use of distillate fuels, such as marine gas oil, which has not significantly increased our fuel costs because we use a relatively small quantity of marine gas oil while in EU ports.

MARPOL Annex VI currently limits global sulfur fuel content to 4.5%. On January 1, 2012, the limit will be reduced to 3.5%, which will not have a significant impact on our fuel costs, as we already comply with this requirement.

As part of the 2008 MARPOL Annex VI requirements, the concept of Emission Control Areas (“ECAs”) was established with stricter limitations on sulfur emissions in these areas. Currently there are two ECAs in operation. The first ECA is in the Baltic Sea and the other is in the North Sea/English Channel. Specifically, ships that operate in these ECAs are required to use fuel with a sulfur content of no more than 1%. Compliance with these requirements in the existing ECAs did not significantly increase our fuel costs because we do not have a significant number of itineraries in these areas.

In 2010, the U.S. Maritime Pollution Prevention Act was passed, which established a North American ECA that will become effective around the U.S. and Canada out to 200 nautical miles on their east, west and gulf coasts, as well as the Hawaiian Islands, beginning on August 1, 2012. The U.S. has also submitted a proposal to the IMO to designate certain waters adjacent to the coasts of Puerto Rico and the U.S. Virgin Islands (“USVI”) as an ECA. This proposal is expected to be adopted by the IMO in 2011 and would become effective at the end of 2013. Based on current itineraries, fuel prices and technologies and our 2011 capacities and projected fuel consumption, we estimate that the implementation of the North American, Puerto Rican and USVI ECAs will increase our annual fuel costs by approximately \$25 million to \$35 million. Other additional ECAs may also be established in the future, such as for areas around Australia, the Mediterranean Sea and Mexico.

From January 1, 2015 and thereafter the fuel sulfur content limit in ECAs will be further reduced to 0.1%. Compliance with these requirements will further increase our fuel costs. Commencing in 2015, based on current itineraries, fuel prices and technologies and our 2011 capacities and projected fuel consumption, we estimate that the implementation of the 0.1% low sulfur content requirement in the three existing ECAs and the proposed Puerto Rico and USVI ECAs would additionally increase our annual fuel costs by approximately \$185 million to \$205 million.

Based on current laws, the global limit on fuel sulfur content, excluding the ECA limits that will remain at 0.1%, will be further reduced to 0.5% from 3.5% on and after January 1, 2020. The 0.5% standard will be subject to an IMO review by 2018 to determine the availability of fuel oil to comply with this standard, taking into account the global fuel oil market supply and demand, an analysis of trends in fuel oil markets, and any other relevant issues. If the IMO determines that it is not possible to comply with the 0.5% standard on and after January 1, 2020, then this requirement will become effective on January 1, 2025. We believe that compliance with the 0.5% standard in 2020, or 2025 at the latest, could significantly increase our fuel costs. However, the magnitude is not determinable at this time due to the length of time until the standard becomes effective, and the other mitigating factors discussed below.

The cost impacts from implementing progressively lower sulfur content requirements globally may be mitigated by, among other things, the favorable impact of future changes in the supply and demand balance for marine and other fuels, future developments of and investments in sulfur emission abatement and propulsion technologies, including more advanced engines, enhanced exhaust gas treatment systems and propeller design, the use of alternative fuels and new fuel conservation initiatives, such as new itinerary options to reduce fuel consumption.

As part of our emission abatement program, we have partnered with local port authorities and the EPA to assist in the development and construction of shore power connections in Juneau, Alaska; Long Beach, California; San Francisco, California; Seattle, Washington and Vancouver, British Columbia and have equipped 14 ships with shore power technology. We expect to partner with other port authorities in the future to implement additional shore power connections. This technology enables our ships to use power from the local electrical grid rather than running their engines while in port to power their onboard services, and thus reduce air emissions.

v. Carbon Dioxide (“CO₂”) Emissions

Our cruise brands have established objectives, targets and plans within their respective ISO 14001 environmental management systems to reduce fuel consumption, which is the most significant contributor to our carbon footprint. Our annual reduction targets for CO₂ emissions intensity ranges from 0.25% to 2.5%. We have targeted a 20% reduction in the intensity of CO₂ emissions (based on kilograms per available lower berth/kilometer) from our shipboard operations by 2015 compared to our 2005 baseline. The impact of any future legislation regulating the level of CO₂ emissions is not determinable at this time.

5. Maritime Health Regulations

We are committed to providing a healthy environment for all of our guests and crew. We voluntarily work with public health agencies throughout the world to monitor health and sanitary conditions on all of our ships. As an example, for ships visiting U.S. ports we collaborate with the Centers for Disease Control and Prevention - Vessel Sanitation Program of the Department of Health and Human Services. The Centers for Disease Control established the Vessel Sanitation Program in the early 1970s as a cooperative activity with the cruise industry.

We maintain frequent communication with the appropriate public health authorities and, as required, proactively report any communicable illnesses that are of public health concern. Through our collaborative efforts we work with the authorities to develop and revise guidelines, review plans and conduct on-site inspections for all newbuilds and significant existing ship renovations. In addition, we continue to maintain our ships by meeting, and often exceeding, applicable public health guidelines and requirements, complying with inspections, and conducting regular crew training and guest education programs.

See “Maritime Labor Regulations” below for additional discussion of health regulations.

6. Maritime Labor Regulations

In 2006, the International Labor Organization (“ILO”), an agency of the United Nations that develops and oversees international labor standards, adopted a new Consolidated Maritime Labor Convention (“MLC 2006”). MLC 2006 contains a comprehensive set of global standards based on those that are already found in 68 maritime labor Conventions and Recommendations adopted by the ILO since 1920. It brings almost all of these Conventions and Recommendations together in a single new Convention. MLC 2006 includes a broad range of requirements in areas; such as a broader definition of a seafarer, minimum age of seafarers, medical certificates, recruitment practices, training, repatriation, recreational facilities, health and welfare, hours of work and rest, accommodations and wages and entitlements. While many of the practices were widely adhered to by ships registered in different countries, MLC 2006 will add requirements not previously in effect, particularly in the area of occupational safety and health. The detailed requirements of MLC 2006 directly address many seafarers’ issues and, therefore, if effectively implemented will provide worldwide standards to improve the health, safety and status of seafarers.

Thirty member countries representing 33% of the world’s merchant ship tonnage are required to ratify MLC 2006 before it goes into effect 12 months after such ratification. We currently expect ratification in May 2011, and entry into force, requiring our implementation in May 2012. We estimate that compliance with MLC 2006 will not significantly increase our annual operating expenses.

b. Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission (“FMC”). Public Law 89-777, which is administered by the FMC, requires all our cruise brands that call on U.S. ports and embark or disembark guests in U.S. ports to establish financial responsibility for their liability to passengers for non-performance of transportation, for personal injury and for loss of life. 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. In order to comply with this requirement, we have an aggregate of \$90 million of guarantees provided by some of our insurers. Our Protection and Indemnity (“P&I”) coverages are used to establish our financial responsibility for personal injury and loss of life.

In the UK, in some cases we are currently required to obtain licenses from and post bonds with various organizations in connection with the conduct of our business and our ability to meet our liabilities in the event of non-performance of obligations to consumers. The most significant requirement relates to ABTA, formally known as the Association of British Travel Agents, which requires us to maintain approximately \$130 million of sterling-denominated bonds to cover our brands’ UK passenger deposit liabilities.

We are also required by German and French law to obtain a guarantee from a reputable insurance company to ensure that, in case of insolvency, our customers will be refunded their deposits and repatriated without additional cost if insolvency occurs after a cruise starts. Additionally, 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 may require the establishment of financial responsibility for passengers from their jurisdictions.

XIV. Financial Information

For financial information about our cruise reporting segments and geographic information with respect to each of the three years in the period ended November 30, 2010, see Note 11, “Segment Information” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K.

C. Employees

Our shoreside operations have approximately 10,200 full-time and 4,000 part-time/seasonal employees. We also employ approximately 75,000 crew members at any one time, including officers, onboard the 98 ships we currently operate. Due to the highly seasonal nature of our Alaskan operations, Holland America Princess Alaska Tours increases its 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, transportation and shipboard 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.

Our cruise brands are committed to providing appropriate marine-related training to ensure that our shipboard crew, including officers, has the knowledge and skills to perform their jobs properly. In July 2009, we built a maritime training facility near Amsterdam, Netherlands that employs state-of-the-art simulation equipment and instructional tools to provide our crew with training in fixed propeller and azipod maneuvering, bridge resource management, ship stability, emergency preparedness and other maritime skills. We are also in the process of integrating engine control room operations, education and training into the facility. In addition, we established the European Cruise Academy in Rostock, Germany in cooperation with the Wismar University of Technology and offer certified bachelor and master degree programs, as well as advanced training certificates, in the maritime sciences primarily related to the cruise industry.

D. Suppliers

Our largest purchases are for fuel, travel agency services, food and beverages, air transportation services, port facility utilization, repairs and maintenance, including dry-docking, advertising and marketing, hotel and restaurant products and supplies, communication services and for the construction and refurbishment of our ships. Although we utilize a select number of suppliers for most of our food and beverages, communication services, air transportation services and hotel and restaurant products and supplies, most of these products and services are available from multiple sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. However, we purchase fuel and port facility services at some of our ports of call from a limited number of suppliers. We also perform our major dry-dock and ship improvement work at a limited number of dry-dock facilities in Australia, British Columbia, Canada, the Caribbean (including The Bahamas), Europe, Singapore, and the U.S. Finally, as of January 31, 2011, we have agreements in place for the construction of ten cruise ships with three shipyards. We believe there are sufficient dry-dock and shipbuilding facilities to meet our anticipated repair, maintenance, refurbishment and newbuild requirements.

E. Insurance

I. General

We maintain insurance to cover a number of risks associated with owning and operating our vessels and other non-ship related risks. All such insurance policies are subject to coverage limits, exclusions and deductible levels. Insurance premiums are dependent on our own loss experience and the general premium requirements of our insurers. We cannot be certain that affordable and viable direct and reinsurance markets will be available to us in the future. We maintain certain levels of self-insurance for all the below-mentioned coverages, some of which have increased in recent years, and we may increase our self-insurance levels further in the future to mitigate premium increases. We do not carry coverage related to loss of earnings or revenues from our ships or other operations.

II. Protection and Indemnity (“P&I”) Coverages

Third-party liabilities, principally for crew medical and crew and guest injury claims, in connection with our cruise activities are covered by our P&I clubs, which are mutual indemnity associations owned by ship owners. We are members of the Standard Steamship Owners’ Protection and Indemnity Association (Europe) Ltd. and The Steamship Mutual Underwriting Association (Bermuda) Limited P&I clubs.

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. Coverages are subject to the P&I clubs’ rules and the limits of coverage are determined by the IG. P&I coverage includes legal, statutory or pre-approved contract liabilities and other expenses related to crew, guests and other third parties. This coverage also includes shipwreck removal, pollution and damage to third party property.

III. Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships for reasonable amounts as determined by management. The coverage for hull and machinery is provided by international marine insurers. Most insurers 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 have been certified within the last twelve months to be in class by an IACS member.

IV. War Risk Insurance

We maintain war risk insurance coverage for legal liability to crew, guests and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist incidents. Items excluded from this coverage are claims arising from chemical, nuclear and biological attacks. Our primary war risk insurance coverage is provided by international marine insurers, with excess war risk insurance provided by our two P&I clubs. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, insurers can give seven days notice to the insured that the liability and physical damage policies can be cancelled. However, the policy can be reinstated at different premium rates. This gives insurers the ability to increase our premiums following events that they determine have increased their risk.

V. Other Insurance

We maintain property insurance covering our shoreside assets and casualty insurance covering liabilities to third parties arising from our tour business, shoreside operations and port facilities. We also maintain workers compensation, employee health, directors and officers liability and other insurance coverages.

F. Trademarks and Other Intellectual Property

We own and have registered or licensed, numerous trademarks and domain names, which we believe are widely recognized throughout the world and have considerable value. These intangible assets enable us to distinguish our cruise products, ships and programs from those of our competitors. Our trademarks include the trade names of our cruise brands, each of which we believe is a widely-recognized brand in the cruise vacation industry, as well as our ship names and a wide variety of cruise services and products. We have entered into licenses, including a license to use the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruising and related activities. We also have a license to use the “Love Boat” name and related marks. See Note 10, “Fair Value Measurements, Derivatives Instruments and Hedging Activities” to our Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates – Asset Impairments” in Exhibit 13 to this Form 10-K for additional discussion of our trademarks.

G. Taxation

I. U.S. Federal Income Tax

We are primarily foreign corporations engaged in the business of operating passenger vessels in international transportation. We also own and operate, among other businesses, the hotel, tour and transportation business of Holland America Princess Alaska Tours through U.S. corporations.

Our U.S. passenger vessel business and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on the itinerary of any particular vessel, that vessel may generate income from sources within the U.S. We believe that under Section 883 of the Internal Revenue Code and applicable income tax treaties, our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income tax for purposes of this section. Regulations under Section 883 list items that the Internal Revenue Service (“IRS”) does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre-and post-cruise land packages to the extent earned from sources within the U.S.

Our domestic U.S. operations, principally the hotel, tour and transportation business of Holland America Princess Alaska Tours, are subject to normal state and federal income taxation in the U.S.

a. 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. Applicable U.S. Treasury 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 a defined publicly-traded test. In addition, to the extent a foreign corporation's stock is owned by a direct or indirect parent corporation which itself meets the publicly-traded test, then such subsidiary will be deemed owned by individuals resident in the country of incorporation of such parent corporation and the subsidiary will satisfy the applicable stock ownership requirements in lieu of the publicly-traded test.

We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly-traded corporation under the regulations and substantially all of its income, with the exceptions noted above under "U.S. Federal Income Tax," is and will continue to be exempt from U.S. federal income taxes. If, in the future, Panama no longer qualified as an equivalent exemption jurisdiction or 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 to exempt 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.

Although the above represents our interpretation of this Internal Revenue Code provision and the U.S. Treasury regulations, the IRS's interpretation of these provisions could differ materially. In addition, provisions of the Internal Revenue Code, including 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, 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 and branch taxation on a portion of its income resulting in higher than normal tax rates.

b. Exemption Under Applicable Income Tax Treaties

We believe that the U.S. source transportation income earned by Carnival plc and its UK and Italian resident subsidiaries currently qualifies 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 revoked by either applicable country, replaced or modified with new agreements that treat income from international operation of ships differently than 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 revoked, 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 exemption under Section 883, such ship-owning or operating subsidiary may be subject to U.S. federal income taxation on a portion of its income.

c. 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 and ends in foreign countries without stopping in the U.S. is considered to be 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.

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. 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 50% of the first and last legs of the cruise. Because there are no regulations or other IRS interpretations of these rules, the applicability of the transportation income source rules to these cruises 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 (collectively 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 and its vessel owning subsidiaries based in the U.S. in the absence of an exemption under Section 883. Under the net tax regime, U.S. source shipping income, net of applicable deductions, would currently be subject to a federal corporate income tax of up to 35% and state income taxes at varying rates; 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 U.S. 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.

II. UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) have all 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 the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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 UK tonnage tax companies are subject.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime, which are not currently or forecasted to be significant, remain subject to normal UK corporation tax. Dividends from subsidiaries doing business outside the UK, when distributed to Carnival plc, are generally exempt from UK corporation tax.

P&O Cruises (Australia) is a division of Carnival plc, and the shipping profit income from this operation is subject to UK tonnage tax as discussed above. Substantially all of this operation's income is exempt from Australian corporation taxes by virtue of the UK/Australian income tax treaty.

III. Italian, German, Portuguese and Spanish Income Tax

Carnival plc's German and Spanish brands, AIDA and Ibero, are both divisions of Costa. Effective through fiscal 2014, Costa is entered into the Italian Tonnage Tax regime, which was initially granted for ten years in 2004. Upon its expiration, Costa intends to reapply for another ten year period. This regime taxes Costa's, AIDA's and Ibero's shipping profits, as defined, which are substantially all of their incomes, calculated by reference to the net tonnage of their qualifying vessels.

Most of Costa's and AIDA's income not considered to be shipping profits for Italian Tonnage Tax purposes, will be taxed under the Italian tax regime for Costa's and AIDA's Italian-registered ships. The majority of AIDA's profits are exempt from German corporation taxes by virtue of the Italy/Germany income tax treaty.

All of Ibero's vessels are registered in Portugal. Provided certain local employment requirements are satisfied, most of Ibero's income not considered to be shipping profits for Italian Tonnage Tax purposes will be exempt from Portuguese income tax through 2011, and thereafter will be subject to a favorable Portuguese income tax regime at a lower than normal tax rate through 2020. Ibero's Spanish operations are minimal and, therefore, its Spanish income taxes are minimal.

IV. U.S. State Income Tax

In addition to the U.S. federal income and branch level taxes discussed above, Carnival Corporation and Carnival plc and certain of its affiliates are subject to various U.S. state income taxes generally imposed on each state's portion of the U.S. source income subject to U.S. federal income taxes. However, the state of Alaska imposes an income tax on its allocated portion of the total income of our companies doing business in Alaska and certain of their affiliates.

H. Website Access to Carnival Corporation & plc SEC Reports

Our Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, joint Proxy Statement related to our annual stockholders meeting, Section 16 filings and all amendments to those reports are available, free of charge on our home pages at www.carnivalcorp.com and www.carnivalplc.com and on the SEC's home page at www.sec.gov as soon as reasonably practicable after we have electronically filed or furnished these reports with the SEC. The content of any website referred to in this Form 10-K is not incorporated by reference into this Form 10-K unless expressly noted.

Item 1A. Risk Factors.

You should consider carefully the specific risk factors set forth below and the other information contained or incorporated by reference in this 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 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.

- *General economic and business conditions may adversely impact consumer demand for vacations and, consequently, reduce our cruise brands' net revenue yields and profitability.*

Demand for cruises is in part dependent on the underlying perceived or actual economic strength of the countries from which cruise companies source their guests. Adverse changes in the perceived or actual economic climate, such as higher fuel prices and healthcare costs, higher unemployment and underemployment rates, higher interest rates, increasing taxation, stock, real estate and other market declines and volatility, declines in income levels, more restrictive credit markets, and changes in governmental policies, could reduce our potential vacationers' discretionary incomes, net worth or their consumer confidence in the countries from which we source our guests. Consequently this may negatively 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. Decreases in discretionary income or consumer confidence could also result in lower onboard revenues, which could also have a negative effect on our profitability.

- *Fluctuations in foreign currency exchange rates could adversely affect our financial results.*

We earn revenues, pay expenses, purchase and own assets, and incur liabilities in currencies other than the U.S. dollar, most importantly the euro, sterling, Australian dollar and Canadian dollar. We derived approximately 54%, 52% and 50% of our revenues from passengers sourced from countries outside of the U.S. in fiscal 2010, 2009 and 2008, respectively. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. We also report currency transactions in the functional currencies of our reporting units. Therefore, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against our other major currencies, will adversely affect our U.S. dollar financial results.

- *The international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel 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 and security of travel. 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, drug-related violence in Mexico, pirate attacks and vessel seizures off the coast of Africa, 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 in the past, and may have an adverse impact in the future. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

- *We may lose business to competitors throughout the vacation market, which could adversely affect our operations and financial condition.*

We face significant competition from other cruise brands, on the basis of cruise pricing, the types and size of ships, services and destinations being offered to cruise guests. We try to differentiate ourselves from our cruise competitors by offering a wide variety of itineraries, products and services to our guests, but the acceptance of each offering is not certain and consumers' preferences are always subject to change. In addition, we may choose to enhance our older ships with innovative amenities and improvements in order for those ships to be more competitive with other cruise ships. During the winter season ships that operate in the Caribbean face increased competition as our brands, as well as our competitors, redeploy vessels to the Caribbean, which results in a seasonal increase in capacity that may adversely impact our profitability.

In addition, 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 vacation operators that provide other travel and leisure options, including, but not limited to, hotels, resorts, theme parks, organized tours, land-based casino operators and vacation ownership properties. We believe that our land-based vacation competitors' operating costs are less affected by fuel price increases than cruise companies. Accordingly, fuel price increases may adversely impact cruise companies more than their land-based competitors.

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.

- *Overcapacity in the cruise ship or land-based vacation industries could have a negative impact on our net revenue yields and increase operating costs, thus resulting in ship, goodwill and 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 three years as most of the major cruise vacation companies are expected to introduce new ships. In order to fill new capacity, the cruise vacation industry will probably need to increase its share of the overall vacation market. Also, the increasingly large size of ships may adversely impact the industry's ability to fill their ships at prices that meet their expectations. The overall vacation market may also face increases in land-based vacation capacity, which may impact us as well. 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. 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 trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew, including officers, at competitive costs and, therefore, increase our shipboard operating costs.

- *Accidents, the spread of contagious diseases and threats thereof, adverse weather conditions or natural disasters, and other incidents affecting the health, safety, security and satisfaction of guests and crew could have an adverse effect on our sales and profitability.*

The operation of cruise ships, hotels, land tours, port facilities and shore excursions involve the risk of accidents, including those caused by the improper operation of our ships, motorcoaches and trains, guest and crew illnesses such as from the spread of contagious diseases, mechanical failures, fires, collisions, groundings, navigational errors, oil spills and other environmental mishaps, and other incidents at sea or while in port or on land, which may cause injury and death, or the alteration of itineraries or cancellation of a cruise or series of cruises or tours. Our ships have been involved in accidents and other incidents in the past. We may experience similar incidents in the future. These types of incidents may bring into question guest and crew health, safety, security and satisfaction, and thereby adversely affect our sales and profitability and may also result in litigation against us and increased governmental or other regulatory oversight.

In particular, our ability to effectively and efficiently operate shipboard and shoreside activities may be impacted by widespread public health issues/illnesses or health scares resulting in, among other things, reduced demand for cruises and cruise cancellations and employee absenteeism that could have an adverse effect on our sales and profitability. For example, a severe outbreak of the flu virus or some other pandemic could, among other things, disrupt our ability to embark/disembark passengers and crew, disrupt air travel to and from ports, increase costs for prevention and treatment and adversely affect our supply chain. This could also adversely impact cruise demand in areas unaffected by such an outbreak.

Our cruise ships, hotels, land tours, port facilities, shore excursions and other service providers may be impacted by adverse weather patterns or natural disasters, such as hurricanes, earthquakes, tornados and volcanic eruptions. These events could result in, among other things, increased port related and other costs. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises or tours due to these or other factors, which would have an adverse effect on our sales and profitability.

The frequency of extreme weather events such as hurricanes and floods, which may be caused by climate change, may not only cause disruption, alteration, or cancellation of cruises, but may also adversely impact commercial airline flights, other transport and shore excursion activities or prevent our guests from electing to cruise altogether. Such extreme weather events may also disrupt the supply of provisions, fuel and shore power and may limit our ability to safely embark and disembark guests in ports. In addition, these extreme weather conditions could result in increased wave and wind activity, which would make it more challenging to sail and dock our ships and could cause sea/motion sickness among guests and crew. These events could have an adverse impact on the safety and guest satisfaction of cruising, and could also have an adverse impact on revenues and costs, all of which would lead to lower profitability. Finally, these extreme weather conditions could cause property damage to our ships, port facilities and other assets and impact our ability to obtain insurance coverage for operations in such areas.

Furthermore, some of the same factors that impact our guests' decisions to cruise with us may also impact our ability to employ qualified crew.

- *Adverse publicity concerning the cruise industry in general, or us in particular, including any adverse impact that cruising may have on the marine environment, could impact the demand for cruises, affect our reputation and harm our future sales and profitability.*

Maintaining a good reputation is critical to our business. Reports, whether true or not, of ship accidents and other incidents at sea or while in port, including missing guests, inappropriate crew and guest behavior, crimes, crew and guest illnesses such as incidents of stomach flu, parasitic outbreaks or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity, and a negative perception regarding the safety and satisfaction of our guests. In addition, publicity regarding the adverse environmental impact of cruise ships on the environment, including marine life, could diminish our reputation. Anything that damages our reputation, whether or not justified, could have an adverse impact on demand, which could lead to price discounting and a reduction in our sales and profitability.

- *Changes in and compliance with environmental laws and regulations could adversely affect our operations and thus impact our profitability.*

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, U.S. states, the IMO, the EPA and others periodically consider new laws and regulations to manage cruise ship discharges. In addition, various U.S. state regulatory agencies and European regulatory organizations have enacted or are considering new regulations or policies, such as requirements to use lower sulfur content fuels and stricter emission limits to reduce GHG effects, which could adversely impact the cruise and other industries. See Part I, Item 1. Business. B. "Cruise Operations- Governmental Regulations - Maritime Regulations" for additional information regarding these risks.

The IMO has amended the MARPOL Annex VI regulations to reduce harmful emissions from ships. As described in "Maritime Environmental Regulations" as referenced above, these changes will result in reductions in ship sulfur oxide emissions by requiring progressive reductions in the sulfur content in fuel. These limits will be further reduced in designated ECAs, including ECAs that have been or could be proposed in other prime cruising areas, such as around Australia, the Mediterranean Sea, Mexico, Puerto Rico and

USVI. As a result of these amendments, low sulfur fuel may be less available because of increased demand, and the cost of such fuel may increase. If utilized, new sulfur emissions abatement technologies may also increase costs. The increase in fuel prices impacts not only our fuel costs, but also some of our other expenses, such as crew and guest travel, freight, and commodity prices, and may have an adverse impact on our profitability.

Initiatives to limit GHG emissions have been introduced or are being considered in several European countries. Similarly, numerous other bills related to climate change have been introduced in the U.S. Congress, which could adversely impact all industries. While not all are likely to become law, this is a strong indication that additional climate change related mandates will be forthcoming, and that they may significantly impact our costs, including, among other things, increasing fuel prices, including new taxes on bunker fuel, establishing costly emissions trading schemes and increasing newbuild and operational costs. The impact of any such future legislation is not determinable at this time.

Current and future environmental laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances or vessel discharges, including ballast water and waste disposal, could materially increase our cost of compliance or otherwise adversely affect our business, results of operations and financial condition.

- *Changes in and compliance with laws and regulations relating to the protection of persons with disabilities, employment, health, safety, security and other regulations under which we operate could increase our costs.*

We are subject to various international, national, state and local laws, regulations, treaties and employee union agreements related to, among other things, persons with disabilities, employment, health, safety and security. We believe that relevant government authorities in the U.S., Europe and elsewhere will continue to focus on these areas. Accordingly, new legislation, regulations or treaties, or changes thereto, could impact our operations and would likely subject us to increased compliance costs in the future. In addition, due to increasing regulatory requirements applicable to our operations, appropriate training of crewmembers may become more time-consuming and may increase our operating costs.

The governing bodies, such as the U.S. Department of Justice, U.S. Department of Transportation and the EU, who promulgate the laws and regulations related to persons with disabilities, such as the American with Disabilities Act and the European Union's Passenger Rights Proposal, have each recently been considering whether the cruise industry's existing practices and physical facilities are sufficient to meet the needs of cruise passengers with disabilities. Although we have made improvements to our practices and physical facilities to enhance the onboard experience of our guests with disabilities, the adoption of new laws, regulations or compliance agreements could require further enhancements to our ships and increases in our operating expenses.

In March 2010, the Patient Protection & Affordable Care Act was signed into law in the U.S. The effective dates of various provisions range from the date of enactment through 2018. The most significant impact on our operations will be the requirement to provide medical coverage to U.S. citizens working onboard our foreign flag ships starting in 2014. The impact of implementing the provision of this act is not expected to be significant.

- *Changes in income tax laws and regulations and income tax treaties may adversely affect the taxation of our shipping income and our profitability.*

We believe that substantially all of the income earned by Carnival Corporation and Carnival plc and each of their subsidiaries qualifies for taxation based on vessel tonnage, is exempt or is subject to minimal taxes in the jurisdictions where the entities are incorporated. If we did not qualify for tonnage tax, exemption or minimal taxes or if the laws that provide for these tax systems were changed, we would have significantly higher income tax expense. For example, the state of Alaska instituted income taxes in 2007, which directly impacted the cruise industry operating in Alaska. As budgetary constraints continue to adversely impact the jurisdictions in which we operate, increases in income tax regulations affecting our operations may be imposed.

We are subject to the continual examination of our income tax returns by tax authorities in the jurisdictions where we operate. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcome from these examinations will not adversely affect our net income.

We continue to monitor global administrative, legislative and judicial tax related developments and evaluate a variety of possible courses of action based upon such developments. However, there is no assurance that such actions, if taken, will successfully mitigate adverse income tax consequences.

See Part I, Item 1. Business. G. "Taxation" for additional discussion of tax risks.

- *We are subject to many economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs and could harm future sales and profitability.*

Some of our operating costs, including fuel, food, payroll, port costs, security and other commodity-based items are subject to increases because of market forces, economic or political instability or decisions beyond our control. In addition, interest rates, currency exchange

rate fluctuations and our ability to obtain debt or equity financing are dependent on many economic, market and political factors. Increases in operating and financing costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our guests and such increases may adversely impact our liquidity and credit ratings.

Economic, market and political conditions in certain parts of the world, including fuel demand and supply disruptions and related infrastructure needs, make it difficult to predict the price and availability of fuel in the future. Future increases in the global price of fuel would increase the cost of our cruise ship operations. We may be unable to implement additional fuel conservation initiatives and other best practices or increase ticket prices and collect fuel supplements, which would help to fully or partially offset these fuel price increases.

It is possible that jurisdictions or ports of call that we regularly visit may also decide to assess new taxes or fees or change existing taxes or fees specifically targeted to the cruise industry, its employees and guests, including value added taxes on cruise tickets and onboard revenues and changes in the scope of income that is includable within tonnage tax regimes, which could increase our operating costs and could decrease the demand for cruises and ultimately decrease our net revenue yields and net income. For example, Spain recently imposed a value-added tax on the sale of certain onboard goods and services.

- *Our ability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations could reduce our profitability. In addition, we may incur increases in our repairs and maintenance expenses and refurbishment costs as our fleet ages.*

The construction, repair, maintenance and refurbishment of cruise ships are complex processes and involve risks similar to those encountered in other large and sophisticated construction, repair, maintenance and refurbishment projects, which could cause delays and cost overruns in completing such work. As our fleet ages, our repair and maintenance expenses will increase, such as the required 25 year survey which is more exhaustive and thus may require additional repair and maintenance work to be performed. In addition, work stoppages, insolvencies or other financial difficulties at the shipyards and their subcontractors and suppliers who build, repair, maintain or refurbish our ships could also delay or prevent the delivery of our ships under construction and prevent or delay the completion of the refurbishment, repair and maintenance of existing ships in our fleet. These events could adversely affect our profitability. However, the impact from a delay in delivery of our newbuilds is expected to be partially mitigated by contractual provisions and bank guarantees that we require shipyards to provide to us. In addition, the consolidation of the control of certain cruise shipyards or cruise shipyard voluntary capacity reductions or insolvencies could result in less shipyard availability thus reducing competition and increasing prices. Finally, the lack of qualified shipyard repair facilities could result in the inability to repair and maintain our ships on a timely basis, which could also result in reduced profitability.

Also, the European shipyards that build our ships are currently eligible to benefit from governmental subsidies that support innovation, development, employment and export credit financing through 2011. Recently, the EC launched a review of the state aid programs to the shipbuilding sector, which, if terminated, could result in, among other things, higher future construction and financing costs.

As of November 30, 2010, we had entered into foreign currency forwards and options to fix a portion of the cost in U.S. dollars of two of our euro-denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency forwards and options 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 forwards and options without an offsetting gain on our foreign currency denominated shipbuilding contracts, thus resulting in an adverse effect on our financial results. As all of our newbuilds are being built by European shipyards and substantially all our newbuild costs are priced in euros, the ability to purchase ships for our North America and UK brands at favorable U.S. dollar and sterling prices, respectively, is adversely impacted as a result of the weaker U.S. dollar and weaker sterling compared to the euro. This can result in higher newbuild costs and reduced profitability for our North America and UK brands. Finally, the prices of various commodities that are used in the construction of ships, such as steel, can be subject to volatile price changes and, accordingly, the cost of future newbuilds may increase, which could have an adverse impact on our profitability.

In connection with our shipbuilding contracts, we do not anticipate any contractual breakage or cancellations by us to occur. However, if any were to occur, it could result in, among other things, the forfeiture of our payments and the imposition of contractual liquidated damages.

- *Our success depends upon the continued strength of our cruise brands and our ability to implement our brand strategies.*

We believe that our cruise brands have contributed significantly to the success of our business and that maintaining and enhancing our brands is critical to expanding their customer base. In addition, the ability of our brands to successfully target different segments of the various vacation markets in which they operate enables them to continue to expand and strengthen their business. Failure to protect our brands from infringers or to grow the brands could have a material adverse effect on our business and results of operations.

- *Our international operations are subject to additional risks not generally applicable to our U.S. operations and may result in increased costs and risks and adversely affect our financial position and results of operations.*

Our international operations are subject to additional risks, including, but not limited to, adverse changes in foreign countries' political systems, hostility from local populations, restrictions and taxes on the withdrawal of foreign investment and earnings and other payments by subsidiaries, government policies against the cruise, vacation or maritime businesses, local cabotage requirements, investment restrictions or requirements, diminished ability to legally enforce our contractual rights in foreign countries, commercial instability caused

by corruption, foreign exchange restrictions and fluctuations in foreign currency exchange rates and changes in and application of foreign taxation structures including value-added taxes, which could have an adverse impact on our profitability.

- *Geographic regions in which we try to expand our business may be slow to develop, and ultimately not develop how we expect, thus resulting in the slower growth of our business.*

As we expand our global presence it requires, among other things, investments and start-up costs that we may not recover through future revenues from these markets. In addition, we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion may not produce the returns that we had expected. For instance, in 2006 we entered the Chinese market, which is developing slower than originally expected for a number of reasons.

- *Whether our future operating cash flow will be sufficient to fund future obligations and whether we will be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations may adversely impact our financial results. In addition, our counterparties' abilities to perform may adversely impact us.*

Our forecasted cash flow from future operations may be adversely affected by various factors, including, but not limited to, declines in guest demand, increased competition, overcapacity, inadequate liquidity and other issues in the global debt and equity markets, terrorist and pirate attacks and the threats thereof, the impact of the spread of contagious diseases such as flu virus, ship accidents and other incidents, adverse publicity, adverse currency movements, increases in fuel prices and other factors noted under these "Risk Factors." To the extent that we are required, or choose, to fund future cash requirements, including current and future shipbuilding commitments, from sources other than cash flow from operations, available cash and committed external sources of liquidity, including committed ship and other financings, we will have to secure such financing from export credit agencies, banks and through the offering of debt and equity securities in the public or private markets. There is no guarantee that such financings will be available in the future to fund our future obligations.

Our access to, and the cost of, financing will depend on, among other things, conditions or disruptions in the global financing markets, the availability of sufficient amounts of financing and the maintenance of our investment grade long-term credit ratings. If our long-term credit rating were to be downgraded or assigned a negative outlook, our access to, and the cost of, financing may be negatively impacted.

The ability of our counterparties, primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, to perform may adversely impact us if any of their financial positions weaken materially or they suffer other financial disruptions.

- *Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain is essential to allowing us to profitably operate our business. In addition, reductions in the availability of, and increases in the prices for, the services and products provided by these vendors can adversely impact our net income.*

The vast majority of our guests book their cruises through independent travel agents, wholesalers and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Although we believe we offer commissions and other incentives to them for booking our cruises that are comparable to those offered by others in the cruise industry, there can be no guarantee that our competitors will not offer higher commissions and incentives in the future, and thus adversely impact our business. Significant disruptions, contractions or consolidations to our travel agent distribution system, such as those caused by a reduction in travel and related commission income as a result of an economic slowdown, could have an adverse effect on our sales and related commission costs.

Some of our guests depend on scheduled or chartered commercial airline services to transport them to or from the port cities where our cruises embark and disembark. Changes or disruptions in commercial or chartered airline services as a result of strikes, financial instability or viability, adverse weather conditions, airport delays or other events, or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests to or from our cruise ships and increase our cost of sales which would, in turn, have an adverse effect on our results of operations. In addition, increases in the prices of airfares would increase the overall vacation price to our guests and may adversely affect demand for our cruises.

Economic downturns may impact the financial viability of other key vendors in our supply chain and the interruption in the services or goods we purchase from them could adversely impact our operations and profitability.

- *Our decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates could result in higher expenses.*

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for substantially all the insurable risks we face in order to minimize the cost of our insurance coverages. Accordingly, we are not protected against all risks, which could result in unexpected increases in our expenses in the event of an incident.

We may also be subject to additional premium costs in amounts based not only on our own claim records but also on the claim records of all other members of the P&I associations through which we receive indemnity coverage for tort liability. If we or other members of our P&I associations were to sustain significant losses in the future, our ability to obtain insurance coverage at commercially reasonable rates

could be materially adversely affected. Finally, if other marine insurers experience more claims it could result in additional premium costs for us.

- *Disruptions and other damages to our information technology and other networks and operations and breaches in data security could result in decreases in our net income.*

Our ability to increase revenues and control costs, as well as our ability to serve guests most effectively depends in part on the reliability of our sophisticated information technology (“IT”) and other networks. We use software, IT, communications and other systems to, among other things, manage our inventory of cabins held for sale and set pricing in order to maximize our revenue yields and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Disruptions or damage to these computer and other systems or unauthorized access to confidential customer or employee personal information could adversely impact our guest services and guest satisfaction, employee relationships, reputation and guests demand and could result in increased costs and lower demand and pricing for our cruises. In addition, the operation, maintenance and updating of these networks is in some cases dependent on third-party technologies, systems and services for which there is no certainty of uninterrupted availability. While we have invested and continue to invest in IT and other security initiatives and disaster recovery plans, these measures cannot completely insulate us from IT and other disruptions that could result in adverse effects on our operations and profitability.

- *The loss of key personnel or our ability to recruit or retain qualified personnel could adversely affect our results of operations.*

We rely upon the ability, expertise, judgment, discretion, integrity and good faith of our senior management team. Our success is dependent upon our personnel and our ability to recruit and train high quality employees. We must continue to recruit, retain and motivate management and other employees sufficient to maintain our current business and support our projected growth. The loss of services of any of our key management could have a material adverse effect on our business.

The leadership of our Chairman and Chief Executive Officer, Mr. Arison, and our Vice-Chairman and Chief Operating Officer, Mr. Frank, and other executive and senior officers has been a critical element of our success. The death or disability of Mr. Arison or Mr. Frank or other extended or permanent loss of their services, or any negative market or industry perception with respect to them or arising from their loss, could have an adverse effect on our business. Our other executive and senior officers and other members of management have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected loss of services of one or more of these individuals could also adversely affect us. We are not protected by key man or similar life insurance covering members of our executive and senior management. We do not have employment agreements with substantially all of our officers.

- *Union disputes and other employee relation issues could adversely affect our financial results.*

Some of our employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate these collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage on our ships in the future. We may also be subject to work stoppages unrelated to our business or collective bargaining agreements. Any such work stoppages, or potential work stoppages, could have a material adverse effect on our financial results.

- *Lack of continuing availability of attractive, convenient and safe port destinations could adversely affect our net revenue yields and net income.*

We believe that attractive, convenient and safe port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The continuing availability of these types 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, safety and environmental concerns, adverse weather conditions 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 utilize, maintain, rebuild, if necessary, and increase the number of ports that our ships call on could adversely affect our net revenue yields and net income.

- *The DLC structure 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 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 impacting a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In our DLC structure, the combination is 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 our DLC structure.

- *A small group of shareholders collectively owned, as of January 14, 2011, approximately 27% of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.*

As of January 14, 2011 a group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned approximately 35% 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 27% 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.

- *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 ("Articles") and Third Amended and Restated By-Laws ("By-Laws") and by the laws of Panama. Carnival plc is governed by its Articles of Association and by the laws of England and Wales. The contracts that control the relationship between Carnival Corporation and Carnival plc under the DLC are governed by the laws of Panama, the Isle of Man and the Cayman Islands. The laws of Panama, England and Wales, the Isle of Man and the Cayman Islands may differ in some respects from the laws in the U.S.

- *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 Articles 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. As a result, 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 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.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, 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. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "expect," "anticipate," "forecast," "future," "intend," "plan," "estimate" and similar expressions of future intent or the negative of such terms.

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 Form 10-K. Forward-looking statements include those statements which may impact, among other things, the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, fuel expenses, costs per available lower berth day, estimates of ship depreciable lives and residual values, liquidity, goodwill and trademark fair values and outlook.

Certain of the risks we are exposed to are identified in this Item 1A. "Risk Factors." This section contains important cautionary statements and a discussion of many of the factors that could materially affect the accuracy of our forward-looking statements and 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 stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this 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.

As of January 31, 2011, the Carnival Corporation and Carnival plc corporate headquarters and our larger shoreside locations are as follows:

<u>Entity/Brand</u>	<u>Location</u>	<u>Square Footage</u>	<u>Own/Lease</u>
Carnival Corporation headquarters and Carnival Cruise Lines	Miami, FL U.S.A.	456,000/24,000	Own/Lease
Princess	Santa Clarita, CA U.S.A.	361,000	Lease
Holland America Line, Holland America Princess Alaska Tours	Seattle, WA U.S.A.	252,000	Lease
Costa	Genoa, Italy	217,000/23,000	Own/Lease
P&O Cruises (UK) and Cunard	Southampton, England	150,000	Lease
AIDA	Rostock, Germany	140,000/9,000	Own/Lease
P&O Cruises (Australia)	Sydney, New South Wales, Australia	65,000	Lease
Carnival plc headquarters	London, England	8,000	Lease

In addition, we own, lease or have controlling interests in port facilities in Barcelona, Spain; Cozumel, Mexico; Grand Turk, Turks & Caicos Islands; Juneau, Alaska; Long Beach, California; Roatán, Honduras and Savona, Italy.

Our cruise ships, headquarters, port and other shoreside facilities and Holland America Princess Alaska 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 and Princess' private islands, Half Moon Cay and Princess Cays®, respectively, are briefly described in Part I, Item 1. Business. A. "General" and B. "Cruise Operations." The hotel properties owned and operated by Holland America Princess Alaska Tours are also briefly described in Part I, Item 1. Business. A. "General."

Item 3. Legal Proceedings.

None.

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 Form 10-K.

The table below sets forth the name, age, years of service and title of each of our executive officers. Titles listed relate to positions within Carnival Corporation and Carnival plc unless otherwise noted.

<u>Name</u>	<u>Age</u>	<u>Years of Service (a)</u>	<u>Title</u>
Micky Arison	61	39	Chairman of the Board of Directors and Chief Executive Officer
David Bernstein	53	12	Senior Vice President and Chief Financial Officer
Alan B. Buckelew	62	33	President and Chief Executive Officer of Princess
Gerald R. Cahill	59	16	President and Chief Executive Officer of Carnival Cruise Lines
David Dingle	53	32	Chief Executive Officer of Carnival UK
Pier Luigi Foschi	64	13	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	69	21	Vice Chairman of the Board of Directors and Chief Operating Officer
Larry Freedman	59	12	Chief Accounting Officer and Vice President – Controller
Stein Kruse	52	11	President and Chief Executive Officer of Holland America Line
Arnaldo Perez	50	18	Senior Vice President, General Counsel and Secretary

(a) Years of service with us or Carnival plc predecessor companies.

Business Experience of Executive Officers

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.

David Bernstein has been Senior Vice President and Chief Financial Officer since July 2007. From July 2003 to July 2007, he was Vice President and Treasurer. From June 1998 to July 2003, he was Chief Financial Officer of Cunard and Seabourn.

Alan B. Buckelew has been Chief Executive Officer of Princess since June 2007. He has been President of Princess from February 2004. From October 2004 to June 2007, he was Chief Operating Officer of Cunard. From October 2000 to January 2004, he was Executive Vice President and Chief Financial Officer of Princess.

Gerald R. Cahill has been President and Chief Executive Officer of Carnival Cruise Lines since July 2007. From December 2003 to June 2007, he was Executive Vice President and Chief Financial and Accounting Officer. From January 1998 to November 2003, he was Senior Vice President Finance, Chief Financial and Accounting Officer.

David Dingle has been Chief Executive Officer of Carnival UK, whose brands include P&O Cruises (UK) and Cunard, since June 2007. In addition, he has also been Chairman of the Carnival plc Management Committee with responsibility for P&O Cruises (Australia) since June 2007. From April 2003 to June 2007, he was Managing Director of Carnival UK and P&O Cruises (UK). From June 2000 to April 2003, he was Managing Director of P&O Cruises (UK).

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. In this capacity, Mr. Foschi has had responsibility for AIDA since April 2003 and Ibero since September 2007.

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.

Larry Freedman has been Chief Accounting Officer since July 2007 and Vice President-Controller since April 1998. From April 1998 to June 2007, Mr. Freedman was also Vice President-Finance.

Stein Kruse has been the President and Chief Executive Officer of Holland America Line since December 2004. From November 2003 to November 2004, he was the President and Chief Operating Officer of Holland America Line. From October 1999 to October 2003, he was Senior Vice President, Fleet Operations for Holland America Line.

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.

PART II

Item 5. Market for Registrants' 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 Form 10-K.

B. Holders

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

C. Dividends

Carnival Corporation and Carnival plc declared quarterly cash dividends on all of their common stock and ordinary shares as follows (no dividends were declared in fiscal 2009):

	<u>Quarters Ended</u>			
	<u>February 28</u>	<u>May 31</u>	<u>August 31</u>	<u>November 30</u>
2011	\$0.25			
2010	\$0.10	\$0.10	\$0.10	\$0.10

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc American Depositary 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 dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end.

Maintenance of a strong balance sheet enhances our financial flexibility and allows us to return free cash flow to shareholders. We believe preserving liquidity is a prudent step to take both during certain and uncertain times to achieve this objective. Accordingly in October 2008 at the height of the financial crisis, the Boards of Directors voted to suspend our quarterly dividend beginning March 2009. However, at the January 2010 Boards of Directors meetings it was decided to reinstate our March 2010 quarterly dividend at \$0.10 per share. At the January 2011 Boards of Directors meetings it was decided to increase the March 2011 quarterly dividend to \$0.25 per share.

The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings and the availability and cost of obtaining new debt. We cannot be certain that Carnival Corporation and Carnival plc will continue their dividend in the future, and if so, the amount and timing of such future dividends are not determinable and may be different than the levels and have a different timing than are disclosed above. However, as previously discussed, since we have slowed down the pace of our newbuilding program, we currently believe this will lead to increasing free cash flows in 2011 and beyond.

D. Securities Authorized for Issuance under Equity Compensation Plans

The information required by Item 201(d) of Regulation S-K is incorporated by reference to Part III, Item 12 of this Form 10-K.

E. Performance Graph

The information required by Item 201(e) of Regulation S-K, Performance Graph, is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

F. Issuer Purchases of Equity Securities; Use of Proceeds from Registered Securities

I. Repurchase Authorizations

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of \$1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining \$578 million general repurchase authorization back to \$1 billion (the “Repurchase Program”). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time. During 2010 and 2009, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program.

In addition to the Repurchase Program, the Boards of Directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 31.5 million shares of Carnival Corporation common stock under the “Stock Swap” programs described below.

At January 31, 2011, the remaining availability under the Repurchase Program was \$787 million and the remaining availability under the “Stock Swap” program repurchase authorizations were 18.1 million Carnival plc ordinary shares and 31.5 million Carnival Corporation shares. Carnival plc ordinary share repurchases under both the Repurchase Program and the “Stock Swap” authorizations require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.3 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2011 annual general meeting, or October 12, 2011.

II. “Stock Swap” Programs

We use the “Stock Swap” programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. This economic benefit is used for general corporate purposes, which could include repurchasing additional treasury stock under the Repurchase Program.

In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to issue and sell Carnival Corporation common stock through a sales agent, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. In such an offering, Carnival Corporation may issue and sell up to 19.2 million of its common stock in the U.S. market, which shares are to be sold from time to time at prevailing market prices in ordinary brokers’ transactions by a sales agent. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act.

In the event Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may elect to sell existing ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited, a subsidiary of Carnival Corporation, and with a sales agent, from time to time in “at the market” transactions, and use the sale proceeds to repurchase Carnival

Corporation common stock in the U.S. market on at least an equivalent basis. In the offering, Carnival Corporation or Carnival Investments Limited may sell up to 31.5 million Carnival plc ordinary shares in the UK market, which shares are to be sold from time to time at prevailing market prices in ordinary brokers' transactions by a sales agent. Any sales of Carnival plc shares have been or will be registered under the Securities Act.

Under the "Stock Swap" program, from December 1, 2009 through November 30, 2010 Carnival Investments Limited sold 14.8 million shares of Carnival plc ordinary shares, at an average price of \$37.22 per share for gross proceeds of \$549 million and paid a sales agent fees of \$4 million and paid other expenses of \$275 thousand for total net proceeds of \$545 million. Substantially all of the net proceeds of these sales were used to purchase 14.8 million shares of Carnival Corporation common stock. During the year ended November 30, 2010, no Carnival Corporation common stock was sold and no Carnival plc ordinary shares were repurchased under the "Stock Swap" program.

The purchases of Carnival Corporation common stock during the three months ended November 30, 2010 pursuant to the "Stock Swap" program were as follows:

<u>Period</u>	<u>Total Number of Carnival Corporation Common Stock Purchased</u>	<u>Average Price Paid per Share of Carnival Corporation Common Stock</u>	<u>Maximum Number of Carnival Corporation Common Stock That May Yet Be Purchased Under the Carnival Corporation Stock Swap Program</u>
September 1, 2010 through September 30, 2010	325,000	\$31.04	4,445,000
October 1, 2010 through October 31, 2010	-	-	31,491,194
November 1, 2010 through November 30, 2010	-	-	31,491,194
	<u>325,000</u>	<u>\$31.04</u>	

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 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 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 Form 10-K.

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 31, 2011, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

A. 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2010, that they are effective as described above.

B. Management's Annual 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 the Securities Exchange Act of 1934 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 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, 2010.

PricewaterhouseCoopers LLP, the independent registered certified public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2010 as stated in their report which is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

C. 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, 2010 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a code of ethics that applies to our chief executive officer, chief operating officer and senior financial officers, including the chief financial officer, chief accounting officer and controller and other persons performing similar functions. Our code of ethics applies to all our other employees as well. 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.

The additional information required by Item 10 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 2010 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 Form 10-K.

Item 11. Executive Compensation.

The information required by Item 11 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 2010 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

A. Securities Authorized for Issuance under Equity Compensation Plans

I. Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2010.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> (1)	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))</u>
Equity compensation plans approved by security holders	12,135,802 (a)	\$44.51	26,206,955 (b) (c)
Equity compensation plans not approved by security holders	-	-	-
	<u>12,135,802</u>	<u>\$44.51</u>	<u>26,206,955</u>

(a) Includes outstanding options to purchase Carnival Corporation common stock under the Carnival Cruise Lines, Inc. 1987 Stock Option Plan, Carnival Corporation 1992 Stock Option Plan, Carnival Corporation 2002 Stock Plan, Carnival Corporation 1993 Outside Directors' Stock Option Plan and Carnival Corporation 2001 Outside Director Stock Plan. Also includes 1,902,108 restricted share units outstanding under the Carnival Corporation 2002 Stock Plan and 25,779 restricted share units outstanding under the Carnival Corporation 2001 Outside Director Stock Plan.

(b) Includes Carnival Corporation common stock available for issuance as of November 30, 2010 as follows: 2,471,568 under the Carnival Corporation Employee Stock Purchase Plan, which includes 20,139 shares subject to purchase during the current purchase period, 23,192,761 under the Carnival Corporation 2002 Stock Plan and 542,626 under the Carnival Corporation 2001 Outside Director Stock Plan.

(c) In addition to options, the Carnival Corporation 2002 Stock Plan and the Carnival Corporation 2001 Outside Director Stock Plan provide for the award of restricted shares and restricted share units without limitation on the number of shares than can be awarded in either form.

II. Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2010.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> (1)	<u>Weighted-average exercise price of outstanding options, warrants and rights (a)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))</u>
Equity compensation plans approved by security holders	3,410,847 (b)	\$41.46	15,191,613 (c)
Equity compensation plans not approved by security holders	-	-	-
	<u>3,410,847</u>	<u>\$41.46</u>	<u>15,191,613</u>

(a) Converted from sterling, if applicable, using the November 30, 2010 exchange rate of \$1.56:£1.

(b) Includes outstanding options to purchase Carnival plc ordinary shares under the Carnival plc Executive Share Option Plan and Carnival plc 2005 Employee Share Plan. Also includes 898,914 restricted share units outstanding under the Carnival plc 2005 Employee Share Plan.

(c) In addition to options, the Carnival plc 2005 Employee Share Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

The additional information required by Item 12 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 2010 fiscal year.

Items 13 and 14. Certain Relationships and Related Transactions, and Director Independence and Principal Accounting Fees and Services.

The information required by Items 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 2010 fiscal year.

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 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 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, each of the registrants has 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
January 31, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of each 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
January 31, 2011

/s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
January 31, 2011

/s/ David Bernstein

David Bernstein
Chief Financial Officer
January 31, 2011

/s/ Larry Freedman

Larry Freedman
Chief Accounting Officer
January 31, 2011

/s/*Sir Jonathon Band

Sir Jonathon Band
Director
January 31, 2011

/s/*Robert H. Dickinson

Robert H. Dickinson
Director
January 31, 2011

/s/*Arnold W. Donald

Arnold W. Donald
Director
January 31, 2011

/s/*Pier Luigi Foschi

Pier Luigi Foschi
Director
January 31, 2011

CARNIVAL PLC

/s/ Micky Arison

Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
January 31, 2011

CARNIVAL PLC

/s/ Micky Arison

Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
January 31, 2011

/s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
January 31, 2011

/s/ David Bernstein

David Bernstein
Chief Financial Officer
January 31, 2011

/s/ Larry Freedman

Larry Freedman
Chief Accounting Officer
January 31, 2011

/s/*Sir Jonathon Band

Sir Jonathon Band
Director
January 31, 2011

/s/*Robert H. Dickinson

Robert H. Dickinson
Director
January 31, 2011

/s/*Arnold W. Donald

Arnold W. Donald
Director
January 31, 2011

/s/*Pier Luigi Foschi

Pier Luigi Foschi
Director
January 31, 2011

/s/*Richard J. Glasier

Richard J. Glasier

Director

January 31, 2011

/s/*Modesto A. Maidique

Modesto A. Maidique

Director

January 31, 2011

/s/*Sir John Parker

Sir John Parker

Director

January 31, 2011

/s/*Peter G. Ratcliffe

Peter G. Ratcliffe

Director

January 31, 2011

/s/*Stuart Subotnick

Stuart Subotnick

Director

January 31, 2011

/s/*Laura Weil

Laura Weil

Director

January 31, 2011

/s/*Randall J. Weisenburger

Randall J. Weisenburger

Director

January 31, 2011

/s/*Uzi Zucker

Uzi Zucker

Director

January 31, 2011

*By: /s/ Arnaldo Perez

Arnaldo Perez

(Attorney-in-fact)

January 31, 2011

/s/*Richard J. Glasier

Richard J. Glasier

Director

January 31, 2011

/s/*Modesto A. Maidique

Modesto A. Maidique

Director

January 31, 2011

/s/*Sir John Parker

Sir John Parker

Director

January 31, 2011

/s/*Peter G. Ratcliffe

Peter G. Ratcliffe

Director

January 31, 2011

/s/*Stuart Subotnick

Stuart Subotnick

Director

January 31, 2011

/s/*Laura Weil

Laura Weil

Director

January 31, 2011

/s/*Randall J. Weisenburger

Randall J. Weisenburger

Director

January 31, 2011

/s/*Uzi Zucker

Uzi Zucker

Director

January 31, 2011

*By: /s/ Arnaldo Perez

Arnaldo Perez

(Attorney-in-fact)

January 31, 2011

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
Underwriting agreements					
1.1	ATM Equity Offering SM Sales Agreement, dated as of October 31, 2008, between Carnival Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporated.	8-K	99.2	10/31/08	
1.2	Form of Selling Agreement among Carnival Investments Limited, Carnival Corporation, Carnival plc and Merrill Lynch International.	S-3	1.1	7/2/09	
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
3.4	Memorandum of Association of Carnival plc.	8-K	3.4	4/20/09	
Instruments defining the rights of security holders, including indenture					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 21, 2011 to furnish certain debt instruments to the Securities and Exchange Commission.				X
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.	10-Q	4.1	8/31/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	8/31/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	
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.	8-K	4.3	4/17/03	
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amend- ment to Form F-6	99-a	4/15/03	
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.	S-3	4.5	6/13/01	
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.	S-3	4	3/2/93	
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 7.875% debentures due 2027.	10-K	4.14	11/30/03	
Material contracts					
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	8/31/07	
10.2*	Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan.	10-K	10.2	11/30/03	
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-K	10.3	11/30/05	
10.4*	Amended and Restated Carnival Corporation 1992 Stock Option Plan.	10-K	10.4	11/30/97	

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
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.	10-K	10.5	11/30/98	
10.6*	Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.6	11/30/97	
10.7*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	2/28/07	
10.8*	Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.	10-K	10.4	11/30/90	
10.9*	Executive Long-term Compensation Agreement, dated as of January 16, 1998, between Robert H. Dickinson and Carnival Corporation.	10-K	10.2	11/30/97	
10.10*	Consulting Agreement/ Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	S-3A	4.3	7/16/91	
10.11*	First Amendment to Consulting Agreement/ Registration Rights Agreement between Carnival Corporation and Ted Arison.	10-K	10.40	11/30/92	
10.12*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	5/31/08	
10.13*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	5/31/08	
10.14*	Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.1	2/28/09	
10.15*	Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.32	11/30/99	
10.16*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.31	11/30/00	
10.17*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.33	11/30/99	
10.18*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.2	2/28/07	
10.19*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.34	11/30/00	
10.20*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.37	11/30/01	
10.21*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.3	2/28/07	

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
10.22*	Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.1	5/31/09	
10.23*	Amended and Restated Carnival Corporation 2002 Stock Plan.	10-Q	10.3	2/28/09	
10.24*	Agreement with Pier Luigi Foschi.	8-K	10.1	9/1/09	
10.25	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	10-Q	10.2	5/31/02	
10.26*	Carnival Corporation & plc Non-Executive Board of Director Cruise Benefit Policy.	10-Q	10.1	8/31/05	
10.27*	Amendment to the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.1	2/28/06	
10.28*	Amendment of the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	2/28/03	
10.29*	Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.2	2/28/03	
10.30*	The P&O Princess Cruises Executive Share Option Plan.	20-F	4.9	12/30/01	
10.31*	The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan.	20-F	4.10	12/30/01	
10.32*	Carnival Cruise Lines Management Incentive Plan.	10-Q	10.1	8/31/08	
10.33*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.1	2/29/04	
10.34*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.2	2/29/04	
10.35*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.3	2/29/04	
10.36*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	2/28/05	
10.37*	Form of Nonqualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.5	8/31/05	

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
10.38*	Form of Restricted Stock Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.60	11/30/07	
10.39*	Form of Restricted Stock Unit Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.61	11/30/07	
10.40*	Form of Share Option Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.8	8/31/05	
10.41	Deed of Guarantee, dated October 21, 2005, between Carnival Corporation as guarantor and the Royal Bank of Scotland plc as facilities agent.	10-K	10.63	11/30/05	
10.42	Deed of Guarantee, dated October 21, 2005, between Carnival plc as guarantor and the Royal Bank of Scotland plc as facilities agent.	10-K	10.64	11/30/05	
10.43*	Corporate Aviation Administrative Policy Statement for the use of Carnival Corporation & plc aircraft.	10-Q	10.2	2/28/06	
10.44*	Form of Restricted Share Unit Award Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.3	2/28/06	
10.45*	Form of Restricted Stock Unit Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-K	10.67	11/30/07	
10.46*	Princess Cruises Chief Executive Officer Supplemental Retirement Plan – 2008 restatement.	10-Q	10.1	2/28/09	
10.47*	Amendment to the P&O Princess Cruises Executive Share Option Plan.	10-Q	10.5	2/28/07	
10.48*	Amendment to the P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan.	10-Q	10.6	2/28/07	
10.49*	Form of Executive Restricted Stock Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-Q	10.4	2/28/09	
10.50	Amendment Agreement, dated July 21, 2007, to the Facilities Agreement dated October 21, 2005, by and among 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-Q	10.2	8/31/07	

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
10.51*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	8-K	10.1	10/19/07	
10.52*	Form of Executive Restricted Stock Agreement for Executives with Long-term Compensation Agreements.	10-Q	10.5	2/28/09	
10.53*	Amended and Restated Carnival Corporation & plc Management Incentive Plan for Executive Officers.	10-K	10.53	11/30/09	
10.54*	Amended and Restated Executive Long-term Compensation Agreement, dated January 15, 2008, between Carnival Corporation and Micky Arison.	10-Q	10.2	2/29/08	
10.55*	Amended and Restated Executive Long-term Compensation Agreement dated January 15, 2008, between Carnival Corporation and Howard S. Frank.	10-Q	10.3	2/29/08	
10.56*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.7	2/28/09	
10.57*	Amendment to the Carnival Corporation Fun Ship Nonqualified Savings Plan.	10-Q	10.8	2/28/09	
10.58*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.9	2/28/09	
10.59*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	2/28/10	
10.60*	Carnival Corporation & plc Stock Ownership Policy for Section 16 Officers.	10-Q	10.2	2/28/10	
10.61*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.3	2/28/10	
10.62*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	5/31/10	

Statements regarding computations of ratios

12	Ratio of Earnings to Fixed Charges				X
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Annual report to security holders

13	Portions of 2010 Annual Report.				X
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Subsidiaries of the registrants

21	Significant Subsidiaries of Carnival Corporation and Carnival plc.				X
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Consents of experts and counsel

23	Consent of Independent Registered Certified Public Accounting Firm.				X
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INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>		<u>Filing Date</u>	<u>Filed Herewith</u>
		<u>Form</u>	<u>Exhibit</u>		
Power of attorney					
24	Powers of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2010 joint Annual Report on Form 10-K and any future amendments on their behalf.				X
Rule 13a-14(a)/15d-14(a) certifications					
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.				X
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.				X
31.3	Certification of Senior Vice President and Chief Financial Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
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.				X
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.				X
31.6	Certification of Senior Vice President and Chief Financial Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 certifications					
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.				X
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.				X

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	<u>Incorporated by Reference</u>			Filed Herewith
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
32.3**	Certification of Senior Vice President and Chief Financial 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.				X
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.				X
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.				X
32.6**	Certification of Senior Vice President and Chief Financial 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.				X

Interactive data file

101**	<p>The financial statements from Carnival Corporation & plc's joint Annual Report on Form 10-K for the year ended November 30, 2010, as filed with the SEC on January 31, 2011 formatted in XBRL, as follows:</p> <p>(i) the Consolidated Statements of Income for the years ended November 30, 2010, 2009 and 2008;</p> <p>(ii) the Consolidated Balance Sheets at November 30, 2010 and 2009;</p> <p>(iii) the Consolidated Statements of Cash Flows for the years ended November 30, 2010, 2009 and 2008;</p> <p>(iv) the Consolidated Statements of Shareholders' Equity for the years ended November 30, 2010, 2009 and 2008;</p> <p>and</p> <p>(v) the notes to the consolidated financial statements, tagged in summary and detail.</p>				X
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*Indicates a management contract or compensation plan or arrangement.

**These items are furnished and not filed.

January 21, 2011

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation, Commission File No. 1-9610, and
Carnival plc, Commission File No. 1-15136

Gentlemen:

Pursuant to Item 601(b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the “Companies”) hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2010.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez

Senior Vice President, General Counsel and Secretary

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

	Years Ended November 30,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income	\$1,978	\$1,790	\$2,324	\$2,395	\$2,260
Income tax expense, net	<u>1</u>	<u>16</u>	<u>47</u>	<u>16</u>	<u>39</u>
Income before income taxes	<u>1,979</u>	<u>1,806</u>	<u>2,371</u>	<u>2,411</u>	<u>2,299</u>
Fixed charges					
Interest expense, net	378	380	420	380	331
Interest portion of rent expense (a)	21	18	17	15	16
Capitalized interest	<u>26</u>	<u>37</u>	<u>52</u>	<u>44</u>	<u>37</u>
Total fixed charges	<u>425</u>	<u>435</u>	<u>489</u>	<u>439</u>	<u>384</u>
Fixed charges not affecting earnings					
Capitalized interest	<u>(26)</u>	<u>(37)</u>	<u>(52)</u>	<u>(44)</u>	<u>(37)</u>
Earnings before fixed charges	<u>\$ 2,378</u>	<u>\$2,204</u>	<u>\$2,808</u>	<u>\$2,806</u>	<u>\$2,646</u>
Ratio of earnings to fixed charges	<u>5.6x</u>	<u>5.1x</u>	<u>5.7x</u>	<u>6.4x</u>	<u>6.9x</u>

(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 INCOME
(in millions, except per share data)

	Years Ended November 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues			
Cruise			
Passenger tickets	\$ 11,084	\$ 10,288	\$ 11,511
Onboard and other	3,104	2,885	3,044
Tour and other	<u>281</u>	<u>287</u>	<u>392</u>
	<u>14,469</u>	<u>13,460</u>	<u>14,947</u>
Costs and Expenses			
Operating			
Cruise			
Commissions, transportation and other	2,272	2,220	2,533
Onboard and other	474	461	501
Payroll and related	1,611	1,498	1,470
Fuel	1,622	1,156	1,774
Food	869	839	856
Other ship operating	2,032	1,997	1,913
Tour and other	<u>212</u>	<u>236</u>	<u>293</u>
Total	9,092	8,407	9,340
Selling and administrative	1,614	1,590	1,629
Depreciation and amortization	<u>1,416</u>	<u>1,309</u>	<u>1,249</u>
	<u>12,122</u>	<u>11,306</u>	<u>12,218</u>
Operating Income	<u>2,347</u>	<u>2,154</u>	<u>2,729</u>
Nonoperating (Expense) Income			
Interest income	12	14	35
Interest expense, net of capitalized interest	(378)	(380)	(420)
Other (expense) income, net	<u>(2)</u>	<u>18</u>	<u>27</u>
	<u>(368)</u>	<u>(348)</u>	<u>(358)</u>
Income Before Income Taxes	1,979	1,806	2,371
Income Tax Expense, Net	<u>(1)</u>	<u>(16)</u>	<u>(47)</u>
Net Income	<u>\$ 1,978</u>	<u>\$ 1,790</u>	<u>\$ 2,324</u>
Earnings Per Share			
Basic	<u>\$ 2.51</u>	<u>\$ 2.27</u>	<u>\$ 2.96</u>
Diluted	<u>\$ 2.47</u>	<u>\$ 2.24</u>	<u>\$ 2.90</u>
Dividends Declared Per Share	<u>\$ 0.40</u>		<u>\$ 1.60</u>

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

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

	November 30,	
	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 429	\$ 538
Trade and other receivables, net	248	362
Inventories	320	320
Prepaid expenses and other	247	298
Total current assets	<u>1,244</u>	<u>1,518</u>
Property and Equipment, Net	30,967	29,870
Goodwill	3,320	3,451
Other Intangibles	1,320	1,346
Other Assets	639	650
	<u>\$ 37,490</u>	<u>\$ 36,835</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 740	\$ 135
Current portion of long-term debt	613	815
Accounts payable	503	568
Accrued liabilities and other	1,094	874
Customer deposits	2,805	2,575
Total current liabilities	<u>5,755</u>	<u>4,967</u>
Long-Term Debt	8,011	9,097
Other Long-Term Liabilities and Deferred Income	693	732
Commitments and Contingencies (Notes 6 and 7)		
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 646 shares at 2010 and 644 shares at 2009 issued	6	6
Ordinary shares of Carnival plc, \$1.66 par value; 214 shares at 2010 and 213 shares at 2009 issued	355	354
Additional paid-in capital	8,094	7,920
Retained earnings	17,224	15,561
Accumulated other comprehensive (loss) income	(254)	462
Treasury stock, 39 shares at 2010 and 24 shares at 2009 of Carnival Corporation and 31 shares at 2010 and 46 shares at 2009 of Carnival plc, at cost	<u>(2,394)</u>	<u>(2,264)</u>
Total shareholders' equity	<u>23,031</u>	<u>22,039</u>
	<u>\$ 37,490</u>	<u>\$ 36,835</u>

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,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES			
Net income	\$ 1,978	\$ 1,790	\$ 2,324
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,416	1,309	1,249
Share-based compensation	43	50	50
Other	(15)	37	(31)
Changes in operating assets and liabilities			
Receivables	106	81	(70)
Inventories	(12)	10	(8)
Prepaid expenses and other	(14)	7	(18)
Accounts payable	(36)	74	(66)
Accrued and other liabilities	81	29	37
Customer deposits	<u>271</u>	<u>(45)</u>	<u>(76)</u>
Net cash provided by operating activities	<u>3,818</u>	<u>3,342</u>	<u>3,391</u>
INVESTING ACTIVITIES			
Additions to property and equipment	(3,579)	(3,380)	(3,353)
Other, net	<u>78</u>	<u>(4)</u>	<u>98</u>
Net cash used in investing activities	<u>(3,501)</u>	<u>(3,384)</u>	<u>(3,255)</u>
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	626	(288)	138
Principal repayments of revolvers	(350)	(1,749)	(3,314)
Proceeds from revolvers	94	1,166	3,186
Principal repayments of other long-term debt	(1,842)	(1,273)	(1,211)
Proceeds from issuance of other long-term debt	1,280	2,299	2,243
Dividends paid	(237)	(314)	(1,261)
Purchases of treasury stock	(524)	(188)	(98)
Sales of treasury stock	545	196	15
Proceeds from settlement of foreign currency swaps	-	113	-
Other, net	<u>4</u>	<u>(55)</u>	<u>(13)</u>
Net cash used in financing activities	<u>(404)</u>	<u>(93)</u>	<u>(315)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(22)</u>	<u>23</u>	<u>(114)</u>
Net decrease in cash and cash equivalents	(109)	(112)	(293)
Cash and cash equivalents at beginning of year	<u>538</u>	<u>650</u>	<u>943</u>
Cash and cash equivalents at end of year	<u>\$ 429</u>	<u>\$ 538</u>	<u>\$ 650</u>

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock	Total shareholders' equity
Balances at November 30, 2007, as previously reported	\$ 6	\$ 354	\$ 7,599	\$ 12,921	\$ 1,296	\$ (2,213)	\$ 19,963
Adoption of convertible debt and noncontrolling interest accounting pronouncements (Note 2)	-	-	263	(203)	-	-	60
Balances at November 30, 2007, as adjusted	6	354	7,862	12,718	1,296	(2,213)	20,023
Adoption of tax accounting interpretation (Note 8)	-	-	-	(11)	-	-	(11)
Comprehensive income:							
Net income	-	-	-	2,324	-	-	2,324
Foreign currency translation adjustment	-	-	-	-	(1,816)	-	(1,816)
Other	-	-	-	-	(103)	-	(103)
Total comprehensive income	-	-	-	-	-	-	405
Cash dividends declared	-	-	-	(1,260)	-	-	(1,260)
Purchases and sales under the Stock Swap program and other (Note 2)	-	-	63	-	-	(83)	(20)
Balances at November 30, 2008	6	354	7,925	13,771	(623)	(2,296)	19,137
Comprehensive income:							
Net income	-	-	-	1,790	-	-	1,790
Foreign currency translation adjustment	-	-	-	-	1,043	-	1,043
Other	-	-	-	-	42	-	42
Total comprehensive income	-	-	-	-	-	-	2,875
Purchases and sales under the Stock Swap programs and other (Note 2)	-	-	(5)	-	-	32	27
Balances at November 30, 2009	6	354	7,920	15,561	462	(2,264)	22,039
Comprehensive income:							
Net income	-	-	-	1,978	-	-	1,978
Foreign currency translation adjustment	-	-	-	-	(664)	-	(664)
Other	-	-	-	-	(52)	-	(52)
Total comprehensive income	-	-	-	-	-	-	1,262
Cash dividends declared	-	-	-	(315)	-	-	(315)
Purchases and sales under the Stock Swap program and other (Note 5)	-	1	174	-	-	(130)	45
Balances at November 30, 2010	<u>\$ 6</u>	<u>\$ 355</u>	<u>\$ 8,094</u>	<u>\$ 17,224</u>	<u>\$ (254)</u>	<u>\$ (2,394)</u>	<u>\$ 23,031</u>

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

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - General

Description of Business

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are 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 Depositary Shares are traded on the NYSE. See Note 3.

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 2010 Annual Report as "Carnival Corporation & plc," "our," "us," and "we."

We are the largest cruise company and among the largest vacation companies in the world. Each of our cruise brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia reportable cruise segments (see Note 11). As of November 30, 2010, the summary by cruise brand of our passenger capacity, the number of cruise ships we operate and the primary areas or countries in which they are marketed are as follows:

<u>Cruise Brands</u>	<u>Passenger Capacity (a)</u>	<u>Number of Cruise Ships</u>	<u>Primary Markets</u>
<u>North America</u>			
Carnival Cruise Lines	54,480	22	North America
Princess Cruises ("Princess")	37,608	17	North America
Holland America Line	23,492	15	North America
Seabourn	<u>1,524</u>	<u>5</u>	North America
North America Cruise Brands	<u>117,104</u>	<u>59</u>	
<u>Europe, Australia & Asia ("EAA")</u>			
Costa Cruises ("Costa")	29,202	14	Italy, France and Germany
P&O Cruises (UK) (b)	15,098	7	United Kingdom ("UK")
AIDA Cruises ("AIDA")	12,054	7	Germany
Cunard	6,676	3	UK and North America
P&O Cruises (Australia)	6,322	4	Australia
Ibero Cruises ("Ibero")	<u>5,008</u>	<u>4</u>	Spain and South America
EAA Cruise Brands	<u>74,360</u>	<u>39</u>	
	<u>191,464</u>	<u>98</u>	

(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) Includes the 1,200-passenger capacity *Artemis*, which was sold in October 2009 to an unrelated entity and is being operated by P&O Cruises (UK) under a bareboat charter agreement until April 2011.

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, as typically evidenced by a direct ownership interest of greater than 50%, or for which we are the primary beneficiary (see Note 3). 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. In July 2009, we purchased the remaining 25% interest in Ibero that we did not own for \$33 million, which approximated this noncontrolling interests' carrying value, and recorded this payment as a reduction to noncontrolling interests that is included within additional paid-in capital.

During the fourth quarter of 2010, we changed the classification of our port costs that vary with guest head counts to a gross presentation from a net presentation, which resulted in an increase in both passenger ticket revenues and commissions, transportation and other costs. This change had no impact on our operating or net income. We adjusted all prior period amounts to conform with this new classification. The amounts reclassified and now included on a gross basis in passenger ticket revenues and commissions, transportation and other costs were \$346 million, \$303 million and \$301 million in fiscal 2010, 2009 and 2008, respectively.

On December 1, 2009, we adopted a new accounting pronouncement on a retrospective basis that requires the issuer of certain convertible debt instruments that may be settled in cash, or other assets, on conversion to separately account for the debt and equity components in a manner that reflects the issuer's non-convertible debt borrowing rate. The impact of adopting this pronouncement had no effect on our previously reported diluted earnings per share. However, at November 30, 2007 we recorded an adjustment to reduce retained earnings by \$203 million and increase additional paid-in capital by \$209 million. For the year ended November 30, 2008, the impact of adopting this pronouncement was an additional \$6 million of non-cash interest expense.

On December 1, 2009, we also adopted another new accounting pronouncement on a retrospective basis related to the presentation of our noncontrolling interests, which resulted in the reclassification of \$54 million to additional paid-in capital from other long-term liabilities at November 30, 2007. In addition, we reclassified \$35 million and \$15 million as a reduction to additional paid-in capital instead of against other long-term liabilities during fiscal 2009 and 2008, respectively, related to the net reduction attributable to our noncontrolling interests. We did not separately present our noncontrolling interests in the consolidated financial statements for all periods presented since the amounts are insignificant.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost. At November 30, 2010 and 2009, cash and cash equivalents are comprised of cash on hand, money market funds and time deposits.

Inventories

Inventories consist primarily of food and beverage provisions, hotel and restaurant products and supplies, gift shop and art merchandise held for resale and fuel, which are all 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:

	<u>Years</u>	<u>Residual Values</u>
Ships	30	15%
Ship improvements	3-28	0% or 15%
Buildings and improvements	5-35	0-10%
Computer hardware and software	3-7	0-10%
Transportation equipment and other	2-20	0-10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life	-

Ship improvement costs that we believe add value to our ships, such as those incurred for major refurbishments, are capitalized to the ships and depreciated over their or the ships' estimated remaining useful life, whichever is shorter, while costs of repairs and maintenance, including minor improvement costs, are charged to expense as incurred. We capitalize interest as part of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is classified within other ship operating expenses in the accompanying Consolidated Statements of Income.

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 expensed as incurred and included within other ship operating expenses in the accompanying Consolidated Statements of Income.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts 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.

Intangibles

We review our goodwill for impairment annually and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our reporting units, also referred to as “cruise brands”. Our goodwill impairment reviews consist of a two-step process. The first step is to determine the fair value of the cruise brand and compare it to the carrying value of the net assets allocated to the cruise brand. If this fair value exceeds the carrying value no further analysis or goodwill write-down is required. The second step is required if the fair value of the cruise brand is less than the carrying value of the net assets. In this step the estimated fair value of the cruise brand is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their relative fair values. If necessary, goodwill is then written-down to its implied fair value.

The costs of developing and maintaining our trademarks are expensed as incurred. Trademarks represent substantially all of our other intangibles. For certain of our acquisitions we have allocated a portion of the purchase prices to the acquiree’s identified trademarks. Trademarks are estimated to have an indefinite useful life and, therefore, are not amortizable, but are reviewed for impairment annually and, when events or circumstances dictate, more frequently. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities generally when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and expenses on a completed voyage basis versus on a pro rata basis is not material. Future travel discount vouchers issued to guests are recorded as a reduction of cruise passenger ticket revenues when such vouchers are utilized. Cancellation fees are recognized in cruise passenger ticket revenues at the time of the cancellation.

Our sale to guests of air and other transportation to and from our ships and the related cost of purchasing this service are recorded as cruise passenger ticket revenues and cruise transportation costs, respectively. The proceeds that we collect from the sale of third party shore excursions and on behalf of onboard concessionaires, net of the amounts remitted to them, are recorded as concession revenues, on a net basis, in onboard and other cruise revenues. These amounts are recognized on a completed voyage or pro rata basis as discussed above.

Cruise passenger ticket revenues include port charges collected from our guests that vary with guest head counts. As previously discussed, these same amounts are also expensed within commissions, transportation and other costs in the accompanying Consolidated Statements of Income when the corresponding revenues are recognized.

Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred. Revenues from the leasing of our owned ships to unaffiliated parties are recognized ratably over the term of the charter agreement using the straight-line method.

Insurance and Self-Insurance

We use a combination of insurance and self-insurance to address a number of risks including, among others, injuries related to crew and guests, hull and machinery, war risk, workers’ compensation, employee health, property damage and general liability. Liabilities associated with certain of these risks, principally crew medical and crew and guest injury claims, are estimated actuarially based on historical claims experience, loss development factors and other assumptions. While we believe the estimated loss amounts accrued are adequate, the ultimate loss may differ from the amounts provided.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs. Media production costs are recorded as prepaid expenses and charged to expense upon the first airing of the advertisement. Advertising expenses totaled \$507 million, \$508 million and \$524 million in fiscal 2010, 2009 and 2008, respectively. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and include salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

We translate the assets and liabilities of our foreign operations that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign operations are translated at weighted-average exchange rates for the reporting period. Their equity is translated at historical rates and the resulting cumulative foreign currency translation adjustments are included as a component of accumulated other comprehensive income (“AOCI”). Therefore, the U.S. dollar value of these non-equity

translated items in our consolidated financial statements will fluctuate from period to period, depending on the changing value of the dollar versus these 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 nonoperating earnings, unless such assets and liabilities have been designated to act as hedges of ship commitments or net investments in our foreign operations, respectively. These net gains or losses included in nonoperating earnings were insignificant in fiscal 2010, 2009 and 2008. 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 investments, are recorded as foreign currency translation adjustments, which are included as a component of AOCI.

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. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights (see Note 3). 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.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. Share-based compensation cost is recognized ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. In addition, we estimate the amount of expected forfeitures, based on historical forfeiture experience, when calculating compensation cost. If the actual forfeitures that occur are significantly different from the estimate, then we revise our estimates.

NOTE 3 – DLC Structure

In 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises 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 constitutional 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” such as transactions primarily designed to amend or unwind the DLC structure), each shareholder body will vote separately as a class. 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 mirror 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 have provided standalone guarantees in lieu of utilization of these deeds of guarantee, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and certain 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 deeds of guarantee, the holders of indebtedness and other obligations that are subject to the deeds of guarantee 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. Accordingly, 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 to or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and may 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 shares of Carnival plc that are still held by us as a result of the PSO are accounted for as treasury stock in the accompanying Consolidated Balance Sheets.

NOTE 4 - Property and Equipment

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

	November 30,	
	<u>2010</u>	<u>2009</u>
Ships	\$ 37,348	\$ 35,187
Ships under construction	<u>696</u>	<u>770</u>
	38,044	35,957
Land, buildings and improvements, including leasehold improvements and port facilities	858	864
Computer hardware and software, transportation equipment and other	<u>934</u>	<u>913</u>
Total property and equipment	39,836	37,734
Less accumulated depreciation and amortization	<u>(8,869)</u>	<u>(7,864)</u>
	<u>\$ 30,967</u>	<u>\$ 29,870</u>

Capitalized interest, primarily on our ships under construction, amounted to \$26 million, \$37 million and \$52 million in fiscal 2010, 2009 and 2008, respectively. Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2010, two ships with an aggregate net book value of \$802 million were pledged as collateral pursuant to mortgages related to \$328 million of debt. See Note 5.

Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, were \$797 million, \$749 million and \$661 million in fiscal 2010, 2009 and 2008, respectively, and are substantially all included in other ship operating expenses in the accompanying Consolidated Statements of Income.

In 2010, we recognized a \$44 million gain on the sale of P&O Cruises (UK)’s *Artemis* as a reduction of other ship operating expenses in the accompanying Consolidated Statements of Income. We are operating *Artemis* under a bareboat charter agreement until April 2011.

NOTE 5 – Debt

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

	November 30,	
	2010 (a)	2009 (a)
<u>SECURED LONG-TERM DEBT</u>		
Fixed rate export credit facilities, collateralized by two ships, bearing interest at 5.4% and 5.5%, due through 2016	\$ 328	\$ 375
Floating rate export credit facilities collateralized by three ships, bearing interest at LIBOR plus 1.1% to 1.3% (1.7% to 2.6%), repaid or collateral released in 2010	-	325
Other	<u>3</u>	<u>3</u>
Total Secured Long-term Debt	<u>331</u>	<u>703</u>
<u>UNSECURED LONG-TERM DEBT</u>		
Export Credit Facilities		
Fixed rate export credit facilities, bearing interest at 4.2% to 5.0%, due through 2020 (b)	2,339	2,603
Euro fixed rate export credit facilities, bearing interest at 3.8% to 4.5%, due through 2025 (b)(c)	503	299
Floating rate export credit facilities, bearing interest at LIBOR plus 1.3% to 1.6% (1.9% to 2.0%), due through 2022 (d)(e)	688	83
Euro floating rate export credit facilities, bearing interest at EURIBOR plus 0.2% to 0.5% (1.1% to 1.6%), due through 2022 (f)(g)	824	1,111
Bank Loans		
Fixed rate bank loans, bearing interest at 3.5% to 4.5%, due through 2015 (b)(h)(i)	851	850
Euro fixed rate bank loans, bearing interest at 3.9% to 4.7%, due through 2021 (b)	406	524
Floating rate bank loans, bearing interest at LIBOR plus 1.9% (2.2%), due in 2013 (i)(j)	150	200
Euro floating rate bank loans, bearing interest at EURIBOR plus 0.6% to 1.3% (1.6% to 2.3%), due in 2014 (b)(k)	262	152
Revolver (i)(l)		
Loans, bearing interest at LIBOR plus 0.2% (0.6%)	5	212
Euro loans, bearing interest at EURIBOR plus 0.2% (0.6%)	-	52
Private Placement Notes		
Fixed rate notes, bearing interest at 5.9% to 6.0%, due through 2016	123	224
Euro fixed rate notes, bearing interest at 6.7% to 7.3%, due through 2018 (b)	246	278
Publicly-Traded Notes		
Fixed rate notes, bearing interest at 6.7% to 7.2%, due through 2028	529	530
Euro fixed rate notes, bearing interest at 4.3%, due in 2013	991	1,119
Sterling fixed rate notes, bearing interest at 5.6%, due in 2012	322	339
Publicly-Traded Convertible Notes		
Notes, bearing interest at 2%, repaid in 2010	-	595
Notes, bearing interest at 1.75%, net of discount, due in 2013	6	9
Other	<u>48</u>	<u>29</u>
Total Unsecured Long-term Debt	<u>8,293</u>	<u>9,209</u>
<u>UNSECURED SHORT-TERM BORROWINGS</u>		
Commercial paper, with aggregate weighted-average interest rate of 0.5%, repaid in December 2010 (l)	696	96
Euro bank loans, with aggregate weighted-average interest rate of 1.2%, repaid in December 2010	<u>44</u>	<u>39</u>
Total Unsecured Short-term Borrowings	<u>740</u>	<u>135</u>
Total Unsecured Debt	<u>9,033</u>	<u>9,344</u>
Total Debt	<u>9,364</u>	<u>10,047</u>
Less short-term borrowings	(740)	(135)
Less current portion of long-term debt	<u>(613)</u>	<u>(815)</u>
Total Long-term Debt	<u>\$ 8,011</u>	<u>\$ 9,097</u>

- (a) All interest rates are as of the latest balance sheet date for which there is an outstanding debt balance. The debt table does not include the impact of our foreign currency and interest rate swaps. At November 30, 2010, 60%, 37% and 3% (59%, 38% and 3% at November 30, 2009) of our debt was U.S. dollar, euro and sterling-denominated, respectively, including the effect of foreign currency swaps. Substantially all of our debt agreements contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables (see Note 10) could become due, and all debt and derivative contracts could be terminated. At November 30, 2010, we believe we were in compliance with all of our debt covenants.
- (b) Includes an aggregate \$3.7 billion of debt whose interest rate will increase upon a reduction in the senior unsecured credit ratings of Carnival Corporation or Carnival plc from BBB+/A3 to BBB/Baa2 and will increase further upon additional credit rating reductions, exclusive of the amount shown in Note (i).
- (c) In 2010, Costa Cruises, one of our Italian subsidiaries, borrowed \$246 million under an unsecured euro-denominated export credit facility, which bears interest at 3.75% and is due in semi-annual installments through 2025.
- (d) In 2010, we repaid \$78 million of an unsecured floating rate export credit facility that was borrowed to pay for a portion of *Seabourn Odyssey's* purchase price prior to its maturity dates through 2014.
- (e) In 2010, we borrowed \$445 million under an unsecured floating rate export credit facility, the proceeds of which were used to pay for a portion of *Queen Elizabeth's* purchase price. This facility bears interest at LIBOR plus 160 basis points ("bps") and is due in semi-annual installments through 2022.
- (f) In 2010, we borrowed \$371 million under an unsecured euro-denominated export credit facility, the proceeds of which were used to pay for a portion of *AIDAblu's* purchase price. This facility bears interest at EURIBOR plus 50 bps and is due in semi-annual installments through 2022.
- (g) In 2010, we repaid \$390 million of an unsecured floating rate euro-denominated export credit facility that was borrowed to pay for a portion of *Costa Pacifica's* purchase price prior to its maturity dates through 2019.
- (h) Includes two facilities that aggregate to \$650 million, which currently carry fixed interest rates. However, each facility can be switched in the future to a floating interest rate at the option of the lenders.
- (i) Includes an aggregate \$356 million of debt whose interest rate, and in the case of the revolver its commitment fees, will increase upon a reduction in the senior unsecured credit ratings of Carnival Corporation or Carnival plc from A3 to Baa1 and will increase further upon additional credit rating reductions.
- (j) In 2010, we repaid a \$100 million unsecured floating rate bank loan prior to its maturity in 2012.
- (k) In 2010, we borrowed \$132 million under an unsecured euro-denominated bank loan, which bears interest at EURIBOR plus 125 bps and is due in February 2014.
- (l) Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries are parties to our principal revolver for \$2.0 billion (comprised of \$1.2 billion, €400 million and £200 million). Under this revolver, we can draw loans in U.S. dollars, euros and sterling. Its availability is reduced by the amount of our commercial paper, which was \$696 million at November 30, 2010.

At November 30, 2010, the scheduled annual maturities of our debt were as follows (in millions):

	<u>2011</u>	<u>2012</u>	<u>Fiscal</u> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Thereafter</u>
Short-term borrowings	\$ 740					
Long-term debt	<u>613</u>	<u>\$ 1,159</u>	<u>\$ 1,715</u>	<u>\$ 1,006</u>	<u>\$ 1,128</u>	<u>\$ 3,003</u>
	<u>\$ 1,353</u>	<u>\$ 1,159</u>	<u>\$ 1,715</u>	<u>\$ 1,006</u>	<u>\$ 1,128</u>	<u>\$ 3,003</u>

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. In addition, all debt issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Committed Ship Financings

We have unsecured long-term export credit committed ship financings, for which we have the option to draw in euros and/or U.S. dollars depending on the facility, in order to pay for a portion of our ships' purchase prices. These commitments, if drawn, are generally repayable semi-annually over 12 years. We have the option to cancel each one until 60 days prior to the underlying ship's delivery date.

At January 31, 2011, our committed ship financings are as follows:

<u>Cruise Brands and Ships</u>	<u>Month/Year Committed</u>	<u>Fiscal Year Scheduled for Funding</u>	<u>Amount</u> (in millions)
<u>North America Brands</u>			
<u>Carnival Cruise Lines</u>			
<i>Carnival Magic</i>	11/09	2011	\$ 544
<i>Carnival Breeze</i>	11/09	2012	560
			<u>1,104</u>
<u>Princess</u>			
Newbuild	04/10	2013	535
Newbuild	04/10	2014	535
			<u>1,070</u>
North America Cruise Brands			<u>2,174</u>
<u>Europe, Australia & Asia (“EAA”) Brands</u>			
<u>AIDA</u>			
<i>AIDAbella</i>	12/10	2011	233
<i>AIDAsol</i>	12/08	2011	381
<i>AIDAmar</i>	12/08	2012	387
Newbuild	12/10	2013	316
			<u>1,317</u>
<u>Costa</u>			
<i>Costa Favolosa</i>	06/09	2011	199
EAA Cruise Brands			<u>1,516</u>
			<u>\$ 3,690</u>

Revolving Credit Facilities

Under our principal revolver, we are required to pay a commitment fee of 30% of the margin per annum on any undrawn portion. If more than 50% of this revolver is drawn, we will incur an additional 5 bps utilization fee on the total amount outstanding. This revolver matures in October 2012, except for \$39 million which matures in October 2011. In addition, we had four other revolving credit facilities with an aggregate amount of \$423 million available at November 30, 2010. These other facilities serve as back-up liquidity to our principal revolver and mature through 2014. At November 30, 2010, \$1.8 billion was available under our revolvers. In January 2011, we cancelled one of these other revolving credit facilities in the amount of \$100 million.

Convertible Notes

On September 24, 2010, we issued a notice of redemption to the noteholders of our 2% Convertible Notes (“2% Notes”) that all of the outstanding 2% Notes would be redeemed by October 25, 2010 (the “Redemption Date”), for cash at a price equal to 100% of the principal amount outstanding plus unpaid accrued interest. As a result of the redemption, the 2% Notes became convertible into shares of Carnival Corporation common stock through the Redemption Date, for which we elected to deliver cash in lieu of common stock. All of the \$595 million of outstanding 2% Notes were redeemed or converted for cash. The \$52 million of cash paid upon conversion in excess of the 2% Notes carrying value was recorded as a reduction to additional paid-in capital.

NOTE 6 – Commitments

Ship Commitments

At November 30, 2010, we had 10 ships under contract for construction with an aggregate passenger capacity of 27,500. The estimated total cost of these ships is approximately \$6.1 billion, which includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We have paid \$603 million through November 30, 2010 and anticipate paying \$2.1 billion, \$1.8 billion, \$1.0 billion and \$625 million of the remaining estimated total costs in fiscal 2011, 2012, 2013 and 2014, respectively.

Operating Leases, Port Facilities and Other Commitments

Rent expense under our operating leases, primarily for office and warehouse space, was \$61 million, \$54 million and \$52 million in fiscal 2010, 2009 and 2008, respectively. At November 30, 2010, minimum amounts payable for our operating leases, with initial or remaining terms in excess of one year, and for the annual usage of port facilities and other contractual commitments with remaining terms in excess of one year, were as follows (in millions):

	Fiscal					There-	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>after</u>	<u>Total</u>
Operating leases	\$ 44	\$ 39	\$ 34	\$ 25	\$ 23	\$ 108	\$ 273
Port facilities and other	<u>118</u>	<u>114</u>	<u>107</u>	<u>100</u>	<u>98</u>	<u>811</u>	<u>1,348</u>
	<u>\$ 162</u>	<u>\$ 153</u>	<u>\$ 141</u>	<u>\$ 125</u>	<u>\$ 121</u>	<u>\$ 919</u>	<u>\$ 1,621</u>

NOTE 7 – Contingencies

Litigation

In the normal course of our business, various 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 – Lease Out and Lease Back Type (“LILO”) Transactions

At November 30, 2010, Carnival Corporation had estimated contingent obligations totaling \$551 million, excluding termination payments as discussed below, to participants in LILO transactions for two of its ships. At the inception of these leases, the aggregate of the net present value of these obligations was paid by Carnival Corporation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay these obligations. Accordingly, these contingent obligations are considered extinguished, and neither the funds nor the contingent obligations have been included in our accompanying Consolidated Balance Sheets.

In the event that Carnival Corporation were to default on its contingent obligations and assuming performance by all other participants, we estimate that we would, as of November 30, 2010, be responsible for a termination payment of approximately \$106 million. In 2017, we have the right to exercise options that would terminate these two LILO transactions at no cost to us.

In certain cases, if the credit ratings of the financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to replace these financial institutions with other financial institutions whose credit ratings are at least AA or meet other specified credit requirements. In such circumstances we would incur additional costs, although we estimate that they would be immaterial to our financial statements. All of the financial institution payment undertakers subject to this AA- credit rating threshold have credit ratings of AAA. If Carnival Corporation’s credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for \$63 million, or, alternatively, provide mortgages for this aggregate amount on these two ships.

As a result of the unwinding of our third LILO transaction, we recorded a \$15 million gain in other nonoperating income in fiscal 2009, which had originally been deferred at the inception of the LILO transaction and was being amortized over its term.

Contingent Obligations – Indemnifications

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 and 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.

NOTE 8 - Income and Other Taxes

We are primarily foreign corporations engaged in the business of operating passenger vessels in international transportation. Generally, income from, or incidental to, the international operation of vessels is subject to preferential tax regimes in the countries where the vessel owning and operating companies are incorporated, and generally exempt from income tax in other countries where the vessels call due to the application of income tax treaties or domestic law which, in the U.S., is Section 883 of the Internal Revenue Code. Income that we earn which is not associated with the international operation of ships or earned in countries without preferential tax regimes may be subject to income tax in the countries where such income is earned.

AIDA, Costa, Cunard, Ibero, P&O Cruises (UK) and P&O Cruises (Australia) are subject to income tax under the tonnage tax regimes of either Italy or the United Kingdom. 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 Italian tax regime applicable to Italian registered ships or the normal UK income tax rules. Ibero is also subject to a preferential Portuguese income tax applicable to international shipping operations. We believe that substantially all of the ordinary income attributable to these brands constitutes shipping profits and, accordingly, Italian, Portuguese and UK income tax expenses for these operations have been minimal under the existing tax regimes. In fiscal 2010, AIDA and Costa recognized a \$30 million income tax benefit from an Italian investment incentive related to certain of their newbuild expenditures.

Carnival Cruise Lines, Princess, Holland America Line and Seabourn are primarily subject to the income tax laws of Panama, Bermuda, Curacao and Bermuda, respectively. As a general matter, the laws of Panama and Curacao exempt earnings derived from international ship operations and Bermuda does not have an income tax. With respect to the U.S. domestic law exemption, Section 883 regulations limit the types of income derived from the international operation of a ship that are exempt from income tax. Accordingly, our provision for U.S. federal and state income taxes includes taxes on a portion of our ship operations, in addition to the hotel, tour and transportation business of Holland America Princess Alaska Tours.

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. All interest expense related to income tax liabilities is classified as income tax expense. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes and/or fees based on guest counts, ship tonnage, ship capacity or some other measure.

On December 1, 2007, we changed the method for which we account for uncertain income tax positions. This method clarified, among other things, the accounting for uncertain income tax positions by prescribing a minimum probability threshold that a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position that, based solely on its technical merits, is more likely than not to be sustained upon examination by the relevant taxing authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. This accounting method was applied to all existing tax positions upon adoption. The change resulted in an \$11 million reduction to our opening fiscal 2008 retained earnings. In addition, based on all known facts and circumstances and current tax law, we believe that the total amount of our uncertain income tax position liabilities and related accrued interest are not material to our financial position.

NOTE 9 - Shareholders' Equity

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2010 and 2009, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued.

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of \$1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining \$578 million general repurchase authorization back to \$1 billion (the "Repurchase Program"). During fiscal 2008, we purchased 0.6 million shares of Carnival Corporation common stock and 1.3 million ordinary shares of Carnival plc under the Repurchase Program. During 2010 and 2009, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program. At January 28, 2011, the remaining availability under the Repurchase Program was \$787 million. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

In addition to the Repurchase Program, the Boards of Directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 31.5 million shares of Carnival Corporation common stock under the "Stock Swap" programs described below. We use the "Stock Swap" programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival

Corporation common stock, as the case may be. This economic benefit is used for general corporate purposes, which could include repurchasing additional treasury stock under the Repurchase Program. All Carnival plc share repurchases under both the Repurchase Program and the “Stock Swap” authorization require annual shareholder approval.

In fiscal 2009 and 2008, we sold 450,000 shares and 633,000 shares of Carnival Corporation common stock for \$9 million and \$15 million of net proceeds, respectively. In fiscal 2009 and 2008, substantially all of these net proceeds were used to fund the repurchase of 450,000 shares and 633,000 shares of Carnival plc ordinary shares, respectively. In these offerings, we sold Carnival Corporation common stock in the U.S., only to the extent we were able to purchase shares of Carnival plc in the UK on at least an equivalent basis under the “Stock Swap” program.

In fiscal 2010 and 2009, we also sold 14.8 million shares and 5.8 million shares of Carnival plc ordinary shares held as treasury stock for \$545 million and \$187 million of net proceeds, respectively. In fiscal 2010 and 2009, substantially all of these net proceeds were used to fund the repurchase of 14.8 million shares and 5.8 million shares of Carnival Corporation common stock, respectively. In these UK offerings, we sold Carnival plc ordinary shares held in treasury, only to the extent we were able to purchase shares of Carnival Corporation in the U.S. on at least an equivalent basis under the “Stock Swap” program.

At November 30, 2010, there were 38.9 million shares of Carnival Corporation common stock reserved for issuance substantially all pursuant to its employee benefit and dividend reinvestment plans. In addition, Carnival plc shareholders have authorized 18.6 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2010 and 2009, accumulated other comprehensive (loss) income was as follows (in millions):

	November 30,	
	<u>2010</u>	<u>2009</u>
Cumulative foreign currency translation adjustments, net	\$ (99)	\$565
Unrecognized pension expenses	(91)	(99)
Unrealized loss on marketable security	(16)	(16)
Net (losses) gains on cash flow derivative hedges	<u>(48)</u>	<u>12</u>
	<u>\$(254)</u>	<u>\$462</u>

NOTE 10 - Fair Value Measurements, Derivative Instruments and Hedging Activities

Fair Value Measurements

U.S. accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 measurements are based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty’s creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a material impact on the fair values of our financial instruments at November 30, 2010 and 2009. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

The estimated carrying and fair values of our financial instrument assets and (liabilities) that are not measured at fair value on a recurring basis were as follows (in millions):

	<u>November 30, 2010</u>		<u>November 30, 2009</u>	
	<u>Carrying</u>		<u>Carrying</u>	
	<u>Value</u>	<u>Fair Value</u>	<u>Value</u>	<u>Fair Value</u>
Cash and cash equivalents (a)	\$ 404	\$ 404	\$ 324	\$ 324
Long-term other assets (b)	\$ 191	\$ 178	\$ 187	\$ 181
Fixed rate, non-convertible debt (c)	\$ (6,689)	\$ (7,076)	\$ (7,173)	\$ (7,194)
Floating rate, non-convertible debt (c)	\$ (2,669)	\$ (2,630)	\$ (2,270)	\$ (2,182)
Publicly-traded convertible notes (d)	\$ (6)	\$ (7)	\$ (604)	\$ (627)

- (a) Cash and cash equivalents are comprised of cash on hand and time deposits and, due to their short maturities, the carrying values approximate their fair values.
- (b) At November 30, 2010 and 2009, substantially all of our long-term other assets were comprised of notes and other receivables. The fair values of notes and other receivables were based on estimated future cash flows discounted at appropriate market interest rates.
- (c) The net difference between the fair value of our fixed rate, non-convertible debt and its carrying value was due to the market interest rates in existence at November 30, 2010 and 2009 being lower than the fixed interest rates on these debt obligations, including the impact of changes in our credit ratings, if any. The net difference between the fair value of our floating rate, non-convertible debt and its carrying value was due to the market interest rates in existence at November 30, 2010 and 2009 being higher than the floating interest rates on these debt obligations, including the impact of changes in our credit ratings, if any. The fair values of our publicly-traded notes were based on their quoted market prices in active markets. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.
- (d) The net difference between the fair value of our publicly-traded convertible notes and their carrying value was primarily due to the impact of changes in the Carnival Corporation common stock price underlying the value of these convertible notes. The fair values were based on quoted market prices in active markets.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

The estimated fair value and basis of valuation of our financial instrument assets and (liabilities) that are measured at fair value on a recurring basis were as follows (in millions):

	<u>November 30, 2010</u>		<u>November 30, 2009</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 1</u>	<u>Level 2</u>
Cash equivalents (a)	\$ 25	\$ -	\$ 214	\$ -
Marketable securities held in rabbi trusts (b)	\$ 105	\$ 21	\$ 106	\$ 17
Derivatives:				
Ship foreign currency forwards and options (c)	\$ -	\$ 8	\$ -	\$ 41
Net investment hedges (d)	\$ -	\$ 12	\$ -	\$ (33)
Interest rate swaps (e)(f)	\$ -	\$ 1	\$ -	\$ 3

- (a) Cash equivalents are comprised of money market funds.
- (b) Level 1 and 2 marketable securities are held in rabbi trusts and are primarily comprised of mutual funds invested in common stocks and other investments, respectively. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.
- (c) At November 30, 2010 and 2009, we have foreign currency forwards and options totaling \$785 million and \$887 million, respectively, that are designated as foreign currency cash flow hedges for certain of our euro and sterling-denominated shipbuilding contracts. These foreign currency forwards and options mature through May 2011.
- (d) At November 30, 2010 and 2009, we have foreign currency forwards and swaps totaling \$352 million and \$526 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency and were principally entered into to convert U.S. dollar-denominated debt into euro debt. These foreign currency forwards mature through July 2017, and the swaps matured in March 2010.
- (e) We have both U.S. dollar and sterling interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At November 30, 2010 and 2009, these interest rate swap agreements effectively changed \$512 million and \$625 million, respectively, of fixed rate debt to U.S. dollar LIBOR or GBP LIBOR-based floating rate debt. In addition, we have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At November 30, 2010, these interest rate swap agreements effectively changed \$333 million of EURIBOR-based floating rate euro debt to fixed rate debt. These interest rate swaps mature through February 2022.

- (f) In December 2008, we settled certain foreign currency swaps for \$113 million that were designated as cash flow hedges that had effectively converted U.S. dollar fixed interest rate debt into sterling fixed interest rate debt. The settlement re-aligned the debt with the parent company's U.S. dollar functional currency.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation model such as interest rate yield curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value the derivatives, using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact.

Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

As of July 31, 2010, we performed our annual goodwill impairment reviews by comparing the estimated fair value of the cruise brand to the carrying value of the net assets allocated to that cruise brand. All of our cruise brands carry goodwill, except for Ocean Village and Seabourn. No goodwill was considered to be impaired because the estimated fair value of each cruise brand exceeded its respective carrying value and, accordingly, we did not proceed to step two of the impairment analysis.

In determining the estimated cruise brand fair values, we considered both their (a) discounted future cash flow analysis and (b) market multiples of comparable publicly-traded companies. The principal assumptions used in our cash flow analysis related to forecasting future operating results, including net revenue yields, net cruise costs including fuel prices, capacity changes, including the expected deployment of vessels into, or out of, the cruise brand, weighted-average cost of capital for comparable publicly-traded companies, adjusted for the risk attributable to the cruise brand including the geographic region in which it operates, that ranged from 10% to 12%, and terminal values, which are all considered level 3 inputs.

We believe the estimated fair value for each of our cruise brands that carry goodwill significantly exceeds the carrying value of their allocated net assets, except for Ibero. At July 31, 2010, Ibero's estimated fair value only exceeded its carrying value by 24%, or \$141 million. We performed a sensitivity analysis to identify the magnitude of the changes to Ibero's principal discounted cash flow assumptions that would eliminate this excess. Based on this analysis, relatively minor changes to these assumptions would lead to an Ibero impairment.

Given the weakness of the Spanish economy and its impact on the vacation industry, it is possible that Ibero's goodwill, which was \$152 million at July 31, 2010, could become impaired in the future if the Spanish vacation industry does not recover enough to enable Ibero to increase its cruise pricing. The recoverability of Ibero's goodwill is not without doubt because it is difficult to predict the timing of the resurgence of the Spanish economy and its vacation industry.

As of July 31, 2010, we also performed our annual trademark impairment reviews by comparing the estimated fair values of our trademarks to their carrying values. The cruise brands that have trademark amounts recorded are AIDA, Ibero, P&O Cruises (UK), P&O Cruises (Australia) and Princess. The estimated fair value for each of our trademarks significantly exceeded its respective carrying value and, therefore, none of our trademarks were impaired. We estimated fair values based upon a discounted future cash flow analysis, which estimated the amount of royalties that we are relieved from having to pay for use of the associated trademarks, based upon forecasted cruise revenues and royalty rates that a market participant would forecast. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

There have not been any events or circumstances subsequent to July 31, 2010, which we believe would require us to perform interim goodwill or trademark impairment reviews.

The determination of our cruise brand fair values include numerous assumptions, which are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our goodwill and trademarks have been impaired. However, if there is a material change in assumptions used in our determination of fair values or if there is a material change in the conditions or circumstances influencing fair values, then we may need to recognize a material impairment.

Changes to our goodwill carrying amounts since November 30, 2008 were all due to changes resulting from using the different foreign currency translation rates in effect at each balance sheet date.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. Our policy is to not use any financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value, and the changes in fair value are immediately included in earnings if the derivatives do not qualify as effective hedges. If a derivative is designated as 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 designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of AOCI until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a nonderivative financial instrument is designated as a hedge of our 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 a portion of the change in the translated value of the net investment being hedged, until the investment is sold or liquidated. We formally document hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair values of all our derivative contracts and the fair values of our hedged firm commitments as either current or long-term, which are included in prepaid expenses 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 the balance sheet date. The cash flows from derivatives treated as hedges are classified in our accompanying Consolidated Statements of Cash Flows in the same category as the item being hedged.

The effective portions of our net foreign currency derivative (losses) and gains on cash flow hedges recognized in other comprehensive (loss) income in fiscal 2010 and 2009 totaled \$(64) million and \$101 million, respectively.

The effective portions of our net foreign currency derivative gains and (losses) on net investment hedges recognized in other comprehensive (loss) income in fiscal 2010 and 2009 totaled \$84 million and \$(49) million, respectively.

In fiscal 2010, we recognized a gain of \$18 million on foreign currency forwards that are not designated as hedges, which we entered into for treasury management purposes. The gain on these foreign currency forwards included in nonoperating other income was offset by the loss incurred on the remeasurement of a non-functional currency monetary liability, which was also included in nonoperating other income in the accompanying Consolidated Statements of Income.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealized gains and losses which are expected to be reclassified to earnings in the next twelve months is not significant. We have not provided additional disclosures of the impact that derivative instruments and hedging activities have on our financial statements as of November 30, 2010 and 2009 and for the years ended November 30, 2010, 2009 and 2008 where such impacts are not significant.

Foreign Currency Exchange Rate Risk

Overall Strategy

We manage our exposure to 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 and nonderivative financial instruments. Our primary focus is to manage the economic risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not the accounting risks. Accordingly, we do not currently hedge these accounting risks with derivative financial instruments. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational and Investment Currency Risk

The growth of our European and Australian cruise brands subjects us to an increasing level of foreign currency translation risk related to the euro, sterling and Australian dollar because these brands generate significant revenues and incur significant expenses in euro, sterling or the Australian dollar. Accordingly, exchange rate fluctuations of the euro, sterling and Australian dollar against the U.S. dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar. Any strengthening of the U.S. dollar against these foreign currencies has the financial statement effect of decreasing the U.S. dollar values reported for cruise revenues and cruise expenses in our accompanying Consolidated Statements of Income. Weakening of the U.S. dollar has the opposite effect.

Most of our brands have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and primarily includes the euro, sterling and Australian, Canadian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, a strengthening of the U.S. dollar against these non-U.S. dollar currencies results in both decreased revenues and expenses, and the weakening of the U.S. dollar against these non-U.S. dollar currencies has the opposite effect, resulting in some degree of natural offset due to currency exchange movements in our accompanying Consolidated Statements of Income for these transactional currency gains and losses.

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially address our net investment currency exposures by denominating a portion of our debt and other obligations, including the effect of foreign currency forwards and swaps, in our foreign operations' functional currencies, generally the euro or sterling. As of November 30, 2010 and 2009, we have designated \$3.0 billion and \$3.8 billion of our euro and sterling debt and other obligations, respectively, which debt matures through 2019, as nonderivative hedges of our net investments in foreign operations. Accordingly, we have included \$519 million and \$(88) million of cumulative foreign currency transaction gains and (losses) in the cumulative translation adjustment component of AOCI at November 30, 2010 and 2009, respectively, which offsets a portion of the losses and gains recorded in AOCI upon translating our foreign operations' net assets into U.S. dollars. During fiscal 2010, 2009 and 2008, we recognized foreign currency transaction gains and (losses) of \$607 million, \$(407) million and \$691 million, respectively, in the cumulative translation adjustment component of AOCI.

Newbuild Currency Risk

At November 30, 2010, 25% of our newbuild passenger capacity under euro-denominated contracts are exposed to currency risk, which is comprised of two Princess newbuilds expected to be delivered in May 2013 and May 2014. At November 30, 2010, 62% of our newbuild passenger capacity under contract is for our European and North American cruise brands that do not have significant currency risk because all of these ships are contracted for in euros or U.S. dollars, which are the functional currencies of these brands, or the non-functional currency new ship progress payments have already been made. We also have U.S. dollar and sterling functional currency brands that could have newbuild contracts with foreign currency exchange rate risks related to our outstanding or possible future commitments under ship construction contracts denominated in euros. We use foreign currency derivative contracts and have used nonderivative financial instruments to manage foreign currency exchange rate risk for these types of ship construction contracts. At November 30, 2010, 13% of our newbuild passenger capacity under contract that would otherwise be exposed to currency risk is hedged and, accordingly, changes in the fair value of these foreign currency derivative contracts offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our cruise brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks.

The cost of shipbuilding orders that we may place in the future for our cruise brands that generate their cash flows in a currency that is different than the shipyard's operating currency, which is generally the euro, is expected to be affected by foreign currency exchange rate fluctuations. Given the movement in the U.S. dollar and sterling relative to the euro over the past several years, the U.S. dollar and sterling cost to order new cruise ships has been volatile. If the U.S. dollar or sterling declines against the euro, this may affect our desire to order future new cruise ships for U.S. dollar or sterling functional currency brands.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our investment and debt portfolio management strategies. These strategies include purchasing high quality short-term investments with floating interest rates, and evaluating our debt portfolio to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps and the issuance of new debt or the early retirement of existing debt. At November 30, 2010, 69% and 31% (71% and 29% at November 30, 2009) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps.

Fuel Price Risks

We do not use financial instruments to hedge our exposure to fuel price risks.

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. Our maximum exposure under foreign currency derivative contracts and interest rate swap agreements that are in-the-money is the replacement cost, which includes the value of the contracts, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimize credit risk exposure, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions and insurance companies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of our significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Europe and credit card providers to which we extend credit 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 unrelated 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.

Finally, if the shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency forwards and options related to these shipbuilding contracts. Accordingly, if the shipyard is unable to perform, we may have to discontinue accounting for these currency forwards and options as hedges. However, we believe that the risk of shipyard nonperformance is remote.

NOTE 11 - Segment Information

In order to provide a better understanding of our business' performance, we now separate our cruise brand operating segments into three reportable cruise segments. These three reportable cruise segments are comprised of our (1) North America cruise brands, (2) Europe, Australia & Asia ("EAA") cruise brands and (3) Cruise Support. We believe that the economic characteristics of our North America and EAA cruise brands are no longer similar enough to enable us to aggregate all of our cruise brands' operations into one reportable cruise segment. All prior period information has been restated to conform to this new cruise segment presentation. There were no changes made to our Tour and Other segment.

Our North America cruise segment includes Carnival Cruise Lines, Holland America Line, Princess and Seabourn. Our EAA cruise segment includes AIDA, Costa, Cunard, Ibero, P&O Cruises (UK) and P&O Cruises (Australia). These individual cruise brand operating segments have been aggregated as two reportable segments based on the similarity of their economic and other characteristics, including the products and services they provide. Our Cruise Support segment represents certain of our port and related facilities and other corporate-wide services that are provided for the benefit of our cruise brands. Our Tour and Other segment represents the hotel, tour and transportation operations of Holland America Princess Alaska Tours and our two owned ships that we charter to an unaffiliated entity. 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 Tour and Other segments as of and for the years ended November 30 was as follows (in millions):

	<u>Revenues (a)</u>	<u>Operating expenses</u>	<u>Selling and administrative</u>	<u>Depreciation and amortization</u>	<u>Operating income (loss)</u>	<u>Capital expenditures</u>	<u>Total assets</u>
2010							
North America Cruise Brands	\$ 8,379	\$ 5,294	\$ 902	\$ 843	\$ 1,340	\$ 1,082	\$ 21,239
EAA Cruise Brands	5,730	3,572	584	505	1,069	2,260	14,849
Cruise Support	79	14	98	27	(60)	218	802
Tour and Other	403	334	30	41	(2)	19	600 (b)
Intersegment elimination	(122)	(122)	-	-	-	-	-
	<u>\$ 14,469</u>	<u>\$ 9,092</u>	<u>\$ 1,614</u>	<u>\$ 1,416</u>	<u>\$ 2,347</u>	<u>\$ 3,579</u>	<u>\$ 37,490</u>
2009							
North America Cruise Brands	\$ 7,815	\$ 4,944	\$ 896	\$ 791	\$ 1,184	\$ 1,474	\$ 21,073
EAA Cruise Brands	5,280	3,215	573	458	1,034	1,823	14,659
Cruise Support	78	12	89	25	(48)	58	593
Tour and Other	427	376	32	35	(16)	25	510 (b)
Intersegment elimination	(140)	(140)	-	-	-	-	-
	<u>\$ 13,460</u>	<u>\$ 8,407</u>	<u>\$ 1,590</u>	<u>\$ 1,309</u>	<u>\$ 2,154</u>	<u>\$ 3,380</u>	<u>\$ 36,835</u>
2008							
North America Cruise Brands	\$ 8,766	\$ 5,510	\$ 905	\$ 723	\$ 1,628	\$ 1,675	\$ 20,484
EAA Cruise Brands	5,713	3,503	612	462	1,136	1,597	11,579
Cruise Support	76	34	77	28	(63)	49	770
Tour and Other	561	462	35	36	28	32	567 (b)
Intersegment elimination	(169)	(169)	-	-	-	-	-
	<u>\$ 14,947</u>	<u>\$ 9,340</u>	<u>\$ 1,629</u>	<u>\$ 1,249</u>	<u>\$ 2,729</u>	<u>\$ 3,353</u>	<u>\$ 33,400</u>

(a) A portion of Tour and 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 Princess Alaska Tours, and shore excursion and port hospitality services provided to cruise guests by this tour company. These intersegment revenues, which are included in full in the cruise brand segments, are eliminated directly against the Tour and Other segment revenues and operating expenses in the line "Intersegment elimination."

(b) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, domed rail cars, which run on the Alaska Railroad, and our owned ships under long-term charter to an unaffiliated entity. At November 30, 2010, the former *Costa Europa* and Holland America Line's former *Noordam* are being chartered-out.

Non-U.S. revenues for our cruise brands represent sales generated from outside the U.S. primarily by non-U.S. tour operators and non-U.S. travel agencies. Substantially all of our long-lived assets are located outside of the U.S. and consist principally of our ships and ships under construction.

Revenues by geographic areas, which are based on where the guests are sourced and not the cruise brands on which they sailed, were as follows (in millions):

	Years Ended November 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
North America	\$ 7,467	\$ 7,085	\$ 8,320
Europe	5,574	5,190	5,513
Australia and Asia	1,063	790	780
Others	<u>365</u>	<u>395</u>	<u>334</u>
	<u>\$ 14,469</u>	<u>\$ 13,460</u>	<u>\$ 14,947</u>

NOTE 12 - Benefit Plans

Equity Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 38.9 million shares available for future grant at November 30, 2010. These plans allow us to issue stock options, restricted stock awards and restricted stock units (collectively "equity awards"). Equity awards are primarily granted to management level employees and members of our Boards of Directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Certain equity awards provide for accelerated vesting if we have a change in control, as defined.

Our total share-based compensation expense was \$43 million in fiscal 2010 and \$50 million in each of fiscal 2009 and 2008, of which \$40 million, \$46 million and \$44 million has been included in our accompanying Consolidated Statements of Income as selling and administrative expenses and \$3 million, \$4 million and \$6 million as cruise payroll and related expenses in fiscal 2010, 2009 and 2008, respectively.

Stock Option Plans

The Committee generally set stock option exercise prices at 100% or more of the fair market value of the underlying common stock/ordinary shares on the date the option was granted. Generally, employee options either vest evenly over five years or at the end of three years. Our employee options granted prior to October 2005 have a ten-year term and those options granted thereafter have a seven-year term. In the fourth quarter of fiscal 2007, the Committee decided to cease granting employee stock options, and to instead grant restricted stock awards ("RSAs") or restricted stock units ("RSUs") to our employee groups who were previously granted options. This change from options to RSAs or RSUs enables us to grant equity awards in a more uniform method to our employees. Since fiscal 2001, Carnival Corporation Board of Director options vest evenly over five years and have a ten-year term. In 2008, the Committee decided to also cease granting stock options to non-executive board members and will instead grant them RSAs and/or RSUs.

A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2010 was as follows:

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term</u> (in years)	<u>Aggregate Intrinsic Value (a)</u> (in millions)
Outstanding at November 30, 2009	15,346,257	\$42.54		
Exercised	(1,563,055)	\$27.85		
Forfeited or expired	(1,063,354)	\$41.95		
Outstanding at November 30, 2010	<u>12,719,848</u>	\$43.91	<u>2.8</u>	<u>\$37</u>
Exercisable at November 30, 2010	<u>12,201,129</u>	\$43.75	<u>2.8</u>	<u>\$37</u>

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2010.

As of the dates of exercise, the total intrinsic value of options exercised in fiscal 2010, 2009 and 2008 was \$17 million, \$1 million and \$5 million, respectively. As of November 30, 2010, there was \$2 million of total unrecognized compensation cost related to unvested stock options which will be recognized in 2011.

RSAs and RSUs

RSAs generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. RSAs have been granted to certain officers and non-executive board members and either have three or five-year cliff vesting or vest evenly over five years after the grant date. In addition, Carnival Corporation and Carnival plc grant RSUs that vest evenly over five years or at the end of three or five years after the grant date and accrue dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense associated with RSAs and RSUs is based on the quoted market price of the Carnival Corporation or Carnival plc shares 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 estimated retirement eligibility date.

During the year ended November 30, 2010, RSA and RSU activity was as follows:

	<u>RSAs</u>		<u>RSUs</u>	
	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Outstanding at November 30, 2009	1,229,027	\$39.37	2,406,653	\$34.02
Granted	336,345	\$34.57	864,883	\$34.52
Vested	(239,046)	\$49.77	(328,962)	\$47.75
Forfeited	<u>-</u>	\$ -	<u>(115,773)</u>	\$39.44
Outstanding at November 30, 2010	<u>1,326,326</u>	\$36.28	<u>2,826,801</u>	\$32.35

The total grant date fair value of RSAs and RSUs vested was \$28 million, \$18 million and \$11 million in fiscal 2010, 2009 and 2008, respectively. As of November 30, 2010, there was \$35 million of total unrecognized compensation cost related to RSAs and RSUs. This cost is expected to be recognized over a weighted-average period of 1.6 years.

Defined Benefit Pension Plans

We have several single-employer 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 all of our plans' benefit obligations at November 30, 2010 and 2009, we assumed weighted-average discount rates of 5.0% and 5.4%, respectively. The net asset or net liability positions under these single-employer defined benefit pension plans are not material.

In addition, P&O Cruises (UK), Princess and Cunard participate in an industry-wide British Merchant Navy Officers Pension Fund ("MNOPF" or the "fund"), a defined benefit multiemployer pension plan 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, 2010, the New Section was estimated to have a funding deficit.

The MNOPF trustee had previously determined that the MNOPF’s New Section funding was inadequate based on its actuarially determined deficit. Substantially all of any MNOPF New Section deficit liability that we may have relates to the obligations of P&O Cruises (UK) and Princess, which existed prior to the formation of our DLC in 2003. We have not been able to record our estimated share of the ultimate fund deficit as of the DLC formation date or thereafter because our ultimate amount of the deficit was and remains uncertain. The amount of our share of the fund’s ultimate deficit could vary considerably if different assumptions and estimates are used to estimate the fund deficit. Therefore, we expense our portion of any deficit as amounts are invoiced by, and become due and payable to, the fund’s trustee. In 2010, we received a special assessment invoice from the fund’s trustee for an amount the trustee calculated to be our additional share of the entire MNOPF New Section deficit. The calculation was based on the March 31, 2009 actuarial valuations, as adjusted for subsequent market value recoveries. Accordingly, we recorded the full invoiced liability of \$41 million in cruise payroll and related expense in 2010. It is still possible that the fund’s trustee may invoice us in the future for additional amounts.

As of the DLC formation date in April 2003 and through November 30, 2007, the MNOPF’s Old Section had a funding surplus and, accordingly, no expenses had been recorded for this section of the plan in our financial statements. We believe that while the Old Section had a funding deficit at November 30, 2008, this deficit has reverted to a surplus at November 30, 2010 and 2009. If the Old Section has a funding deficit in the future, then it could result in the fund’s trustee also invoicing us for amounts, if they believe the fund requires further contributions. We will record any required Old Section contributions in the same manner as the New Section. Our share of the Old Section deficit, if any, which covers predecessor employers’ officers employed prior to 1978, is not currently known and, accordingly, our share of any such contribution is not currently determinable.

Total expense for all defined benefit pension plans, including multiemployer plans, was \$85 million, \$36 million and \$42 million in fiscal 2010, 2009 and 2008, 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 for these plans was \$20 million, \$16 million and \$22 million in fiscal 2010, 2009 and 2008, respectively.

NOTE 13 - Earnings Per Share

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

	Years Ended November 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net income	\$ 1,978	\$ 1,790	\$ 2,324
Interest on dilutive convertible notes	<u>11</u>	<u>12</u>	<u>40</u>
Net income for diluted earnings per share	<u>\$ 1,989</u>	<u>\$ 1,802</u>	<u>\$ 2,364</u>
Weighted-average common and ordinary shares outstanding	788	787	786
Dilutive effect of convertible notes	14	15	28
Dilutive effect of equity plans	<u>3</u>	<u>2</u>	<u>2</u>
Diluted weighted-average shares outstanding	<u>805</u>	<u>804</u>	<u>816</u>
Basic earnings per share	<u>\$ 2.51</u>	<u>\$ 2.27</u>	<u>\$ 2.96</u>
Diluted earnings per share	<u>\$ 2.47</u>	<u>\$ 2.24</u>	<u>\$ 2.90</u>
Anti-dilutive stock options excluded from diluted earnings per share computations	<u>\$ 10</u>	<u>\$ 14</u>	<u>\$ 12</u>

NOTE 14 - Supplemental Cash Flow Information

Cash paid for interest was \$387 million, \$403 million and \$449 million in fiscal 2010, 2009 and 2008, respectively. In addition, cash paid for income taxes was \$15 million, \$27 million and \$23 million in fiscal 2010, 2009 and 2008, respectively.

Report of Independent Registered Certified Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, 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, 2010 and November 30, 2009, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the 2010 Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible debt instruments that may be settled in cash upon conversion effective December 1, 2009.

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

January 31, 2011

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, estimates or projections contained in this 2010 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, 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. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "expect," "anticipate," "forecast," "future," "intend," "plan," "estimate" and similar expressions of future intent or the negative of such terms.

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 2010 Annual Report. Forward-looking statements include those statements which may impact, among other things, the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, fuel expenses, costs per available lower berth day ("ALBDs"), estimates of ship depreciable lives and residual values, liquidity, goodwill and trademark fair values and outlook. These factors include, but are not limited to, the following:

- general economic and business conditions;
- fluctuations in foreign currency exchange rates;
- the international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel;
- competition from and overcapacity in the cruise ship or land-based vacation industries;
- accidents, the spread of contagious diseases and threats thereof, adverse weather conditions or natural disasters and other incidents affecting the health, safety, security and satisfaction of guests and crew;
- adverse publicity concerning the cruise industry in general, or us in particular, including any adverse impact that cruising may have on the marine environment;
- changes in and compliance with laws and regulations relating to the protection of persons with disabilities, employment, environment, health, safety, security, tax and other regulations under which we operate;
- economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- our ability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations;
- increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages;
- the continued strength of our cruise brands and our ability to implement our brand strategies;
- our international operations are subject to additional risks not generally applicable to our U.S. operations;
- geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect;
- whether our future operating cash flow will be sufficient to fund future obligations and whether we will be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations;
- our counterparties' abilities to perform;
- continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain and reductions in the availability of, and increases in the pricing for, the services and products provided by these vendors;
- our decisions to self-insure against various risks or our inability to obtain insurance for certain risks at reasonable rates;
- disruptions and other damages to our information technology and other networks and operations and breaches in data security;
- loss of key personnel or our ability to recruit or retain qualified personnel;
- union disputes and other employee relation issues;
- lack of continuing availability of attractive, convenient and safe port destinations; and
- risks associated with the DLC structure.

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 stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this 2010 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

We generated \$2.0 billion of net income and \$3.8 billion of cash from operations in fiscal 2010 (“2010”) as business trends improved from a gradually recovering economy. Overall, 2010 was an encouraging year, as revenue yields increased, in comparison to fiscal 2009 (“2009”), which was the most challenging economic environment in our history. We believe that our improved revenue performance in 2010 was due, in part, to our guests’ understanding of the exceptional value proposition of a cruise vacation and other favorable characteristics of the cruise industry. During 2010 we took delivery of six ships, which increased our passenger capacity 7.1%. We had a 14.0% increase in our Europe, Australia & Asia (“EAA”) cruise segment passenger capacity, while our North America cruise segment passenger capacity grew by 3.4%.

Our net income increased \$188 million in 2010 compared to 2009. This increase was caused by a 2.7% increase in net revenue yields measured on a constant dollar basis, which accounted for \$308 million, a 7.1% capacity increase in ALBDs, which accounted for \$155 million, and a 3.1% reduction in constant dollar net cruise costs excluding fuel per ALBD, which accounted for \$196 million. These favorable impacts were partially offset by higher fuel prices, which accounted for \$417 million and the strengthening of the U.S. dollar compared to other currencies, which accounted for \$79 million. As always, we worked diligently throughout 2010 to improve our cost structure benefitting from our ongoing cost containment programs and leveraging our size to reduce costs. In addition, our focus on reducing fuel consumption continued, and we achieved a 2.7% reduction in fuel consumption per ALBD.

The cruise industry is characterized by relatively low market penetration levels and other favorable characteristics and, accordingly, we believe it still has growth potential. As of January 31, 2011 we have contracts with three shipyards providing for the construction of 10 additional cruise ships (see Note 6 in the accompanying consolidated financial statements). These new ships, together with future newbuilds and the continuing investments we make in our existing fleet, will strengthen the leadership position of each of our cruise brands as well as our overall industry leadership position. Our current intention is to have an average of two to three cruise ships enter service annually in 2012 and beyond. Since we have slowed down the pace of our newbuilding program, we currently believe this will lead to increasing free cash flows in 2011 and beyond. These and other factors were considered at the January 2011 Boards of Directors meetings and it was decided to increase our March 2011 quarterly dividend to \$0.25 per share from \$0.10 per share.

Based primarily on these contracted new ships, the year-over-year percentage increase in our ALBD capacity for fiscal 2011, 2012 and 2013 is currently expected to be 5.3%, 4.7% and 3.9%, respectively. These percentages exclude any unannounced future ship orders, acquisitions, retirements, charters and sales. However, the announced withdrawal from service of P&O Cruises’ *Artemis* in April 2011 has been reflected in these percentages.

Outlook For Fiscal 2011

On December 21, 2010, we said that we expected our fully diluted earnings per share for the 2011 full year and first quarter would be in the ranges of \$2.90 to \$3.10 and \$0.15 to \$0.19, respectively. Our guidance was based on fuel prices of \$527 per metric ton and \$526 per metric ton for the 2011 full year and first quarter, respectively. In addition, this guidance was based on 2011 full year and first quarter currency rates of \$1.32 to the euro, \$1.58 to sterling and \$0.99 to the Australian dollar. The currency and fuel assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

The above forward-looking statements involve risks, uncertainties and assumptions with respect to us. There are many factors that could cause our actual results to differ materially from those expressed above including, but not limited to, economic and business conditions, foreign currency exchange rates, fuel prices, ship incidents, adverse weather conditions, spread of contagious diseases, regulatory changes, geopolitical and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statement together with the discussion of these and other risks under “Cautionary Note Concerning Factors That May Affect Future Results.”

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 80% of our total assets. We make several critical accounting estimates with respect to our ship accounting. First, in order to compute our ships' depreciation expense, which represented 12% of our cruise costs and expenses in fiscal 2010, we have 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 or the ships' estimated remaining useful life, whichever is shorter, while the costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as they are incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate the net book value of the asset being retired in order to remove it from the ship's cost basis.

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, engines and hull. In addition, we consider, among other things, long-term vacation market conditions, competition and historical useful lives of similarly-built ships. We have estimated our ships' weighted-average useful lives at 30 years and their average residual values at 15% of our original ship cost.

Given the size and complexity 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 ships. In addition, since we do not separately componentize our ships, we do not identify and track depreciation of specific original ship components. Therefore, we typically have to estimate the net book value of components that are retired, based primarily upon their replacement cost, their age and their original estimated useful lives.

If materially different conditions existed, or if we materially changed our assumptions of ship lives and residual values, our depreciation expense or loss on retirement of ship components 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 expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our fiscal 2010 ship depreciation expense would increase by an estimated \$35 million for every year we reduce our estimated average 30 year ship useful life. In addition, if our ships were estimated to have no residual value, our fiscal 2010 depreciation expense would increase by approximately \$175 million.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects 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 they are used. In addition, we believe that the estimates we made are reasonable and our methods consistently applied in all material respects (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 retired. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairments

Impairment reviews of our cruise ships, goodwill and trademarks require us to make significant estimates to determine the fair values of these assets or cruise brands. We believe the estimated fair value of each of our cruise brands that carry goodwill significantly exceeds the carrying value of their allocated assets, except for Ibero. See Note 10 in the accompanying consolidated financial statements for additional discussion of our goodwill and trademark impairment tests and further details related to Ibero's goodwill.

The determination of fair value includes numerous uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships, cruise brands and trademarks. Our ship fair values are typically estimated based on comparable ship sale prices and other comparable ship values in inactive markets. In determining fair values of cruise brands utilizing discounted future cash flow analysis, significant judgments are made related to forecasting future operating results, including net revenue yields, net cruise costs including fuel prices, capacity changes, including the expected deployment of vessels into, or out of, the cruise brand, weighted-average cost of capital for comparable publicly-traded companies, terminal values, cruise itineraries, technological changes, consumer demand, governmental regulations and the effects of competition, among others. In addition, third party appraisers are sometimes used to help determine fair values of cruise ships, cruise brands and trademarks, and their valuation methodologies are also typically subject to uncertainties similar to those discussed above.

In addition, in determining our trademark fair values we also use discounted future cash flow analysis, which requires some of the same significant judgments discussed above. Specifically, determining the estimated amount of royalties avoided by our ownership of the trademark is based on forecasted cruise revenues and royalty rates estimated primarily using comparable royalty agreements for similar industries.

We believe that we have made reasonable estimates and judgments in determining whether our cruise ships, goodwill and trademarks have been impaired. However, if there is a material change in assumptions used in our determination of fair values, or if there is a material change in the conditions or circumstances influencing fair values, then we may need to recognize a material impairment.

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, guest 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, or more likely than not (“MLTN”) for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable or MLTN loss, if any, can be made. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability when we believe a loss is probable or MLTN for income tax matters, and the amount of the loss can be reasonably estimated in accordance with U.S. generally accepted accounting principles. 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 non-income tax matters, historical claims experience, actuarially determined assumptions of liabilities and any related insurance coverages. See Notes 7 and 8 in the accompanying consolidated 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 asset or 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 and cancellation fees. The cruise ticket price includes accommodation, most meals, some non-alcoholic beverages, most onboard entertainment and many onboard activities, and
- sales of goods and services primarily onboard our ships not included in the cruise ticket price including, among other things, bar and some beverage sales, shore excursions, casino gaming, gift shop sales, photo sales, spa services, internet and phone services and cruise vacation protection programs. These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise bookings, which represent costs that are directly associated with passenger cruise ticket revenues, and include travel agent commissions, air and other transportation related costs, port costs that vary with guest head counts and related credit card fees,
- onboard and other cruise costs, which represent costs that are directly associated with onboard and other revenues, and include the costs of liquor and some beverages, costs of tangible goods sold by us from our gift shop and photo sales, communication costs, costs of pre and post-cruise land packages and related credit card fees. Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires,
- payroll and related costs, which represent all costs related to our shipboard personnel, including deck and engine crew, including officers, and hotel and administrative employees,
- fuel costs, which include fuel delivery costs,
- food costs, which include both our guest and crew food costs, and
- other ship operating costs, which include port costs that do not vary with guest head counts, repairs and maintenance, including minor improvements and dry-dock expenses, hotel supplies, entertainment, freight and logistics and all other ship operating costs and expenses.

For segment information related to our North America and Europe, Australia & Asia (“EAA”) cruise brands’ revenues, expenses, operating income and other financial information see Note 11 in the accompanying consolidated financial statements.

Selected Cruise and Other Information

Selected cruise and other information was as follows:

	<u>Years Ended November 30,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Passengers carried (in thousands)	9,147	8,519	8,183
Occupancy percentage (a)	105.6%	105.5%	105.7%
Fuel consumption (metric tons in thousands)	3,319	3,184	3,179
Fuel cost per metric ton (b)	\$489	\$363	\$558
Currencies			
U.S. dollar to €	\$1.33	\$1.39	\$1.49
U.S. dollar to £1	\$1.55	\$1.56	\$1.90
U.S. dollar to Australian dollar	\$0.91	\$0.77	\$0.87

(a) 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. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

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

Fiscal 2010 (“2010”) Compared to Fiscal 2009 (“2009”)

Revenues

Consolidated

Approximately 77% of 2010 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$796 million, or 7.7%, to \$11.1 billion in 2010 from \$10.3 billion in 2009. This increase was caused by our 7.1% capacity increase in ALBDs, which accounted for \$735 million, and a recovery in overall cruise ticket pricing, which accounted for \$324 million. Our 2010 cruise passenger ticket revenue increase was partially offset by the impacts of lower air transportation revenues due to fewer guests purchasing their air travel through us, and a stronger U.S. dollar against the euro and sterling compared to 2009 (see “Key Performance Non-GAAP Financial Indicators”).

The remaining 23% of 2010 total revenues is principally comprised of onboard and other cruise revenues, which increased by \$219 million, or 7.6%, to \$3.1 billion in 2010 from \$2.9 billion in 2009. This increase was driven by our 7.1% capacity increase in ALBDs, which accounted for \$206 million. Onboard and other revenues included concession revenues of \$958 million in 2010 and \$881 million in 2009.

North America Brands

Approximately 75% of 2010 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$458 million, or 7.8%, to \$6.3 billion in 2010 from \$5.9 billion in 2009. This increase was caused by a significant recovery in cruise ticket pricing, which accounted for \$338 million and our 3.4% capacity increase in ALBDs, which accounted for \$197 million. Our 2010 cruise passenger ticket revenue increase was partially offset by lower air transportation revenues from fewer guests purchasing their air travel through us.

The remaining 25% of 2010 total revenues is comprised of onboard and other cruise revenues, which increased \$106 million, or 5.4%, to \$2.1 billion in 2010 from \$2.0 billion in 2009. This increase was primarily driven by our 3.4% capacity increase in ALBDs. Onboard and other revenues included concession revenues of \$628 million in 2010 and \$589 million in 2009.

EAA Brands

Approximately 83% of 2010 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased \$338 million, or 7.7%, to \$4.8 billion in 2010 from \$4.4 billion in 2009. This increase was caused by our 14.0% capacity increase in ALBDs, which accounted for \$622 million. This increase was partially offset by the impact of the stronger U.S. dollar against the euro and sterling compared to 2009, which accounted for \$111 million, the impact of lower air transportation revenues from fewer guests purchasing their air travel through us and a decrease in cruise ticket pricing primarily caused by the challenging winter season in the Brazilian market, which had significant increases in industry capacity.

The remaining 17% of 2010 total revenues is comprised of onboard and other cruise revenues, which increased \$112 million, or 13.1%, to \$965 million in 2010 from \$853 million in 2009. This increase was caused by our 14.0% capacity increase in ALBDs, which accounted for \$120 million. Onboard and other revenues included concession revenues of \$330 million in 2010 and \$291 million in 2009.

Costs and Expenses

Consolidated

Operating costs and expenses increased \$685 million, or 8.1%, to \$9.1 billion in 2010 from \$8.4 billion in 2009. This increase was caused by our 7.1% capacity increase in ALBDs, which accounted for \$584 million and higher fuel prices, which accounted for \$417 million. These increases were partially offset by the benefits from cost reduction programs and economies of scale, lower air transportation costs due to fewer guests purchasing their air travel through us and \$61 million of gains recognized from the sale of P&O Cruises (UK)'s *Artemis* and Cunard's litigation settlement with Converteam related to *Queen Mary 2's* pod propulsion system ("Cunard's litigation settlement").

Selling and administrative expenses of \$1.6 billion were flat in 2010 compared to 2009 despite our 7.1% capacity increase in ALBDs. The impact from the increase in capacity, which accounted for \$111 million, was offset by the benefits from cost reduction programs and economies of scale.

Depreciation and amortization expense increased \$107 million, or 8.2%, to \$1.4 billion in 2010 from \$1.3 billion in 2009 caused by \$91 million from our 7.1% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures, net of disposals.

Our total costs and expenses as a percentage of revenues decreased slightly to 83.8% in 2010 from 84.0% in 2009.

North America Brands

Operating costs and expenses increased \$350 million, or 7.1%, to \$5.3 billion in 2010 from \$4.9 billion in 2009. This increase was caused by higher fuel prices, which accounted for \$260 million and our 3.4% capacity increase in ALBDs, which accounted for \$167 million. These increases were partially offset by the benefits from cost reduction programs and economies of scale and lower air transportation costs due to fewer guests purchasing air travel through us.

Selling and administrative expenses of \$902 million were flat in 2010 compared to 2009 despite our 3.4% capacity increase in ALBDs. The impact from the increase in capacity, which accounted for \$30 million, was offset by the benefits from cost reduction programs and economies of scale.

Depreciation and amortization expense increased \$52 million, or 6.6%, to \$843 million in 2010 from \$791 million in 2009, caused by \$27 million from our 3.4% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures.

Our total costs and expenses as a percentage of total revenues decreased to 84.0% in 2010 from 84.8% in 2009.

EAA Brands

Operating costs and expenses increased \$357 million, or 11.1%, to \$3.6 billion in 2010 from \$3.2 billion in 2009. This increase was caused by our 14.0% capacity increase in ALBDs, which accounted for \$451 million and higher fuel prices, which accounted for \$157 million. These increases were partially offset by the benefits from cost reduction programs and economies of scale, lower air transportation costs due to fewer guests purchasing their air travel through us and \$61 million of gains recognized from the sale of P&O Cruises (UK)'s *Artemis* and Cunard's litigation settlement.

Selling and administrative expenses of \$584 million were flat in 2010 compared to 2009 despite our 14.0% capacity increase in ALBDs. The impact from the increase in capacity, which accounted for \$80 million was offset by the benefits from cost reduction programs and economies of scale.

Depreciation and amortization expense increased \$47 million, or 10.3%, to \$505 million in 2010 from \$458 million in 2009, caused by \$64 million from our 14.0% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures, net of disposals.

Our total costs and expenses as a percentage of total revenues increased to 81.3% in 2010 from 80.4% in 2009.

Operating Income

Our consolidated operating income increased \$193 million, or 9.0%, to \$2.3 billion in 2010 from \$2.2 billion in 2009. Our North America brands' operating income increased \$156 million, or 13.2%, to \$1.3 billion in 2010 from \$1.2 billion in 2009, and our EAA brands' operating income increased \$35 million, or 3.4%, to \$1.1 billion in 2010 from \$1.0 billion in 2009. These increases were primarily due to the reasons discussed above.

Key Performance Non-GAAP Financial Indicators

ALBDs is a standard measure of passenger capacity for the period, which we use to perform rate and capacity variance analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

We use net cruise revenues per ALBD (“net revenue yields”), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business. We believe these non-GAAP measures provide an expanded insight to measure our revenue and cost performance in addition to the standard U.S. GAAP-based financial measures.

Net revenue yields are commonly used in the cruise industry to measure a company’s cruise segment revenue performance and for revenue management purposes. We use “net cruise revenues” rather than “gross cruise revenues” to calculate net revenue yields. 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 net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit card fees. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices, once our ship capacity levels have been determined.

Net passenger ticket revenues reflect gross cruise revenues, net of (1) onboard and other revenues, (2) commissions, transportation and other costs and (3) onboard and other cruise costs. Net onboard and other revenues reflect gross cruise revenues, net of (1) passenger ticket revenues, (2) commissions, transportation and other costs and (3) onboard and other cruise costs. Net passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures.

In addition, because our EAA cruise brands utilize the euro, sterling and Australian dollar to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies, and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies. Accordingly, we also monitor and report our non-GAAP financial measures assuming the 2010 and 2009 periods’ currency exchange rates have remained constant with the 2009 and 2008 periods’ rates, respectively, or on a “constant dollar basis,” in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure since it facilitates a comparative view of the growth of our business in a fluctuating currency exchange rate environment.

There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, it is possible that they may not be exactly comparable to the like-kind information presented by other cruise companies, which is a potential risk associated with using these measures to compare us to other cruise companies.

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues, without rounding, by ALBDs as follows (dollars in millions, except yields):

Years Ended November 30,					
	2010	2010 Constant Dollar	2009	2009 Constant Dollar	2008
Passenger ticket revenues	\$ 11,084	\$ 11,194	\$ 10,288	\$ 10,818	\$ 11,511
Onboard and other revenues	<u>3,104</u>	<u>3,117</u>	<u>2,885</u>	<u>2,979</u>	<u>3,044</u>
Gross cruise revenues	<u>14,188</u>	<u>14,311</u>	<u>13,173</u>	<u>13,797</u>	<u>14,555</u>
Less cruise costs					
Commissions, transportation and other	(2,272)	(2,287)	(2,220)	(2,361)	(2,533)
Onboard and other	<u>(474)</u>	<u>(474)</u>	<u>(461)</u>	<u>(481)</u>	<u>(501)</u>
	<u>(2,746)</u>	<u>(2,761)</u>	<u>(2,681)</u>	<u>(2,842)</u>	<u>(3,034)</u>
Net passenger ticket revenues	8,812	8,907	8,068	8,457	8,978
Net onboard and other revenues	<u>2,630</u>	<u>2,643</u>	<u>2,424</u>	<u>2,498</u>	<u>2,543</u>
Net cruise revenues	<u>\$ 11,442</u>	<u>\$ 11,550</u>	<u>\$ 10,492</u>	<u>\$ 10,955</u>	<u>\$ 11,521</u>
ALBDs	<u>66,545,164</u>	<u>66,545,164</u>	<u>62,105,916</u>	<u>62,105,916</u>	<u>58,942,864</u>
Gross revenue yields	\$213.21	\$215.06	\$212.10	\$222.15	\$246.93
% increase (decrease) vs. prior year	0.5%	1.4%	(14.1)%	(10.0)%	
Net revenue yields	\$171.94	\$173.57	\$168.94	\$176.38	\$195.46
% increase (decrease) vs. prior year	1.8%	2.7%	(13.6)%	(9.8)%	
Net passenger ticket revenue yields	\$132.41	\$133.86	\$129.91	\$136.17	\$152.31
% increase (decrease) vs. prior year	1.9%	3.0%	(14.7)%	(10.6)%	
Net onboard and other revenue yields	\$39.52	\$39.72	\$39.03	\$40.21	\$43.16
% increase (decrease) vs. prior year	1.3%	1.8%	(9.6)%	(6.8)%	

Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel, without rounding, by ALBDs as follows (dollars in millions, except costs per ALBD):

Years Ended November 30,					
	2010	2010 Constant Dollar	2009	2009 Constant Dollar	2008
Cruise operating expenses	\$ 8,880	\$ 8,911	\$ 8,171	\$ 8,512	\$ 9,047
Cruise selling and administrative expenses	<u>1,583</u>	<u>1,587</u>	<u>1,558</u>	<u>1,624</u>	<u>1,594</u>
Gross cruise costs	<u>10,463</u>	<u>10,498</u>	<u>9,729</u>	<u>10,136</u>	<u>10,641</u>
Less cruise costs included in net cruise revenues					
Commissions, transportation and other	(2,272)	(2,287)	(2,220)	(2,361)	(2,533)
Onboard and other	<u>(474)</u>	<u>(474)</u>	<u>(461)</u>	<u>(481)</u>	<u>(501)</u>
Net cruise costs	<u>7,717</u>	<u>7,737</u>	<u>7,048</u>	<u>7,294</u>	<u>7,607</u>
Less fuel	<u>(1,622)</u>	<u>(1,622)</u>	<u>(1,156)</u>	<u>(1,156)</u>	<u>(1,774)</u>
Net cruise costs excluding fuel	<u>\$ 6,095</u>	<u>\$ 6,115</u>	<u>\$ 5,892</u>	<u>\$ 6,138</u>	<u>\$ 5,833</u>
ALBDs	<u>66,545,164</u>	<u>66,545,164</u>	<u>62,105,916</u>	<u>62,105,916</u>	<u>58,942,864</u>
Gross cruise costs per ALBD	\$157.23	\$157.77	\$156.64	\$163.21	\$180.53
% increase (decrease) vs. prior year	0.4%	0.7%	(13.2)%	(9.6)%	
Net cruise costs per ALBD	\$115.96	\$116.28	\$113.48	\$117.45	\$129.06
% increase (decrease) vs. prior year	2.2%	2.5%	(12.1)%	(9.0)%	
Net cruise costs excluding fuel per ALBD	\$91.59	\$91.91	\$94.86	\$98.83	\$98.96
% (decrease) vs. prior year	(3.4)%	(3.1)%	(4.1)%	(0.1)%	

Net cruise revenues increased \$950 million, or 9.1%, to \$11.4 billion in 2010 from \$10.5 billion in 2009. This was caused by a 7.1% capacity increase in ALBDs, which accounted for \$750 million, and a 2.7% increase in constant dollar net revenue yields, which accounted for \$308 million, partially offset by the impact of a stronger U.S. dollar against the euro and sterling, which accounted for \$108 million. The 2.7% increase in net revenue yields on a constant dollar basis was comprised of a 3.0% increase in net passenger ticket revenue yields and a 1.8% increase in net onboard and other revenue yields. The 3.0% increase in net passenger ticket revenue yields was driven by stronger North American brand yields as business trends improved from a gradually recovering economy, partially offset by slightly weaker EAA brand yields that were primarily caused by the challenging winter season in the Brazilian market, which had significant increases in industry capacity. Net onboard and other revenue yields increased 1.8% on a constant dollar basis due to higher onboard spending by our guests. Gross cruise revenues increased \$1.0 billion, or 7.7%, to \$14.2 billion in 2010 from \$13.2 billion in 2009 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased \$203 million, or 3.4%, to \$6.1 billion in 2010 from \$5.9 billion in 2009. This was caused by a 7.1% capacity increase in ALBDs, which accounted for \$421 million, partially offset by a 3.1% decrease in constant dollar net cruise costs excluding fuel per ALBD, which accounted for \$196 million. The 3.1% decrease in constant dollar net cruise costs excluding fuel per ALBD was primarily due to the benefits from cost reduction programs and economies of scale and \$61 million of gains recognized from the sale of P&O Cruises (UK)'s *Artemis* and Cunard's litigation settlement. On a constant dollar basis, net cruise costs per ALBD excluding fuel and the gains recognized from the sale of P&O Cruises (UK)'s *Artemis* and Cunard's litigation settlement decreased 2.2% in 2010 compared to 2009.

Fuel costs increased \$466 million, or 40.3%, to \$1.6 billion in 2010 from \$1.2 billion in 2009. This was driven by higher fuel prices, which accounted for \$417 million, a 7.1% capacity increase in ALBDs, which accounted for \$83 million and was partially offset by lower fuel consumption per ALBD. Gross cruise costs increased \$734 million, or 7.5% in 2010 to \$10.5 billion from \$9.7 billion in 2009 for largely the same reasons as discussed above.

Fiscal 2009 ("2009") Compared to Fiscal 2008 ("2008")

Revenues

Consolidated

Approximately 76% of 2009 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues decreased by \$1.2 billion, or 10.6%, to \$10.3 billion in 2009 from \$11.5 billion in 2008. This decrease was caused by lower pricing due to the impact of the economic downturn, as well as a stronger U.S. dollar against the euro, sterling and Australian dollar compared to 2008, which accounted for \$530 million. In addition, the U.S. Center for Disease Control and Prevention's ("CDC's") recommendations against non-essential travel to Mexico as a result of the flu virus also adversely impacted our revenues because we had to alter several of our cruise ships' itineraries. This revenue decrease was partially offset by our 5.4% capacity increase in ALBDs, which accounted for \$618 million (see "Key Performance Non-GAAP Financial Indicators" below).

The remaining 24% of 2009 total revenues is principally comprised of onboard and other cruise revenues, which decreased by \$159 million, or 5.2%, to \$2.9 billion in 2009 from \$3.0 billion in 2008. This decrease was caused by lower onboard spending by our guests primarily as a result of the impacts of the economic downturn, as well as the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar compared to 2008, which accounted for \$94 million. The lower onboard and other spending was partially offset by our 5.4% capacity increase in ALBDs, which accounted for \$163 million. Onboard and other revenues included concession revenues of \$881 million in 2009 and \$924 million in 2008.

North America Brands

Approximately 75% of 2009 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues decreased by \$825 million, or 12.3%, to \$5.9 billion in 2009 from \$6.7 billion in 2008. This decrease was caused by lower pricing due to the impact of the economic downturn partially offset by our 3.9% capacity increase in ALBDs, which accounted for \$258 million. In addition, the CDC's recommendations against non-essential travel to Mexico as a result of the flu virus also adversely impacted our revenues because we had to alter several of our cruise ships' itineraries.

The remaining 25% of 2009 total revenues is principally comprised of onboard and other cruise revenues, which decreased \$126 million, or 6.1%, to \$2.0 billion in 2009 from \$2.1 billion in 2008. This decrease was driven by lower onboard spending by our guests primarily as a result of the impact of the economic downturn. Our onboard and other revenue decrease was partially offset by our 3.9% capacity increase in ALBDs, which accounted for \$80 million. Onboard and other revenues included concession revenues of \$589 million in 2009 and \$619 million in 2008.

EAA Brands

Approximately 84% of 2009 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues decreased \$398 million, or 8.3%, to \$4.4 billion in 2009 from \$4.8 billion in 2008. This decrease was caused by the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar compared to 2008, which accounted for \$530 million and lower pricing primarily due to the impact of the economic downturn, which were partially offset by our 8.2% capacity increase in ALBDs, which accounted for \$397 million.

The remaining 16% of 2009 total revenues is comprised of onboard and other cruise revenues, which decreased \$35 million or 3.9%, to \$853 million in 2009 from \$888 million in 2008. This decrease was primarily because of the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar, which was partially offset by our 8.2% capacity increase in ALBDs, which accounted for \$73 million. Onboard and other revenues included concession revenues of \$291 million in 2009 and \$304 million in 2008.

Costs and Expenses

Consolidated

Operating costs and expenses decreased \$933 million, or 10.0%, to \$8.4 billion in 2009 from \$9.3 billion in 2008. This decrease was primarily due to lower fuel prices of \$621 million, the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar, decreased commissions as a result of our lower ticket revenues and lower fuel consumption, resulting from fuel saving initiatives. This decrease was partially offset by our 5.4% capacity increase in ALBDs, which accounted for \$485 million.

Selling and administrative expenses decreased \$39 million, or 2.4%, to \$1.6 billion in 2009. The decrease was primarily caused by the stronger U.S. dollar against the euro, sterling and Australian dollar and the impact of cost containment initiatives, partially offset by our 5.4% capacity increase in ALBDs, which accounted for \$86 million.

Depreciation and amortization expense increased \$60 million, or 4.8%, to \$1.3 billion in 2009 from \$1.2 billion in 2008, caused by \$67 million from our 5.4% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures, partially offset by the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar and disposals.

Our total costs and expenses as a percentage of revenues increased to 84.0% in 2009 from 81.7% in 2008.

North America Brands

Operating costs and expenses decreased \$566 million, or 10.3%, to \$4.9 billion in 2009 from \$5.5 billion in 2008. This decrease was primarily due to lower fuel prices, which accounted for \$409 million, decreased commissions as a result of our lower ticket revenues and lower fuel consumption, as a result of fuel saving initiatives compared to 2008. This decrease was partially offset by our 3.9% capacity increase in ALBDs, which accounted for \$213 million.

Selling and administrative expenses decreased \$9 million, or 1.0%, to \$896 million in 2009 from \$905 million in 2008. The decrease was primarily caused by the impact of cost containment initiatives, partially offset by our 3.9% capacity increase in ALBDs, which accounted for \$35 million.

Depreciation and amortization expense increased \$68 million, or 9.4%, to \$791 million in 2009 from \$723 million in 2008, caused by \$28 million from our 3.9% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures.

Our total costs and expenses as a percentage of revenues increased to 84.8% in 2009 from 81.4% in 2008.

EAA Brands

Operating costs and expenses decreased \$288 million, or 8.2%, to \$3.2 billion in 2009 from \$3.5 billion in 2008. This decrease was primarily due to lower fuel prices, which accounted for \$212 million, the impact of the stronger U.S. dollar against the euro, sterling and Australian dollar, decreased commissions as a result of our lower ticket revenues and lower fuel consumption, resulting from fuel saving initiatives. This decrease was partially offset by our 8.2% capacity increase in ALBDs, which accounted for \$288 million.

Selling and administrative expenses decreased \$39 million, or 6.4%, to \$573 million in 2009 from \$612 million in 2008. The decrease was primarily caused by the stronger U.S. dollar against the euro, sterling and Australian dollar and the impact of cost containment initiatives, partially offset by our 8.2% capacity increase in ALBDs, which accounted for \$50 million.

Depreciation and amortization expense decreased \$4 million to \$458 million in 2009 from \$462 million in 2008. This decrease was caused by a stronger U.S. dollar against the euro, sterling and Australian dollar compared to 2008, which accounted for \$52 million and disposals, partially offset by our 8.2% capacity increase in ALBDs.

Our total costs and expenses as a percentage of revenues increased to 80.4% in 2009 from 80.1% in 2008.

Operating Income

Our consolidated operating income decreased \$575 million, or 21.1% to \$2.2 billion in 2009 from \$2.7 billion in 2008. Our North America brands' operating income decreased \$444 million, or 27.3%, to \$1.2 billion in 2009 from \$1.6 billion in 2008, and our EAA brands' operating income decreased \$102 million, or 9.0%, to \$1.0 billion in 2009 from \$1.1 billion in 2008. These increases were primarily due to the reasons discussed above.

Key Performance Non-GAAP Financial Indicators

Net cruise revenues decreased \$1.0 billion, or 8.9%, to \$10.5 billion in 2009 from \$11.5 billion in 2008. This was caused by a 9.8% decrease in constant dollar net revenue yields, which accounted for \$1.2 billion and the impact of a stronger U.S. dollar against the euro, sterling and Australian dollar, which accounted for \$462 million (gross revenue yields decreased by 14.1%). This decrease was partially offset by our 5.4% capacity increase in ALBDs, which accounted for \$618 million. The 9.8% decrease in net revenue yields on a constant dollar basis was comprised of a 10.6% decrease in net passenger ticket revenue yields and a 6.8% decrease in net onboard and other revenue yields. The 10.6% decrease in net passenger ticket revenue yields was due to the impact of the economic downturn on our cruise ticket pricing. In addition the U.S. Center for Disease Control and Prevention's recommendation against non-essential travel to Mexico as a result of a flu virus also impacted our net revenue yields as previously discussed. Net onboard and other revenue yields decreased primarily due to the impact of the economic downturn on guest onboard spending across all revenue-producing activities. Gross cruise revenues decreased \$1.4 billion, or 9.5%, to \$13.2 billion in 2009 from \$14.6 billion in 2009 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased \$59 million, or 1.0%, to \$5.9 billion in 2009 from \$5.8 billion in 2008. This was caused by a 5.4% capacity increase in ALBDs, which accounted for \$313 million, partially offset by the impact of a stronger U.S. dollar against the euro, sterling and Australian dollar, which accounted for \$246 million. Net cruise costs excluding fuel per ALBD as measured on a constant dollar basis were flat in 2009 compared to 2008 primarily due to the impact of cost containment initiatives (gross cruise costs per ALBD decreased 13.2%).

Fuel costs decreased \$618 million, or 34.8%, to \$1.2 billion in 2009 from \$1.8 billion in 2008. This was caused by lower fuel prices, which accounted for \$621 million and lower fuel consumption per ALBD, which accounted for \$92 million and was partially offset by a 5.4% capacity increase in ALBDs, which accounted for \$95 million. Gross cruise costs decreased \$912 million, or 8.6%, in 2009 to \$9.7 billion from \$10.6 billion in 2008 for largely the same reasons as discussed above, as well as the reduction in travel agent commissions as a result of lower cruise ticket prices.

Liquidity, Financial Condition and Capital Resources

Maintenance of a strong balance sheet, which enhances our financial flexibility and allows us to return free cash flow to shareholders, is the primary objective of our capital structure policy. Our current intention is to have an average of two to three new cruise ships enter service annually in 2012 and beyond. Since we have slowed down the pace of our newbuilding program, we currently believe this will lead to increasing free cash flows in 2011 and beyond. Other objectives of our capital structure policy are to maintain an acceptable level of liquidity with our available cash and cash equivalents and committed financings for immediate and future liquidity needs, and a reasonable debt maturity profile that is spread out over a number of years.

We continue to generate substantial cash from operations and have investment grade credit ratings, which provide us with financial flexibility in most financial credit market environments to obtain debt funding, as required. If our long-term credit rating were to be downgraded or assigned a negative outlook, our access to, and cost of, financing may be negatively impacted. Based on our historical results, current forecast and financial condition, we believe that our existing liquidity (assuming we can refinance our principal revolver before its October 2012 maturity) and cash flow from future operations will be sufficient to fund all of our expected capital projects (including shipbuilding commitments), debt service requirements, working capital needs and other firm commitments over the next several years. Our forecasted cash flow from operations and access to the capital markets can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." Although we do not believe we will be required to obtain additional new financings during 2011, we may choose to do so if favorable opportunities arise.

At November 30, 2009, the U.S. dollar was \$1.65 to sterling, \$1.50 to the euro and \$0.91 to the Australian dollar. Had these November 30, 2009 currency exchange rates been used to translate our November 30, 2010 non-U.S. dollar functional currency operations' assets and liabilities instead of the November 30, 2010 U.S. dollar exchange rates of \$1.56 to sterling, \$1.32 to the euro and \$0.96 to the Australian dollar, our total assets and liabilities would have been higher by \$1.5 billion and \$690 million, respectively.

Sources and Uses of Cash

Our business provided \$3.8 billion of net cash from operations during fiscal 2010, an increase of \$476 million, or 14.2%, compared to \$3.3 billion in fiscal 2009. This increase was caused by an increase in customer deposits and more cash provided by our results of operations.

At November 30, 2010 and 2009, we had working capital deficits of \$4.5 billion and \$3.4 billion, respectively. Our November 30, 2010 deficit included \$2.8 billion of customer deposits, which represent the passenger revenues we collect in advance of sailing dates and, accordingly, are substantially more like deferred revenue transactions rather than actual current cash liabilities. We use our long-term ship assets to realize a portion of this deferred revenue in addition to consuming current assets. In addition, our November 30, 2010 working capital deficit included \$1.4 billion of current debt obligations, which included \$696 million outstanding under our commercial paper programs and \$657 million outstanding under our export credit facilities, bank loans and other debt. We continue to generate substantial cash from operations and have a strong balance sheet. This strong balance sheet provides us with financial flexibility to meet our current debt obligations as they become due in most financial credit market environments. We also have our principal revolver available to provide long-term rollover financing should the need arise, or we choose to do so. After excluding customer deposits and current debt obligations from our November 30, 2010 working capital deficit balance, our non-GAAP adjusted working capital deficit is only \$353 million. As explained above, our business model allows us to operate with a significant working capital deficit and, accordingly, we believe we will continue to have a working capital deficit for the foreseeable future.

During fiscal 2010, our expenditures for capital projects were \$3.6 billion, of which \$2.9 billion was spent on our ongoing new shipbuilding program, including \$2.5 billion for the final delivery payments for *AIDAbly*, *Azura*, *Costa Deliziosa*, *Nieuw Amsterdam*, *Queen Elizabeth* and *Seabourn Sojourn*. In addition to our new shipbuilding program, we had capital expenditures of \$544 million for ship improvements and replacements and \$115 million for cruise port facilities, information technology and other assets.

During 2010, we borrowed a net \$626 million of short-term borrowings in connection with our needs for, and availability of, cash at various times throughout the year. In addition, during fiscal 2010, we repaid \$350 million and borrowed \$94 million under our revolving credit facilities, which was also in connection with our needs for, and availability of, cash at various times throughout the year. We also borrowed \$1.3 billion of new other long-term debt during fiscal 2010, under three export credit financing facilities and two bank loans. In addition, we also repaid \$1.8 billion of other long-term debt in fiscal 2010 for scheduled payments on export credit facilities and a bank loan, redemption of our 2% Notes and early repayment of two export credit facilities and a bank loan. Finally, we paid cash dividends of \$237 million in fiscal 2010.

Future Commitments and Funding Sources

At November 30, 2010, our contractual cash obligations were as follows (in millions):

	Payments Due by Fiscal					There- After	Total
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
<u>Recorded Contractual Cash Obligations</u>							
Short-term borrowings (a)	\$ 740						\$ 740
Long-term debt (a)	613	\$1,159	\$1,715	\$1,006	\$1,128	\$ 3,003	8,624
Other long-term liabilities reflected on the balance sheet (b)	74	121	106	85	56	216	658
<u>Unrecorded Contractual Cash Obligations</u>							
Shipbuilding (c)	2,076	1,773	1,032	625	-	-	5,506
Operating leases (c)	44	39	34	25	23	108	273
Port facilities and other (c)	120	114	107	100	98	811	1,350
Purchase obligations (d)	694	58	36	24	20	25	857
Fixed rate interest payments (e)	304	287	259	197	175	691	1,913
Floating rate interest payments (e)	61	57	33	31	24	82	288
<u>Total Contractual Cash Obligations</u> (f)	<u>\$4,726</u>	<u>\$3,608</u>	<u>\$3,322</u>	<u>\$2,093</u>	<u>\$1,524</u>	<u>\$ 4,936</u>	<u>\$ 20,209</u>

(a) Our debt, excluding short-term borrowings, has a weighted-average maturity of five years. See Note 5 in the accompanying consolidated financial statements for additional information regarding these debt obligations.

(b) Represents cash outflows for certain of our long-term liabilities, including their current portion, that could be reasonably estimated. The primary outflows are for estimates of our employee benefit plan obligations, crew and guest claims, uncertain income tax position liabilities and certain deferred income taxes. Deferred income and certain deferred income taxes have been excluded from the table because they do not require a cash settlement in the future.

- (c) Represents cash outflows for our shipbuilding contractual obligations, including the impact of foreign currency options as discussed below in “Newbuild Currency Risk.” These obligations are legal commitments and, accordingly, cannot be cancelled without cause by the shipyards or us, and such cancellation will subject the defaulting party to significant contractual liquidating damage payments. See Note 6 in the accompanying consolidated financial statements for additional information regarding these contractual cash obligations.
- (d) 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, either 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.
- (e) Fixed rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a floating rate to a fixed rate and excluding the reverse of such a swap. Floating rate interest payments represent forecasted cash outflows for interest payments on floating rate debt, including interest swapped from a fixed rate to a floating rate, and excluding the reverse of such a swap, using the November 30, 2010 forward interest rates for the remaining terms of the loans.
- (f) Amounts payable in foreign currencies, which are principally the euro, sterling and Australian dollars, are based on the November 30, 2010 exchange rates.

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of \$1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining \$578 million general repurchase authorization back to \$1 billion (the “Repurchase Program”). During fiscal 2010 and 2009, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program. At January 31, 2011, the remaining availability pursuant to our Repurchase Program was \$787 million. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

In addition to the Repurchase Program, the Boards of Directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 31.5 million shares of Carnival Corporation common stock under the “Stock Swap” programs. We use these “Stock Swap” programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. This economic benefit is used for general corporate purposes, which could include repurchasing treasury stock under the Repurchase Program. Carnival plc ordinary share repurchases under both the Repurchase Program and the “Stock Swap” authorizations require annual shareholder approval. Finally, under the “Stock Swap” programs, the sales of the Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act.

At November 30, 2010, as adjusted for the \$549 million of export credit facilities for two AIDA ship financings committed to us in December 2010, we had liquidity of \$5.6 billion. Our liquidity consisted of \$148 million of cash and cash equivalents, excluding cash on hand of \$281 million used for current operations, \$1.8 billion available for borrowing under our revolving credit facilities and \$3.7 billion under committed financings. Of this \$3.7 billion of committed facilities, \$1.4 billion, \$947 million, \$851 million and \$535 million are scheduled to be funded in 2011, 2012, 2013 and 2014, respectively. Almost 90% of our revolving credit facilities are scheduled to mature in 2012, while almost 10% mature in 2011. We rely on, and have banking relationships with, numerous large, well-established banks, which we believe will assist us in accessing multiple sources of funding in the event that some lenders are unwilling or unable to lend to us. However, we believe that our revolving credit facilities and committed financings will be honored as required pursuant to their contractual terms.

Substantially all of our debt agreements contain financial covenants as described in Note 5 in the accompanying consolidated financial statements. At November 30, 2010, we believe we were in compliance with all of our debt covenants. In addition, based on our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants over the next several years. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

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.

Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our hedging strategies and market risks see the discussion below and “Note 10 - Fair Value Measurements, Derivative Instruments and Hedging Activities,” in the accompanying consolidated financial statements.

Foreign Currency Exchange Rate Risks

Operational and Investment Currency Risks

We have \$352 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based upon a 10% hypothetical change in the U.S. dollar compared to the euro as of November 30, 2010, assuming no changes in comparative interest rates, we estimate that these foreign currency forwards' fair values would change by \$35 million, which would be offset by a corresponding change of \$35 million in the U.S. dollar value of our net investments. In addition, based upon a 10% hypothetical change in the U.S. dollar compared to the euro, sterling and Australian dollar, which are the functional currencies that we translate into our U.S. dollar reporting currency, assuming no changes in comparable interest rates, we estimate that our 2011 full year December 31, 2010 guidance would change by approximately \$195 million.

Newbuild Currency Risk

During May 2010, we entered into foreign currency options that are designated as cash flow hedges of the remaining *Carnival Magic* euro-denominated shipyard payments. The options mature in April 2011, at a weighted-average ceiling rate of \$1.36 to the euro, or \$593 million, and a floor of \$1.26 to the euro, or \$548 million. If the spot rate is in between these two amounts on the date of delivery, then we would not owe or receive any payments under any of these options.

During June 2010, we entered into foreign currency options that are designated as a cash flow hedge of the final *Seabourn Quest* euro-denominated shipyard payment that matures in May 2011 at a ceiling of \$1.23 to the euro, or \$192 million, and a floor of \$1.18 to the euro, or \$185 million. If the spot rate is in between these two amounts on the date of delivery, then we would not owe or receive any payments under these options.

Based upon a 10% hypothetical change in the U.S. dollar compared to the euro as of November 30, 2010, assuming no changes in comparative interest rates, the estimated fair value of all these foreign currency options would change by approximately \$59 million, which would be offset by a corresponding change of approximately \$59 million in the U.S. dollar value of the related foreign currency ship construction contracts and result in no net impact to us.

At November 30, 2010, we have two 3,560-passenger capacity ships with a total euro-denominated aggregate remaining cost of approximately \$1.3 billion and contracted for delivery in May 2013 and May 2014. We have not entered into any foreign currency contracts to hedge these ships' currency risk. Therefore, the cost of each of these ships will increase or decrease based upon changes in the exchange rate until the payments are made under the shipbuilding contract or we enter into a foreign currency hedge. Based on a 10% hypothetical change in the U.S. dollar compared to the euro as of November 30, 2010, assuming no changes in comparative interest rates, the unpaid cost of these ships would have a corresponding change of approximately \$130 million.

Interest Rate Risks

At November 30, 2010, we have interest rate swaps that effectively changed (1) \$512 million of fixed rate debt to U.S. dollar LIBOR and GBP LIBOR-based floating rate debt and (2) \$333 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based upon a hypothetical 10% change in the November 30, 2010 market interest rates, assuming no change in currency exchange rates, the fair value of all our debt and related interest rate swaps would change by approximately \$140 million. In addition, based upon a hypothetical 10% change in the November 30, 2010 interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount.

These amounts are determined by considering the impact of the hypothetical market interest rates on our existing 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. Currently, substantially all of our fixed rate debt can only be called or prepaid by incurring significant break fees, therefore it is unlikely we will be able to take any significant steps in the short-term to mitigate our exposure in the event of a significant decrease in market interest rates.

Fuel Price Risks

We do not use financial instruments to hedge our exposure to fuel price market risk. We estimate that our fiscal 2011 fuel expense would change by approximately \$3.5 million for each \$1 per metric ton change in our average fuel price.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 2006 through 2010 and as of the end of each such year, except for the other operating data, are derived from our audited consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

	Years Ended November 30,				
	2010	2009	2008	2007	2006
	(dollars in millions, except per share, per ton and currency data)				
Statements of Income and Cash Flow Data					
Revenues	\$ 14,469	\$13,460 (a)	\$14,947 (a)	\$13,306 (a)	\$12,061 (a)
Operating income	\$ 2,347	\$ 2,154	\$ 2,729	\$ 2,725	\$ 2,613
Net income	\$ 1,978	\$ 1,790	\$ 2,324 (b)	\$ 2,395 (b)	\$ 2,260 (b)
Earnings per share					
Basic	\$ 2.51	\$ 2.27	\$ 2.96	\$ 3.04	\$ 2.85
Diluted	\$ 2.47	\$ 2.24	\$ 2.90	\$ 2.95	\$ 2.77
Dividends declared per share	\$ 0.40	\$ -	\$ 1.60	\$ 1.375	\$ 1.025
Cash provided by operating activities	\$ 3,818	\$ 3,342	\$ 3,391	\$ 4,069	\$ 3,633
Cash used in investing activities	\$ 3,501	\$ 3,384	\$ 3,255	\$ 3,746	\$ 2,443
Capital expenditures	\$ 3,579	\$ 3,380	\$ 3,353	\$ 3,312	\$ 2,480
Cash used in financing activities	\$ 404	\$ 93	\$ 315	\$ 604	\$ 1,212
Dividends paid	\$ 237	\$ 314	\$ 1,261	\$ 990	\$ 803
Other Operating Data					
ALBDs (in thousands)	66,545	62,106	58,943	54,133	49,945
Passengers carried (in thousands)	9,147	8,519	8,183	7,672	7,008
Occupancy percentage	105.6%	105.5%	105.7%	105.6%	106.0%
Fuel consumption (metric tons in thousands)	3,319	3,184	3,179	3,033	2,783
Fuel cost per metric ton	\$ 489	\$ 363	\$ 558	\$ 361	\$ 334
Currencies					
U.S. dollar to €	\$ 1.33	\$ 1.39	\$ 1.49	\$ 1.36	\$ 1.25
U.S. dollar to £	\$ 1.55	\$ 1.56	\$ 1.90	\$ 2.00	\$ 1.83
U.S. dollar to Australian dollar	\$ 0.91	\$ 0.77	\$ 0.87	\$ 0.83	\$ 0.75

	As of November 30,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	(dollars in millions)				
Balance Sheet and Other Data					
Total assets	\$ 37,490	\$36,835	\$33,400	\$34,181	\$30,552
Total debt	\$ 9,364	\$10,047	\$ 9,343	\$ 8,846 (b)	\$ 7,828 (b)
Total shareholders' equity	\$ 23,031	\$22,039 (c)	\$19,137 (c)	\$20,023 (b)(c)	\$18,231 (b)(c)
Total debt to capital (d)	28.9%	31.3%	32.9%	30.6%	30.0%

- (a) We changed the classification of our port costs that vary with guest head counts to a gross presentation from a net presentation, which resulted in an increase in both revenues and costs for the same amounts. The amounts now included on a gross basis in revenues are \$303 million, \$301 million, \$273 million and \$222 million for 2009, 2008, 2007 and 2006, respectively.
- (b) The 2006 net income was reduced by \$57 million of share-based compensation expense related to the expensing of stock options and RSUs as a result of our adoption of a new accounting standard in 2006. Net income was reduced by \$6 million, \$13 million and \$19 million for additional interest expense in 2008, 2007 and 2006, respectively, as a result of our adoption of a new accounting pronouncement in 2010 that changed the amount of interest expense for certain convertible debt instruments that may be settled in cash. In addition, total debt and total shareholders' equity were both reduced by \$6 million and \$19 million at November 30, 2007 and 2006, respectively, as a result of adopting this 2010 accounting pronouncement.
- (c) Total shareholders' equity was increased by \$4 million, \$39 million, \$54 million and \$2 million at November 30, 2009, 2008, 2007 and 2006, respectively, as a result of our adoption of a new accounting standard, which required us to include our noncontrolling interests within shareholders' equity.
- (d) 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 American Depositary Shares ("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 daily high and low stock sales price for the periods indicated on their primary exchange was as follows:

	<u>Carnival Corporation</u>		<u>Carnival plc</u>			
	<u>High</u>	<u>Low</u>	<u>Per Ordinary Share</u>		<u>Per ADS</u>	
			<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<u>Fiscal 2010</u>						
Fourth Quarter	\$44.90	\$31.74	£27.92	£21.10	\$45.48	\$33.24
Third Quarter	\$37.53	\$29.68	£27.12	£20.29	\$39.94	\$31.49
Second Quarter	\$44.21	\$34.07	£29.37	£24.70	\$45.78	\$35.56
First Quarter	\$36.16	\$31.14	£24.85	£20.40	\$38.33	\$33.14
<u>Fiscal 2009</u>						
Fourth Quarter	\$34.94	\$28.26	£22.18	£18.07	\$36.09	\$29.36
Third Quarter	\$31.64	\$22.18	£19.72	£14.31	\$32.02	\$23.46
Second Quarter	\$29.76	\$16.80	£20.22	£12.58	\$29.72	\$17.61
First Quarter	\$25.76	\$17.60	£16.74	£12.24	\$24.71	\$17.37

As of January 24, 2011, there were 3,606 holders of record of Carnival Corporation common stock and 37,208 holders of record of Carnival plc ordinary shares and 91 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.

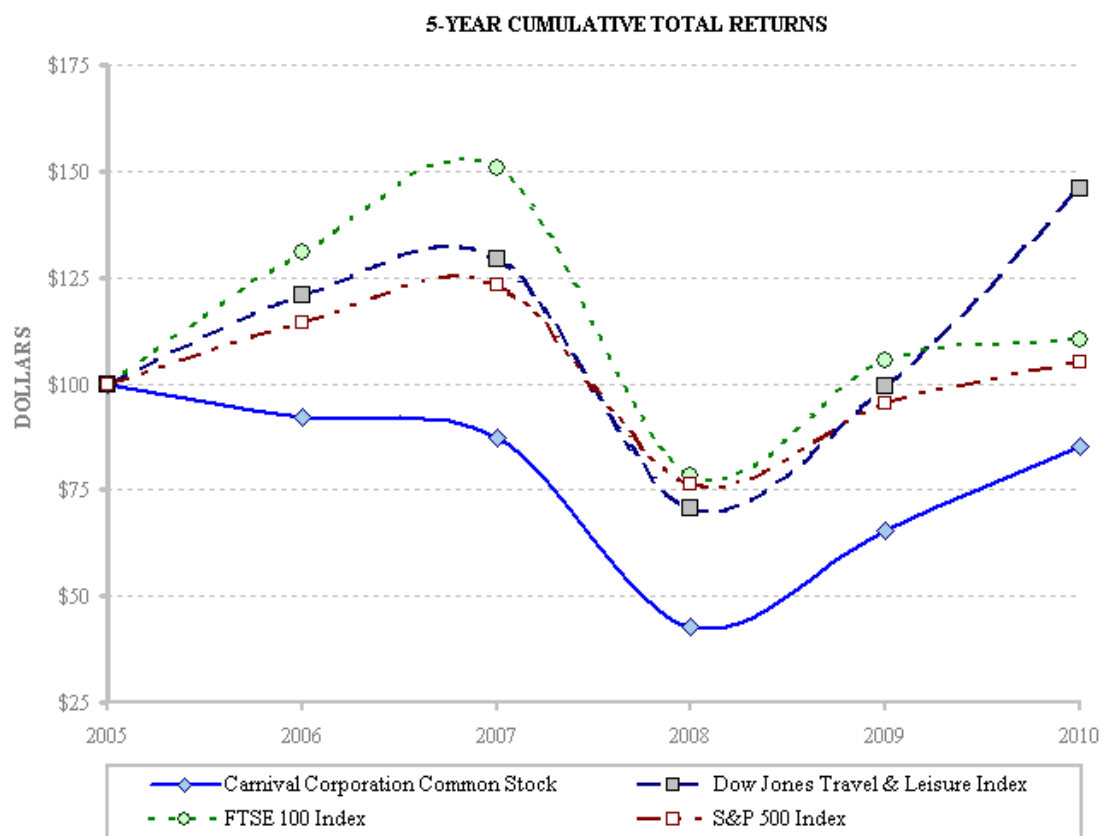
All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc ADSs receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end. At the January 2011 Boards of Directors meetings it was decided to increase our March 2011 quarterly dividend to \$0.25 per share from \$0.10 per share.

The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings, availability and cost of obtaining new debt and future debt and equity market conditions. We cannot be certain that Carnival Corporation and Carnival plc will continue their dividend in the future, and if so, the amount and timing of such future dividends are not determinable and may be different than prior declarations.

Stock Performance Graphs

Carnival Corporation

The following graph compares the Price Performance of \$100 if invested in Carnival Corporation common stock with the Price Performance of \$100 if invested in each of the S&P 500 Index, the Dow Jones U.S. Travel and Leisure Index (the "Dow Jones Travel & Leisure Index") and the FTSE 100 Index. The Price Performance, as used in the Performance Graph, is calculated by assuming \$100 is invested at the beginning of the period in Carnival Corporation common stock at a price equal to the market value. At the end of each fiscal year the total value of the investment is computed by taking the number of shares owned, assuming Carnival Corporation dividends are reinvested on an annual basis, multiplied by the market price of the shares at the end of each fiscal year.



Assumes \$100 Invested on December 1, 2005

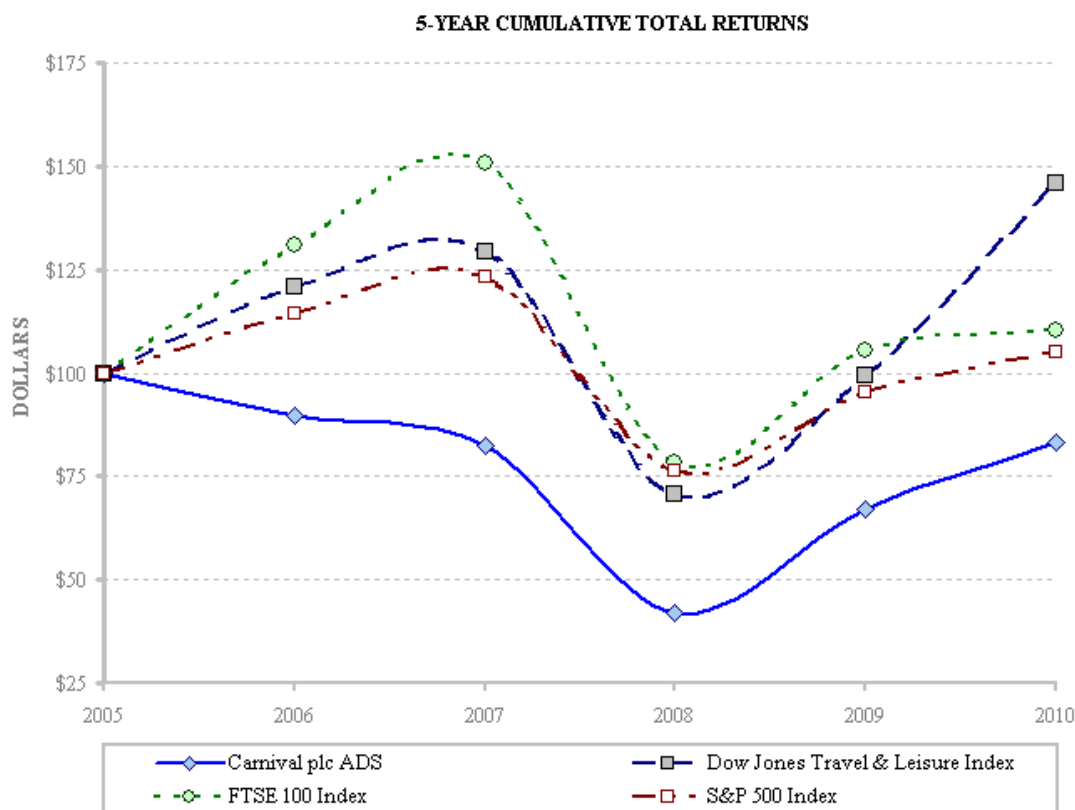
Assumes Dividends Reinvested

Years Ended November 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Carnival Corporation Common Stock	\$100	\$ 92	\$ 87	\$ 43	\$ 65	\$ 85
Dow Jones Travel & Leisure Index	\$100	\$121	\$129	\$ 71	\$ 99	\$146
FTSE 100 Index	\$100	\$131	\$151	\$ 78	\$106	\$110
S&P 500 Index	\$100	\$114	\$123	\$ 76	\$ 96	\$105

Carnival plc

The following graph compares the Price Performance of \$100 invested in Carnival plc ADSs, each representing one ordinary share of Carnival plc, with the Price Performance of \$100 invested in each of the indexes noted below. The Price Performance is calculated in a similar manner as previously discussed.



Assumes \$100 Invested on December 1, 2005

Assumes Dividends Reinvested

Years Ended November 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Carnival plc ADS	\$100	\$ 90	\$ 82	\$ 42	\$ 67	\$ 83
Dow Jones Travel & Leisure Index	\$100	\$121	\$129	\$ 71	\$ 99	\$146
FTSE 100 Index	\$100	\$131	\$151	\$ 78	\$106	\$110
S&P 500 Composite	\$100	\$114	\$123	\$ 76	\$ 96	\$105

Selected Quarterly Financial Data (Unaudited)

Our revenues from the sale of passenger tickets are 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 operating income is earned during this period. The seasonality of our results also increases due to ships being taken out of service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season. The seasonality of our results will continue to increase as we expand our EAA brands, which tend to be more seasonal than our North America brands. Finally, our North America brands have recently been trending towards an increasing level of seasonality.

Quarterly financial results for fiscal 2010 were as follows (in millions, except per share data):

	Quarters Ended			
	<u>February 28</u>	<u>May 31</u>	<u>August 31</u>	<u>November 30</u>
Revenues (a)	\$ 3,178	\$ 3,267	\$ 4,527	\$ 3,497
Operating income	\$ 255	\$ 349	\$ 1,402	\$ 341
Net income	\$ 175 (b)	\$ 252	\$ 1,303 (c)	\$ 248
Earnings per share				
Basic	\$ 0.22	\$ 0.32	\$ 1.65	\$ 0.31
Diluted	\$ 0.22	\$ 0.32	\$ 1.62	\$ 0.31
Dividends declared per share	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10

(a) During the fourth quarter of 2010, we changed the classification of our port costs that vary with guest head counts to a gross presentation from a net presentation, which resulted in an increase in both revenues and costs in the same amounts. This change had no impact on our operating income or net income. The amounts now included on a gross basis in revenues are \$83 million, \$72 million and \$101 million in the February 28, May 31 and August 31 quarters, respectively.

(b) Includes \$19 million of income from minimum guarantees and a litigation settlement, a \$44 million gain recognized from the sale of P&O Cruises (UK)'s *Artemis* and an \$18 million Italian investment income tax benefit.

(c) Includes a \$41 million expense related to the British Merchant Navy Officers Pension Fund, a \$17 million gain from Cunard's litigation settlement and a \$12 million Italian investment income tax benefit.

Quarterly financial results for fiscal 2009 were as follows (in millions, except per share data):

	Quarters Ended			
	<u>February 28</u>	<u>May 31</u>	<u>August 31</u>	<u>November 30</u>
Revenues (a)	\$ 2,935	\$ 3,013	\$ 4,230	\$ 3,282
Operating income	\$ 311	\$ 353	\$ 1,196	\$ 294
Net income	\$ 260 (b)	\$ 264	\$ 1,073	\$ 193
Earnings per share				
Basic	\$ 0.33	\$ 0.34	\$ 1.36	\$ 0.25
Diluted	\$ 0.33	\$ 0.33	\$ 1.33	\$ 0.24

(a) The amount of port costs that vary with guest head counts that are now included in gross revenues as described above are \$71 million, \$65 million, \$91 million and \$76 million in the February 28, May 31, August 31 and November 30 quarters, respectively.

(b) Includes a \$15 million gain from the unwinding of a lease out and lease back type transaction and a \$17 million gain from changes in uncertain income tax position liabilities.

Significant Subsidiaries of Carnival Corporation and Carnival plc (1)

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Costa Crociere, S.p.A. (“Costa”) (2)	Italy
HAL Antillen N.V.	Curacao
Holland America Line N.V. (3)	Curacao
Princess Bermuda Holdings Ltd.	Bermuda
Princess Cruise Lines Ltd. (4)	Bermuda
Sunshine Shipping Corporation Ltd. (“Sunshine”) (5)	Bermuda

(1) Carnival Corporation, incorporated in the Republic of Panama, and Carnival plc, incorporated in England and Wales, are separate legal entities, which have entered into a DLC structure as discussed in Notes 1 and 3 to the Consolidated Financial Statements in Exhibit 13 to the joint Annual Report on Form 10-K. We have accounted for the DLC transaction under U.S. GAAP as an acquisition by Carnival Corporation of Carnival plc. Accordingly, we have determined the significant subsidiaries based upon the consolidated results of operations and financial position of Carnival Corporation & plc. All of our cruise brands are 100% owned, except as noted in (2) below.

(2) Subsidiary of Carnival plc (99.97% owned by Carnival plc).

(3) Subsidiary of HAL Antillen N.V.

(4) Subsidiary of Sunshine.

(5) Subsidiary of Princess Bermuda Holdings Ltd.

Consent of Independent Registered Certified Public Accounting Firm

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 of Carnival Corporation and Carnival plc (File Nos. 333-106553, 333-106553-01, 333-157861 and 333-157861-01), the Registration Statements on Form S-8 of Carnival Corporation (File Nos. 333-125418, 333-105672, 333-87036, 333-67394, 333-60558, 333-43885, 33-51195, 33-45287 and 33-26898), the Registration Statement on Form S-3 of Carnival plc (File No. 333-160411), and the Registration Statements on Form S-8 of Carnival plc (File Nos. 333-125418-01, 333-124640, 333-104609, 333-84968, 333-13794 and 333-12742), of our report, dated January 31, 2011, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this joint Annual Report on Form 10-K.

/s/PricewaterhouseCoopers LLP

Miami, Florida
January 31, 2011

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2010 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals as of the 18th day of October 2010.

CARNIVAL CORPORATION

/s/ Sir Jonathon Band

Sir Jonathon Band
Director

/s/ Robert H. Dickinson

Robert H. Dickinson
Director

/s/ Arnold W. Donald

Arnold W. Donald
Director

/s/ Pier Luigi Foschi

Pier Luigi Foschi
Director

/s/ Richard J. Glasier

Richard J. Glasier
Director

/s/ Modesto A. Maidique

Modesto A. Maidique
Director

/s/ Sir John Parker

Sir John Parker
Director

/s/ Peter G. Ratcliffe

Peter G. Ratcliffe
Director

/s/ Stuart Subotnick

Stuart Subotnick
Director

/s/ Laura Weil

Laura Weil
Director

/s/ Randall J. Weisenburger

Randall J. Weisenburger
Director

/s/ Uzi Zucker

Uzi Zucker
Director

CARNIVAL PLC

/s/ Sir Jonathon Band

Sir Jonathon Band
Director

/s/ Robert H. Dickinson

Robert H. Dickinson
Director

/s/ Arnold W. Donald

Arnold W. Donald
Director

/s/ Pier Luigi Foschi

Pier Luigi Foschi
Director

/s/ Richard J. Glasier

Richard J. Glasier
Director

/s/ Modesto A. Maidique

Modesto A. Maidique
Director

/s/ Sir John Parker

Sir John Parker
Director

/s/ Peter G. Ratcliffe

Peter G. Ratcliffe
Director

/s/ Stuart Subotnick

Stuart Subotnick
Director

/s/ Laura Weil

Laura Weil
Director

/s/ Randall J. Weisenburger

Randall J. Weisenburger
Director

/s/ Uzi Zucker

Uzi Zucker
Director

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 fourth 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: January 31, 2011

By:/s/ Micky Arison

Micky Arison

Chairman of the Board of Directors

and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this 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 fourth 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: January 31, 2011

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

I, David Bernstein, 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 fourth 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: January 31, 2011

By:/s/ David Bernstein

David Bernstein

Senior Vice President and

Chief Financial Officer

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 fourth 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: January 31, 2011

By:/s/ Micky Arison

Micky Arison

Chairman of the Board of Directors

and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this 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 fourth 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: January 31, 2011

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

I, David Bernstein, 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 fourth 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: January 31, 2011

By:/s/ David Bernstein

David Bernstein

Senior Vice President and

Chief Financial Officer

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2010 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: January 31, 2011

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, 2010 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: January 31, 2011

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, 2010 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: January 31, 2011

By: /s/ David Bernstein

David Bernstein
Senior Vice President and
Chief Financial Officer

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2010 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: January 31, 2011

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, 2010 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: January 31, 2011

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, 2010 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: January 31, 2011

By: /s/ David Bernstein

David Bernstein
Senior Vice President and
Chief Financial Officer