

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

For the quarterly period ended May 31, 2018

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: 001-9610

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)  
(Zip Code)

(305) 599-2600

(Registrant's telephone number, including area code)

None

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



Commission file number: 001-15136

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, 100 Harbour Parade,  
Southampton SO15 1ST, United Kingdom

(Address of principal executive offices)  
(Zip Code)

011 44 23 8065 5000

(Registrant's telephone number, including area code)

None

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

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate websites, 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 whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filers  Accelerated filers  Non-accelerated filers  Smaller reporting companies  Emerging growth companies

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

At June 18, 2018, Carnival Corporation had outstanding 530,611,416 shares of Common Stock, \$0.01 par value.

At June 18, 2018, Carnival plc had outstanding 206,184,708 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 530,611,416 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

**CARNIVAL CORPORATION & PLC**

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended May 31,		Six Months Ended May 31,	
	2018	2017	2018	2017
<b>Revenues</b>				
Cruise				
Passenger ticket	\$ 3,193	\$ 2,872	\$ 6,341	\$ 5,676
Onboard and other	1,122	1,036	2,192	2,014
Tour and other	42	37	55	46
	<u>4,357</u>	<u>3,945</u>	<u>8,589</u>	<u>7,736</u>
<b>Operating Costs and Expenses</b>				
Cruise				
Commissions, transportation and other	577	513	1,240	1,082
Onboard and other	138	129	278	253
Payroll and related	543	513	1,101	1,032
Fuel	373	310	731	607
Food	265	253	530	504
Other ship operating	749	685	1,460	1,346
Tour and other	36	33	50	46
	<u>2,681</u>	<u>2,436</u>	<u>5,390</u>	<u>4,870</u>
Selling and administrative	605	553	1,221	1,102
Depreciation and amortization	512	456	1,000	896
	<u>3,798</u>	<u>3,445</u>	<u>7,611</u>	<u>6,868</u>
<b>Operating Income</b>	<u>559</u>	<u>500</u>	<u>978</u>	<u>868</u>
<b>Nonoperating Income (Expense)</b>				
Interest income	3	2	6	4
Interest expense, net of capitalized interest	(49)	(50)	(98)	(101)
Gains (losses) on fuel derivatives, net	41	(53)	57	(27)
Other income (expense), net	10	(15)	11	(7)
	<u>5</u>	<u>(116)</u>	<u>(24)</u>	<u>(131)</u>
<b>Income Before Income Taxes</b>	<u>564</u>	<u>384</u>	<u>955</u>	<u>737</u>
<b>Income Tax Expense, Net</b>	<u>(3)</u>	<u>(5)</u>	<u>(3)</u>	<u>(7)</u>
<b>Net Income</b>	<u>\$ 561</u>	<u>\$ 379</u>	<u>\$ 951</u>	<u>\$ 730</u>
<b>Earnings Per Share</b>				
Basic	<u>\$ 0.79</u>	<u>\$ 0.52</u>	<u>\$ 1.33</u>	<u>\$ 1.01</u>
Diluted	<u>\$ 0.78</u>	<u>\$ 0.52</u>	<u>\$ 1.33</u>	<u>\$ 1.00</u>
<b>Dividends Declared Per Share</b>	<u>\$ 0.50</u>	<u>\$ 0.40</u>	<u>\$ 0.95</u>	<u>\$ 0.75</u>

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

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
(in millions)

	<b>Three Months Ended May 31,</b>		<b>Six Months Ended May 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Net Income</b>	\$ 561	\$ 379	\$ 951	\$ 730
<b>Items Included in Other Comprehensive (Loss) Income</b>				
Change in foreign currency translation adjustment	(357)	257	(56)	257
Other	(11)	29	(17)	43
<b>Other Comprehensive (Loss) Income</b>	<b>(368)</b>	<b>286</b>	<b>(73)</b>	<b>300</b>
<b>Total Comprehensive Income</b>	<b>\$ 193</b>	<b>\$ 665</b>	<b>\$ 878</b>	<b>\$ 1,030</b>

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

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

	May 31, 2018	November 30, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,053	\$ 395
Trade and other receivables, net	342	312
Inventories	402	387
Prepaid expenses and other	481	502
Total current assets	<u>2,278</u>	<u>1,596</u>
<b>Property and Equipment, Net</b>	35,227	34,430
<b>Goodwill</b>	2,950	2,967
<b>Other Intangibles</b>	1,183	1,200
<b>Other Assets</b>	546	585
	<u>\$ 42,184</u>	<u>\$ 40,778</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 837	\$ 485
Current portion of long-term debt	848	1,717
Accounts payable	745	762
Accrued liabilities and other	1,571	1,877
Customer deposits	5,308	3,958
Total current liabilities	<u>9,308</u>	<u>8,800</u>
<b>Long-Term Debt</b>	8,172	6,993
<b>Other Long-Term Liabilities</b>	771	769
<b>Contingencies</b>		
<b>Shareholders' Equity</b>		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 656 shares at 2018 and 655 shares at 2017 issued	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2018 and 2017 issued	358	358
Additional paid-in capital	8,721	8,690
Retained earnings	23,564	23,292
Accumulated other comprehensive loss	(1,855)	(1,782)
Treasury stock, 125 shares at 2018 and 122 shares at 2017 of Carnival Corporation and 37 shares at 2018 and 32 shares at 2017 of Carnival plc, at cost	(6,862)	(6,349)
Total shareholders' equity	<u>23,933</u>	<u>24,216</u>
	<u>\$ 42,184</u>	<u>\$ 40,778</u>

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

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

	<b>Six Months Ended May</b>	
	<b>31,</b>	
	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 951	\$ 730
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,000	896
(Gains) losses on fuel derivatives, net	(57)	27
Share-based compensation	32	34
Other, net	4	36
	<u>1,930</u>	<u>1,723</u>
Changes in operating assets and liabilities		
Receivables	(35)	(8)
Inventories	(16)	(19)
Prepaid expenses and other	59	(28)
Accounts payable	(14)	(38)
Accrued liabilities and other	(249)	(20)
Customer deposits	1,413	1,239
Net cash provided by operating activities	<u>3,087</u>	<u>2,849</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(2,201)	(1,859)
Proceeds from sales of ships	102	—
Payments of fuel derivative settlements	(34)	(99)
Other, net	41	24
Net cash used in investing activities	<u>(2,092)</u>	<u>(1,934)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings, net	398	182
Principal repayments of long-term debt	(1,181)	(907)
Proceeds from issuance of long-term debt	1,618	467
Dividends paid	(646)	(507)
Purchases of treasury stock	(513)	(152)
Other, net	(16)	(18)
Net cash used in financing activities	<u>(339)</u>	<u>(935)</u>
Effect of exchange rate changes on cash and cash equivalents	2	14
Net increase (decrease) in cash and cash equivalents	658	(6)
Cash and cash equivalents at beginning of period	395	603
Cash and cash equivalents at end of period	<u>\$ 1,053</u>	<u>\$ 597</u>

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

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

**NOTE 1 – General**

The 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 joint Quarterly Report on Form 10-Q as “Carnival Corporation & plc,” “our,” “us” and “we.”

***Basis of Presentation***

The Consolidated Statements of Income and the Consolidated Statements of Comprehensive Income for the six months ended May 31, 2018 and 2017, the Consolidated Balance Sheet at May 31, 2018 and the Consolidated Statements of Cash Flows for the six months ended May 31, 2018 and 2017 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2017 joint Annual Report on Form 10-K (“Form 10-K”) filed with the U.S. Securities and Exchange Commission on January 29, 2018. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

***Accounting Pronouncements***

The Financial Accounting Standards Board (the “FASB”) issued amended guidance, *Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the bifurcation of service costs and other components of net benefit cost. The presentation of the other components of net benefit cost have been recorded in other income. On December 1, 2017, we adopted this guidance using the retrospective transition method for the presentation of the service cost component and other components of net benefit cost. The impact of adopting this guidance was immaterial to our consolidated financial statements, and as such, prior period information was not revised.

The FASB issued guidance, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. When effective, this standard will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles (“U.S. GAAP”). The standard also requires more detailed disclosures and provides additional guidance for transactions that were not comprehensively addressed in U.S. GAAP. This guidance is required to be adopted by us in the first quarter of 2019 and can be applied using either a retrospective or a modified retrospective approach. Based on our assessment to date, the adoption of this guidance is not expected to have a material impact to the timing of our recognition of revenue and will require additional disclosures. We are currently evaluating if this guidance will have any other impact on our consolidated financial statements.

The FASB issued amended guidance, *Business Combinations - Clarifying the Definition of a Business*, which assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is required to be adopted by us in the first quarter of 2019 on a prospective basis. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are aimed at reducing the existing diversity in practice. This guidance is required to be adopted by us in the first quarter of 2019 and must be applied using a retrospective approach for each period presented. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Statement of Cash Flows - Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents in the statement of cash flows. This guidance is required to be adopted by us in the first quarter of 2019 and must be applied using a retrospective approach to each period presented. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Service Concession Arrangements*, which clarifies that the grantor in a service arrangement should be considered the customer of the operating entity in all cases. This guidance is required to be adopted by

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us in the first quarter of 2019 and can be applied using either a retrospective or a modified retrospective approach. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued guidance, *Leases*, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance is required to be adopted by us in the first quarter of 2020 and must be applied using a modified retrospective approach. Early adoption is permitted. Based on our assessment to date, the initial adoption of this guidance is expected to increase both our total assets and total liabilities and will require additional disclosures. We are currently evaluating if this guidance will have any other impact on our consolidated financial statements.

The FASB issued guidance, *Derivatives and Hedging*, which targeted improvements to accounting for hedging activities such as hedging strategies, effectiveness assessments, and recognition of derivative gains or losses. This guidance is required to be adopted by us in the first quarter of 2020 and must be applied using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

***Other***

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. The portion of these fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were \$143 million and \$136 million and \$291 million and \$279 million for the three and six months ended May 31, 2018 and 2017, respectively.

**NOTE 2 – Unsecured Debt**

At May 31, 2018, our short-term borrowings consisted of euro-denominated commercial paper of \$606 million and a euro-denominated bank loan of \$231 million due in 2019. For the six months ended May 31, 2018 and 2017, we had borrowings of \$2 million and \$111 million and repayments of \$2 million and \$364 million of commercial paper with original maturities greater than three months.

In December 2017, we repaid a \$500 million bond and borrowed \$469 million under a sterling-denominated floating rate bank loan due in 2022.

In January 2018, we repaid \$365 million of euro-denominated floating rate bank loans prior to their 2018 and 2021 maturity dates.

In March 2018, we borrowed \$370 million under a euro-denominated floating rate bank loan due in 2020 and borrowed \$555 million under an export credit facility due in semi-annual installments through 2030.

In April 2018, we borrowed \$224 million under an export credit facility due in semi-annual installments through 2030.

**NOTE 3 – 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 the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. We believe the ultimate outcome of these claims and lawsuits will not have a material impact on our consolidated financial statements.

***Contingent Obligations – Indemnifications***

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase our lender's costs. 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.



**NOTE 4 – Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks**

**Fair Value Measurements**

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- 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.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

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

<i>(in millions)</i>	May 31, 2018				November 30, 2017			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Assets</b>								
Long-term other assets (a)	\$ 140	\$ —	\$ 37	\$ 101	\$ 126	\$ —	\$ 49	\$ 75
Total	\$ 140	\$ —	\$ 37	\$ 101	\$ 126	\$ —	\$ 49	\$ 75
<b>Liabilities</b>								
Fixed rate debt (b)	\$ 5,296	\$ —	\$ 5,473	\$ —	\$ 5,588	\$ —	\$ 5,892	\$ —
Floating rate debt (b)	4,610	—	4,646	—	3,658	—	3,697	—
Total	\$ 9,906	\$ —	\$ 10,119	\$ —	\$ 9,246	\$ —	\$ 9,589	\$ —

- (a) Long-term other assets are comprised of notes receivable. The fair values of our Level 2 notes receivable were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.
- (b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

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

<i>(in millions)</i>	May 31, 2018			November 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Cash and cash equivalents	\$ 1,053	\$ —	\$ —	\$ 395	\$ —	\$ —
Restricted cash	15	—	—	26	—	—
Marketable securities held in rabbi trusts (a)	7	—	—	97	—	—
Derivative financial instruments	—	6	—	—	15	—
Total	\$ 1,075	\$ 6	\$ —	\$ 518	\$ 15	\$ —
<b>Liabilities</b>						
Derivative financial instruments	\$ —	\$ 59	\$ —	\$ —	\$ 161	\$ —
Total	\$ —	\$ 59	\$ —	\$ —	\$ 161	\$ —

(a) The use of marketable securities held in rabbi trusts is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

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

**Valuation of Goodwill and Trademarks**

<i>(in millions)</i>	Goodwill		
	NAA (a) Segment	EA (b) Segment	Total
At November 30, 2017	\$ 1,898	\$ 1,069	\$ 2,967
Foreign currency translation adjustment	—	(17)	(17)
At May 31, 2018	\$ 1,898	\$ 1,052	\$ 2,950

(a) North America & Australia (“NAA”)

(b) Europe & Asia (“EA”)

<i>(in millions)</i>	Trademarks		
	NAA Segment	EA Segment	Total
At November 30, 2017	\$ 927	\$ 252	\$ 1,179
Foreign currency translation adjustment	—	(3)	(3)
At May 31, 2018	\$ 927	\$ 248	\$ 1,176

The determination of our reporting unit goodwill and trademark fair values includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments. A change in the conditions, circumstances or strategy, may result in a need to recognize an impairment charge.

**Derivative Instruments and Hedging Activities**

<i>(in millions)</i>	<b>Balance Sheet Location</b>	<b>May 31, 2018</b>	<b>November 30, 2017</b>
<b>Derivative assets</b>			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	\$ 4	\$ 3
Foreign currency zero cost collars (b)	Prepaid expenses and other	2	12
<b>Total derivative assets</b>		<b>\$ 6</b>	<b>\$ 15</b>
<b>Derivative liabilities</b>			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Accrued liabilities and other	\$ 10	\$ 13
	Other long-term liabilities	14	17
Interest rate swaps (c)	Accrued liabilities and other	9	10
	Other long-term liabilities	13	17
		46	57
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	13	95
	Other long-term liabilities	—	9
		13	104
<b>Total derivative liabilities</b>		<b>\$ 59</b>	<b>\$ 161</b>

- (a) At May 31, 2018 and November 30, 2017, we had foreign currency swaps totaling \$316 million and \$324 million, respectively, that are designated as hedges of our net investments in foreign operations with a euro-denominated functional currency. At May 31, 2018, these foreign currency swaps settle through September 2019.
- (b) At May 31, 2018 and November 30, 2017, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See “Newbuild Currency Risks” below for additional information regarding these derivatives.
- (c) 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. These interest rate swap agreements effectively changed \$429 million at May 31, 2018 and \$479 million at November 30, 2017 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At May 31, 2018, these interest rate swaps settle through March 2025.
- (d) At May 31, 2018 and November 30, 2017, we had fuel derivatives consisting of zero cost collars on Brent crude oil (“Brent”) to cover a portion of our estimated fuel consumption through 2018. See “Fuel Price Risks” below for additional information regarding these derivatives.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties.

<b>May 31, 2018</b>					
<i>(in millions)</i>	<b>Gross Amounts</b>	<b>Gross Amounts Offset in the Balance Sheet</b>	<b>Total Net Amounts Presented in the Balance Sheet</b>	<b>Gross Amounts not Offset in the Balance Sheet</b>	<b>Net Amounts</b>
Assets	\$ 6	\$ —	\$ 6	\$ (4)	\$ 2
Liabilities	\$ 59	\$ —	\$ 59	\$ (4)	\$ 54
<b>November 30, 2017</b>					
<i>(in millions)</i>	<b>Gross Amounts</b>	<b>Gross Amounts Offset in the Balance Sheet</b>	<b>Total Net Amounts Presented in the Balance Sheet</b>	<b>Gross Amounts not Offset in the Balance Sheet</b>	<b>Net Amounts</b>
Assets	\$ 15	\$ —	\$ 15	\$ (8)	\$ 7
Liabilities	\$ 161	\$ —	\$ 161	\$ (8)	\$ 153

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The effective gain (loss) portions of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income were as follows:

<i>(in millions)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2018	2017	2018	2017
Net investment hedges	\$ 16	\$ (17)	\$ 10	\$ (16)
Foreign currency zero cost collars – cash flow hedges	\$ (11)	\$ 27	\$ (10)	\$ 35
Interest rate swaps – cash flow hedges	\$ —	\$ 3	\$ 4	\$ 4

There are no credit risk related contingent features in our derivative agreements, except for bilateral credit provisions within our fuel derivative counterparty agreements. These provisions require cash collateral to be posted or received to the extent the fuel derivative fair value payable to or receivable from an individual counterparty exceeds \$100 million. At May 31, 2018 and November 30, 2017, no collateral was required to be posted to or received from our fuel derivative counterparties.

The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant.

**Financial Risks**

*Fuel Price Risks*

Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have Brent call options and Brent put options, collectively referred to as zero cost collars, that establish ceiling and floor prices and mitigate a portion of our economic risk attributable to potential fuel price increases. To maximize operational flexibility we utilized derivative markets with significant trading liquidity.

Our zero cost collars are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. We will not realize any economic gain or loss upon the monthly maturities of our zero cost collars unless the average monthly price of Brent is above the ceiling price or below the floor price. We believe that these zero cost collars will act as economic hedges; however, hedge accounting is not applied.

<i>(in millions)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2018	2017	2018	2017
Unrealized gains (losses) on fuel derivatives, net	\$ 50	\$ (2)	\$ 82	\$ 69
Realized losses on fuel derivatives, net	(9)	(51)	(25)	(96)
Gains (losses) on fuel derivatives, net	\$ 41	\$ (53)	\$ 57	\$ (27)

At May 31, 2018, our outstanding fuel derivatives consisted of zero cost collars on Brent as follows:

<u>Maturities (a)</u>	<u>Transaction Dates</u>	<u>Barrels (in thousands)</u>	<u>Weighted-Average Floor Prices</u>	<u>Weighted-Average Ceiling Prices</u>
Fiscal 2018				
	January 2014	1,350	\$ 75	\$ 110
	October 2014	1,500	\$ 80	\$ 114
		<u>2,850</u>		

(a) Fuel derivatives mature evenly over each month in 2018.

### ***Foreign Currency Exchange Rate Risks***

#### **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 non-derivative financial instruments. Our primary focus is to monitor our exposure to, and manage, the economic foreign currency exchange risks faced by our operations and realized if we exchange one currency for another. We currently only hedge certain of our ship commitments and net investments in foreign operations. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

#### ***Operational Currency Risks***

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

#### ***Investment Currency Risks***

We consider our investments in foreign operations to be denominated in stable currencies. Our investments in foreign operations are of a long-term nature. We have \$5.8 billion and \$876 million of euro- and sterling-denominated debt, respectively, including the effect of foreign currency swaps, which provides an economic offset for our operations with euro and sterling functional currency. We also partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations' functional currencies.

#### ***Newbuild Currency Risks***

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts to manage foreign currency exchange rate risk for some of our ship construction payments. At May 31, 2018, for the following newbuilds, we had foreign currency zero cost collars for a portion of euro-denominated shipyard payments. These collars are designated as cash flow hedges.

	<b>Entered Into</b>	<b>Matures in</b>	<b>Weighted-Average Floor Rate</b>	<b>Weighted- Average Ceiling Rate</b>
<i>Nieuw Statendam</i>	2016	November 2018	\$ 1.05	\$ 1.25

If the spot rate is between the ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under these collars.

At May 31, 2018, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of \$7.6 billion and relates to newbuilds scheduled to be delivered in 2019 through 2022 to non-euro functional currency brands.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' will be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our decision to order new cruise ships.

#### ***Interest Rate Risks***

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps, issuance of new debt, amendment of existing debt or early retirement of existing debt.

***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. We seek to minimize these credit risk exposures, 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:

- Conducting business with large, well-established financial institutions, insurance companies and export credit agencies
- Diversifying our counterparties
- Having guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk
- Generally requiring 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. At May 31, 2018, our exposures under foreign currency and fuel derivative contracts and interest rate swap agreements were not material. We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe, which includes charter-hire agreements in Asia and credit and debit card providers to which we extend credit in the normal course of our business. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. Concentrations of credit risk associated with these trade receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. We have not experienced significant credit losses on our trade receivables, charter-hire agreements and contingent obligations. We do not normally require collateral or other security to support normal credit sales.

**NOTE 5 – Segment Information**

Beginning in the first quarter of 2018, we revised our operating segments due to changes in our internal reporting as a result of the recent strategic realignment of our business in Australia. The presentation of prior period segment information has been revised to reflect this change. Our operating segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker (“CODM”), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. Our four reportable segments are comprised of (1) North America and Australia cruise operations (“NAA”), (2) Europe and Asia cruise operations (“EA”), (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and EA reportable segments have been aggregated based on the similarity of their economic and other characteristics. Our Cruise Support segment represents our portfolio of leading port destinations and other services, all of which are operated for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

Three Months Ended May 31,						
<i>(in millions)</i>	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	
<b>2018</b>						
NAA	\$ 2,836	\$ 1,747	\$ 338	\$ 317	\$ 433	
EA	1,449	888	191	160	210	
Cruise Support	31	11	64	25	(69)	
Tour and Other	42	36	11	10	(14)	
	<u>\$ 4,357</u>	<u>\$ 2,681</u>	<u>\$ 605</u>	<u>\$ 512</u>	<u>\$ 559</u>	
<b>2017</b>						
NAA	\$ 2,663	\$ 1,596	\$ 330	\$ 301	\$ 436	
EA	1,212	796	161	134	120	
Cruise Support	34	11	56	12	(45)	
Tour and Other	37	33	6	9	(11)	
	<u>\$ 3,945</u>	<u>\$ 2,436</u>	<u>\$ 553</u>	<u>\$ 456</u>	<u>\$ 500</u>	

Six Months Ended May 31,						
<i>(in millions)</i>	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	
<b>2018</b>						
NAA	\$ 5,519	\$ 3,405	\$ 705	\$ 617	\$ 793	
EA	2,952	1,892	379	316	364	
Cruise Support	63	43	119	48	(147)	
Tour and Other	55	50	17	19	(31)	
	<u>\$ 8,589</u>	<u>\$ 5,390</u>	<u>\$ 1,221</u>	<u>\$ 1,000</u>	<u>\$ 978</u>	
<b>2017</b>						
NAA	\$ 5,180	\$ 3,152	\$ 663	\$ 591	\$ 774	
EA	2,438	1,655	320	264	199	
Cruise Support	72	17	111	23	(79)	
Tour and Other	46	46	8	18	(26)	
	<u>\$ 7,736</u>	<u>\$ 4,870</u>	<u>\$ 1,102</u>	<u>\$ 896</u>	<u>\$ 868</u>	

**NOTE 6 – Earnings Per Share**

<i>(in millions, except per share data)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2018	2017	2018	2017
Net income for basic and diluted earnings per share	\$ 561	\$ 379	\$ 951	\$ 730
Weighted-average shares outstanding	714	724	715	724
Dilutive effect of equity plans	1	3	2	3
Diluted weighted-average shares outstanding	715	727	717	727
Basic earnings per share	<u>\$ 0.79</u>	<u>\$ 0.52</u>	<u>\$ 1.33</u>	<u>\$ 1.01</u>
Diluted earnings per share	<u>\$ 0.78</u>	<u>\$ 0.52</u>	<u>\$ 1.33</u>	<u>\$ 1.00</u>

**NOTE 7 – Shareholders’ Equity**

On April 10, 2018, the Boards of Directors approved a modification of the general authorization to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares (the “Repurchase Program”), which replenished the remaining authorized repurchases at the time of the approval to \$1.0 billion. During the six months ended May 31, 2018, we repurchased 4.7 million shares of Carnival plc ordinary shares and 3.1 million shares of Carnival Corporation common stock for \$312 million and \$201 million, respectively, under the Repurchase Program. At May 31, 2018, the remaining availability under the Repurchase Program was \$827 million.

During the three months ended May 31, 2018, our Boards of Directors declared a dividend to holders of Carnival Corporation common stock and Carnival plc ordinary shares of \$0.50 per share, which was an increase from the prior dividend of \$0.45 per share.

**NOTE 8 – Property and Equipment**

In March 2018, we sold an EA 700-passenger capacity ship.

In April 2018, we transferred an EA 1,300-passenger capacity ship under a bareboat charter agreement which was accounted for as a sale.



**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Cautionary Note Concerning Factors That May Affect Future Results**

Some of the statements, estimates or projections contained in this document 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. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate," "outlook," and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Net revenue yields
- Booking levels
- Pricing and occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Net cruise costs, excluding fuel per available lower berth day
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity
- Adjusted earnings per share

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 by our forward-looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- The demand for cruises may decline due to adverse world events impacting the ability or desire of people to travel, including conditions affecting the safety and security of travel, government regulations and requirements, and decline in consumer confidence
- Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew
- Changes in and compliance with laws and regulations relating to environment, health, safety, security, data privacy and protection, tax and anti-corruption under which we operate may lead to litigations, enforcement actions, fines, or penalties
- Disruptions and other damages to our information technology and other networks and operations, breaches in data security, lapses in data privacy, and failure to keep pace with developments in technology
- Ability to recruit, develop and retain qualified shipboard personnel who live on ships away from home for extended periods of time
- Increases in fuel prices and availability of fuel supply
- Fluctuations in foreign currency exchange rates
- Overcapacity and competition in the cruise ship and land-based vacation industry
- Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain, as well as reductions in the availability of, and increases in the prices for, the services and products provided by these vendors
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations, as well as increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages
- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

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 document, 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.

**New Accounting Pronouncements**

Refer to our consolidated financial statements for further information on *Accounting Pronouncements*.

**Critical Accounting Estimates**

For a discussion of our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that is included in the Form 10-K.

**Seasonality**

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels 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.

**Statistical Information**

	Three Months Ended May 31,		Six Months Ended May 31,	
	2018	2017	2018	2017
Available Lower Berth Days ("ALBDs") (in thousands) (a) (b)	20,690	20,397	41,151	40,421
Occupancy percentage (c)	105.7%	104.1%	105.2%	104.3%
Passengers carried (in thousands)	2,971	2,906	5,831	5,675
Fuel consumption in metric tons (in thousands)	819	830	1,640	1,649
Fuel consumption in metric tons per thousand ALBDs	39.6	40.7	39.9	40.8
Fuel cost per metric ton consumed	\$ 455	\$ 374	\$ 446	\$ 368
Currencies (USD to 1)				
AUD	\$ 0.77	\$ 0.75	\$ 0.77	\$ 0.75
CAD	\$ 0.78	\$ 0.74	\$ 0.79	\$ 0.75
EUR	\$ 1.21	\$ 1.08	\$ 1.21	\$ 1.07
GBP	\$ 1.38	\$ 1.26	\$ 1.38	\$ 1.25
RMB	\$ 0.16	\$ 0.15	\$ 0.16	\$ 0.15

- (a) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform 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.
- (b) For the three months ended May 31, 2018 compared to the three months ended May 31, 2017, we had a 1.4% capacity increase in ALBDs comprised of a 2.1% capacity increase in our NAA segment and a 0.3% capacity increase in our EA segment.

Our NAA capacity increase was caused by:

- Partial quarter impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017
- Partial quarter impact from one Carnival Cruise Line 3,970-passenger capacity ship that entered into service in April 2018
- Partial quarter impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018

These increases were partially offset by the partial quarter impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

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Our EA segment's capacity increase was caused by:

- Full quarter impact from one AIDA Cruises 3,290-passenger capacity ship that entered into service in June 2017

These increases were partially offset by:

- Partial quarter impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Partial quarter impact from one Costa Cruises 1,300-passenger capacity ship removed from service in April 2018

For the six months ended May 31, 2018 compared to the six months ended May 31, 2017, we had a 1.8% capacity increase in ALBDs comprised of a 1.8% capacity increase in our NAA segment and a 1.9% capacity increase in our EA segment.

Our NAA capacity increase was caused by:

- Partial period impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017
- Partial period impact from one Carnival Cruise Line 3,970-passenger capacity ship that entered into service in April 2018
- Partial period impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018

These increases were partially offset by the partial period impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

Our EA segment's capacity increase was caused by:

- Full period impact from one AIDA Cruises 3,290-passenger capacity ship that entered into service in June 2017

These increases were partially offset by:

- Partial period impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Partial period impact from one Costa Cruises 1,300-passenger capacity ship removed from service in April 2018

- (c) In accordance with cruise industry practice, occupancy is calculated using a denominator of ALBDs, which assumes 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.

### **Three Months Ended May 31, 2018 ("2018") Compared to Three Months Ended May 31, 2017 ("2017")**

#### **Revenues**

##### **Consolidated**

Cruise passenger ticket revenues made up 73% of our 2018 total revenues. Cruise passenger ticket revenues increased by \$321 million, or 11%, to \$3.2 billion in 2018 from \$2.9 billion in 2017.

This increase was driven by:

- \$121 million - foreign currency translational impact from a weaker U.S. dollar against the functional currencies of our foreign operations ("foreign currency translational impact")
- \$90 million - increase in cruise ticket revenues, driven primarily by price improvements in our European, Alaskan, China and various other programs including World Cruises
- \$44 million - increase in occupancy
- \$41 million - 1.4% capacity increase in ALBDs
- \$14 million - increase in air transportation revenues

The remaining 27% of 2018 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by \$86 million, or 8.3%, to \$1.1 billion in 2018 from \$1.0 billion in 2017.

This increase was driven by:

- \$27 million - foreign currency translational impact
- \$25 million - higher onboard spending by our guests
- \$16 million - increase in occupancy
- \$15 million - 1.4% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by \$25 million, or 10%, to \$270 million in 2018 from \$245 million in 2017.

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### **NAA Segment**

Cruise passenger ticket revenues made up 71% of our NAA segment's 2018 total revenues. Cruise passenger ticket revenues increased by \$129 million, or 6.8%, to \$2.0 billion in 2018 compared to \$1.9 billion in 2017.

This increase was driven by:

- \$82 million - increase in cruise ticket revenues, driven primarily by price improvements in the European and Alaskan programs
- \$40 million - 2.1% capacity increase in ALBDs

The remaining 29% of our NAA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by \$44 million, or 5.7%, to \$815 million in 2018 from \$771 million in 2017.

This increase was driven by:

- \$25 million - higher onboard spending by our guests
- \$16 million - 2.1% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by \$10 million, or 5.7%, to \$193 million in 2018 from \$183 million in 2017.

### **EA Segment**

Cruise passenger ticket revenues made up 82% of our EA segment's 2018 total revenues. Cruise passenger ticket revenues increased by \$201 million, or 20%, to \$1.2 billion in 2018 compared to \$1.0 billion in 2017.

This increase was driven by:

- \$120 million - foreign currency translational impact
- \$50 million - increase in occupancy
- \$28 million - increase in cruise ticket revenues, driven primarily by price improvements in the European, China and various other programs including World Cruises

The remaining 18% of our EA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by \$36 million, or 16%, to \$262 million in 2018 from \$226 million in 2017.

This increase was caused by:

- \$27 million - foreign currency translational impact
- \$11 million - increase in occupancy

Concession revenues, which are included in onboard and other revenues, increased by \$15 million, or 23%, to \$77 million in 2018 from \$63 million in 2017.

### **Costs and Expenses**

#### **Consolidated**

Operating costs and expenses increased by \$245 million, or 10%, to \$2.7 billion in 2018 from \$2.4 billion in 2017.

This increase was caused by:

- \$82 million - foreign currency translational impact
- \$67 million - higher fuel prices
- \$48 million - higher dry-dock expenses and repair and maintenance expenses
- \$35 million - 1.4% capacity increase in ALBD
- \$23 million - higher commissions, transportation and other expenses
- \$14 million - increase in occupancy

These increases were offset by gains on ship sales of \$25 million.

Selling and administrative expenses increased by \$52 million, or 9.3%, to \$605 million in 2018 from \$553 million in 2017.

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Depreciation and amortization expenses increased by \$55 million, or 12%, to \$512 million in 2018 from \$456 million in 2017.

This increase was driven by:

- \$32 million - fleet enhancements and investments in shoreside assets
- \$17 million - foreign currency translational impact

#### NAA Segment

Operating costs and expenses increased by \$152 million, or 9.5%, to \$1.7 billion in 2018 from \$1.6 billion in 2017.

This increase was driven by:

- \$45 million - higher fuel prices
- \$33 million - 2.1% capacity increase in ALBDs
- \$30 million - higher dry-dock expenses and repair and maintenance expenses
- \$21 million - higher commissions, transportation and other expenses
- \$11 million - higher port expenses

Selling and administrative expenses increased by \$8 million, or 2.6%, to \$338 million in 2018 from \$330 million in 2017.

Depreciation and amortization expenses increased by \$16 million, or 5.5%, to \$317 million in 2018 from \$301 million in 2017.

#### EA Segment

Operating costs and expenses increased by \$92 million, or 12%, to \$888 million in 2018 from \$796 million in 2017.

This increase was caused by:

- \$81 million - foreign currency translational impact
- \$21 million - higher fuel prices
- \$15 million - increase in occupancy
- \$10 million - higher dry-dock expenses and repair and maintenance expenses

These increases were offset by gains on ship sales of \$25 million.

Selling and administrative expenses increased by \$30 million, or 19%, to \$191 million in 2018 from \$161 million in 2017. This increase was driven by foreign currency translational impact, which accounted for \$20 million.

Depreciation and amortization expenses increased by \$25 million, or 19%, to \$160 million in 2018 from \$134 million in 2017. This increase was driven by foreign currency translational impact, which accounted for \$16 million.

#### Operating Income

Our consolidated operating income increased by \$60 million, or 12%, to \$559 million in 2018 from \$500 million in 2017. Our NAA segment's operating income decreased by \$3 million, or 0.7%, to \$433 million in 2018 from \$436 million in 2017, and our EA segment's operating income increased by \$90 million, or 75%, to \$210 million in 2018 from \$120 million in 2017. These changes were primarily due to the reasons discussed above.

#### Nonoperating Income (Expense)

<i>(in millions)</i>	Three Months Ended May 31,	
	2018	2017
Unrealized gains (losses) on fuel derivatives, net	\$ 50	\$ (2)
Realized losses on fuel derivatives, net	(9)	(51)
Gains (losses) on fuel derivatives, net	\$ 41	\$ (53)

## *Explanations of Non-GAAP Financial Measures*

### **Non-GAAP Financial Measures**

We use net cruise revenues per ALBD (“net revenue yields”), net cruise costs excluding fuel per ALBD, adjusted net income and adjusted earnings per share as non-GAAP financial measures of our cruise segments’ and the company’s financial performance. These non-GAAP financial measures are provided along with U.S. GAAP gross cruise revenues per ALBD (“gross revenue yields”), gross cruise costs per ALBD and U.S. GAAP net income and U.S. GAAP earnings per share.

Net revenue yields and net cruise costs excluding fuel per ALBD enable us to separate the impact of predictable capacity or ALBD changes from price and other changes that affect our business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

Under U.S. GAAP, the realized and unrealized gains and losses on fuel derivatives not qualifying as fuel hedges are recognized currently in earnings. We believe that unrealized gains and losses on fuel derivatives are not an indication of our earnings performance since they relate to future periods and may not ultimately be realized in our future earnings. Therefore, we believe it is more meaningful for the unrealized gains and losses on fuel derivatives to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these unrealized gains and losses.

We believe that gains and losses on ship sales, impairment charges, restructuring and other expenses are not part of our core operating business and are not an indication of our future earnings performance. Therefore, we believe it is more meaningful for gains and losses on ship sales, impairment charges, and restructuring and other non-core gains and charges to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these items.

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

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 and debit card fees.

Net passenger ticket revenues reflect gross passenger ticket revenues, net of commissions, transportation and other costs.

Net onboard and other revenues reflect gross onboard and other revenues, net of onboard and other cruise costs.

Net cruise costs excluding fuel per ALBD is the measure we use to monitor our ability to control our cruise segments’ costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues as well as fuel expense to calculate net cruise costs without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. Substantially all of our net cruise costs excluding fuel are largely fixed, except for the impact of changing prices, once the number of ALBDs has been determined.

### **Reconciliation of Forecasted Data**

We have not provided a reconciliation of forecasted gross cruise revenues to forecasted net cruise revenues or forecasted gross cruise costs to forecasted net cruise costs without fuel or forecasted U.S. GAAP net income to forecasted adjusted net income or forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of gross cruise revenues, gross cruise costs, net income and earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

**Constant Dollar and Constant Currency**

Our operations primarily utilize the U.S. dollar, Australian dollar, euro and sterling as functional currencies to measure results and financial condition. Functional currencies other than the U.S. dollar subject us to foreign currency translational risk. Our operations also have revenues and expenses that are in currencies other than their functional currency, which subject us to foreign currency transactional risk.

We report net revenue yields, net passenger revenue yields, net onboard and other revenue yields and net cruise costs excluding fuel per ALBD on a “constant dollar” and “constant currency” basis assuming the 2018 periods’ currency exchange rates have remained constant with the 2017 periods’ rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting removes only the impact of changes in exchange rates on the translation of our operations.

Constant currency reporting removes the impact of changes in exchange rates on the translation of our operations (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency.

*Examples:*

- The translation of our operations with functional currencies other than U.S. dollar 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.
- Our operations have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.

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Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows:

	Three Months Ended May 31,		
	2018	2018 Constant Dollar	2017
<i>(dollars in millions, except yields)</i>			
Passenger ticket revenues	\$ 3,193	\$ 3,072	\$ 2,872
Onboard and other revenues	1,122	1,094	1,036
<b>Gross cruise revenues</b>	<b>4,315</b>	<b>4,167</b>	<b>3,908</b>
Less cruise costs			
Commissions, transportation and other	(577)	(551)	(513)
Onboard and other	(138)	(134)	(129)
	(716)	(685)	(642)
Net passenger ticket revenues	2,616	2,521	2,359
Net onboard and other revenues	984	961	907
<b>Net cruise revenues</b>	<b>\$ 3,599</b>	<b>\$ 3,482</b>	<b>\$ 3,266</b>
<b>ALBDs</b>	<b>20,689,903</b>	<b>20,689,903</b>	<b>20,396,773</b>
<b>Gross revenue yields</b>	<b>\$ 208.55</b>	<b>\$ 201.39</b>	<b>\$ 191.59</b>
% increase	8.8%	5.1%	
<b>Net revenue yields</b>	<b>\$ 173.96</b>	<b>\$ 168.28</b>	<b>\$ 160.15</b>
% increase	8.6%	5.1%	
<b>Net passenger ticket revenue yields</b>	<b>\$ 126.43</b>	<b>\$ 121.85</b>	<b>\$ 115.66</b>
% increase	9.3%	5.4%	
<b>Net onboard and other revenue yields</b>	<b>\$ 47.54</b>	<b>\$ 46.43</b>	<b>\$ 44.49</b>
% increase	6.9%	4.4%	

	Three Months Ended May 31,		
	2018	2018 Constant Currency	2017
<i>(dollars in millions, except yields)</i>			
Net passenger ticket revenues	\$ 2,616	\$ 2,508	\$ 2,359
Net onboard and other revenues	984	965	907
<b>Net cruise revenues</b>	<b>\$ 3,599</b>	<b>\$ 3,473</b>	<b>\$ 3,266</b>
<b>ALBDs</b>	<b>20,689,903</b>	<b>20,689,903</b>	<b>20,396,773</b>
<b>Net revenue yields</b>	<b>\$ 173.96</b>	<b>\$ 167.84</b>	<b>\$ 160.15</b>
% increase	8.6%	4.8%	
<b>Net passenger ticket revenue yields</b>	<b>\$ 126.43</b>	<b>\$ 121.22</b>	<b>\$ 115.66</b>
% increase	9.3%	4.8%	
<b>Net onboard and other revenue yields</b>	<b>\$ 47.54</b>	<b>\$ 46.62</b>	<b>\$ 44.49</b>
% increase	6.9%	4.8%	



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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 by ALBDs as follows:

	Three Months Ended May 31,		
	2018	2018 Constant Dollar	2017
<i>(dollars in millions, except costs per ALBD)</i>			
Cruise operating expenses	\$ 2,645	\$ 2,563	\$ 2,403
Cruise selling and administrative expenses	594	574	548
<b>Gross cruise costs</b>	<b>3,239</b>	<b>3,137</b>	<b>2,951</b>
Less cruise costs included above			
Commissions, transportation and other	(577)	(551)	(513)
Onboard and other	(138)	(134)	(129)
(Losses) gains on ship sales and impairments	28	25	4
Restructuring expenses	—	—	—
Other	(1)	(1)	(1)
<b>Net cruise costs</b>	<b>2,551</b>	<b>2,476</b>	<b>2,312</b>
Less fuel	(373)	(373)	(310)
<b>Net cruise costs excluding fuel</b>	<b>\$ 2,178</b>	<b>\$ 2,103</b>	<b>\$ 2,002</b>
<b>ALBDs</b>	<b>20,689,903</b>	<b>20,689,903</b>	<b>20,396,773</b>
<b>Gross cruise costs per ALBD</b>	<b>\$ 156.55</b>	<b>\$ 151.63</b>	<b>\$ 144.63</b>
% increase	8.2%	4.8%	
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 105.27</b>	<b>\$ 101.65</b>	<b>\$ 98.11</b>
% increase	7.3%	3.6%	

	Three Months Ended May 31,		
	2018	2018 Constant Currency	2017
<i>(dollars in millions, except costs per ALBD)</i>			
<b>Net cruise costs excluding fuel</b>	<b>\$ 2,178</b>	<b>\$ 2,103</b>	<b>\$ 2,002</b>
<b>ALBDs</b>	<b>20,689,903</b>	<b>20,689,903</b>	<b>20,396,773</b>
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 105.27</b>	<b>\$ 101.66</b>	<b>\$ 98.11</b>
% increase	7.3%	3.6%	

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Adjusted fully diluted earnings per share was computed as follows:

<i>(in millions, except per share data)</i>	<b>Three Months Ended</b>	
	<b>May 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net income</b>		
U.S. GAAP net income	\$ 561	\$ 379
Unrealized (gains) losses on fuel derivatives, net	(50)	2
Losses (gains) on ship sales and impairments	(28)	(4)
Restructuring expenses	—	—
Other	6	1
<b>Adjusted net income</b>	<b>\$ 489</b>	<b>\$ 378</b>
<b>Weighted-average shares outstanding</b>	<b>715</b>	<b>727</b>
<b>Earnings per share</b>		
U.S. GAAP earnings per share	\$ 0.78	\$ 0.52
Unrealized (gains) losses on fuel derivatives, net	(0.07)	—
Losses (gains) on ship sales and impairments	(0.04)	—
Restructuring expenses	—	—
Other	0.01	—
<b>Adjusted earnings per share</b>	<b>\$ 0.68</b>	<b>\$ 0.52</b>

Net cruise revenues increased by \$333 million, or 10%, to \$3.6 billion in 2018 from \$3.3 billion in 2017.

The increase was caused by:

- \$159 million - 4.8% increase in constant currency net revenue yields
- \$127 million - foreign currency impacts (including both the foreign currency translational and transactional impacts)
- \$47 million - 1.4% capacity increase in ALBDs

The 4.8% increase in net revenue yields on a constant currency basis was due to a 4.8% increase in net passenger ticket revenue yields and a 4.8% increase in net onboard and other revenue yields.

The 4.8% increase in net passenger ticket revenue yields was driven primarily by price improvements in our European, Alaskan, China and various other programs including World Cruises. This 4.8% increase in net passenger ticket revenue yields was comprised of a 2.9% increase from our NAA segment and a 9.3% increase from our EA segment.

The 4.8% increase in net onboard and other revenue yields was comprised of a 4.1% increase from our NAA segment and a 4.5% increase from our EA segment.

Net cruise costs excluding fuel increased by \$176 million, or 8.8%, to \$2.2 billion in 2018 from \$2.0 billion in 2017.

The increase was caused by:

- \$75 million - foreign currency impacts (including both the foreign currency translational and transactional impacts)
- \$73 million - 3.6% increase in constant currency net cruise costs excluding fuel
- \$29 million - 1.4% capacity increase in ALBDs

Fuel costs increased by \$62 million, or 20%, to \$373 million in 2018 from \$310 million in 2017. This increase was caused by higher fuel prices, which accounted for \$66 million.

**Six Months Ended May 31, 2018 (“2018”) Compared to Six Months Ended May 31, 2017 (“2017”)**

**Revenues**

**Consolidated**

Cruise passenger ticket revenues made up 74% of our 2018 total revenues. Cruise passenger ticket revenues increased by \$666 million, or 12%, to \$6.3 billion in 2018 from \$5.7 billion in 2017.

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This increase was caused by:

- \$270 million - foreign currency translational impact
- \$166 million - increase in cruise ticket revenues, driven primarily by price improvements in our Australian, European, China and various other programs including World Cruises
- \$103 million - 1.8% capacity increase in ALBDs
- \$50 million - increase in air transportation revenues
- \$48 million - increase in occupancy
- \$29 million - increase in other passenger revenue

The remaining 26% of 2018 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by \$178 million, or 8.9%, to \$2.2 billion in 2018 from \$2.0 billion in 2017.

This increase was driven by:

- \$60 million - foreign currency translational impact
- \$56 million - higher onboard spending by our guests
- \$36 million - 1.8% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by \$45 million, or 9.6%, to \$517 million in 2018 from \$472 million in 2017.

### **NAA Segment**

Cruise passenger ticket revenues made up 71% of our NAA segment's 2018 total revenues. Cruise passenger ticket revenues increased by \$246 million, or 6.7%, to \$3.9 billion in 2018 from \$3.7 billion in 2017.

This increase was driven by:

- \$156 million - increase in cruise ticket revenues, driven primarily by price improvements in the Australian and European programs
- \$65 million - 1.8% capacity increase in ALBDs

The remaining 29% of our NAA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by \$94 million, or 6.3%, to \$1.6 billion in 2018 from \$1.5 billion in 2017.

The increase was driven by:

- \$59 million - higher onboard spending by our guest
- \$26 million - 1.8% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by \$20 million, or 5.8%, to \$364 million in 2018 from \$344 million in 2017.

### **EA Segment**

Cruise passenger ticket revenues made up 82% of our EA segment's 2018 total revenues. Cruise passenger ticket revenues increased by \$432 million, or 22%, to \$2.4 billion in 2018 from \$2.0 billion in 2017.

This increase was caused by:

- \$264 million - foreign currency translational impact
- \$59 million - increase in occupancy
- \$45 million - increase in cruise ticket revenues, driven primarily by price improvements in the European, China and various other programs including World Cruises
- \$38 million - 1.9% capacity increase in ALBDs
- \$28 million - increase in air transportation revenues

The remaining 18% of our EA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by \$82 million, or 18%, to \$528 million in 2018 from \$446 million in 2017. This increase was driven by foreign currency translational impact, which accounted for \$58 million.

Concession revenues, which are included in onboard and other revenues, increased by \$26 million, or 20%, to \$153 million in 2018 from \$127 million in 2017.

## Costs and Expenses

### Consolidated

Operating costs and expenses increased by \$520 million, or 11%, to \$5.4 billion in 2018 from \$4.9 billion in 2017.

This increase was driven by:

- \$190 million - foreign currency translational impact
- \$128 million - higher fuel prices
- \$87 million - 1.8% capacity increase in ALBD
- \$62 million - higher commissions, transportation and other expenses
- \$42 million - higher dry-dock expenses and repairs and maintenance expenses

These increases were offset by gains on ship sales of \$25 million.

Selling and administrative expenses increased by \$118 million, or 11%, to \$1.2 billion in 2018 from \$1.1 billion in 2017.

This increase was driven by:

- \$51 million - higher administrative expenses
- \$42 million - foreign currency translational impact
- \$20 million - 1.8% capacity increase in ALBD

Depreciation and amortization expenses increased by \$104 million, or 12%, to \$1.0 billion in 2018 from \$0.9 billion in 2017.

This increase was driven by:

- \$52 million - fleet enhancements and investments in shoreside assets
- \$36 million - foreign currency translational impact

### NAA Segment

Operating costs and expenses increased by \$252 million, or 8.0%, to \$3.4 billion in 2018 from \$3.2 billion in 2017.

This increase was driven by:

- \$87 million - higher fuel prices
- \$56 million - 1.8% capacity increase in ALBDs
- \$36 million - higher commissions, transportation and other expenses
- \$28 million - higher dry-dock expenses and repairs and maintenance expenses
- \$22 million - higher port expenses

Selling and administrative expenses increased by \$43 million, or 6.5%, to \$705 million in 2018 from \$663 million in 2017.

Depreciation and amortization expenses increased by \$27 million, or 4.5%, to \$617 million in 2018 from \$591 million in 2017.

### EA Segment

Operating costs and expenses increased by \$238 million, or 14%, to \$1.9 billion in 2018 from \$1.7 billion in 2017.

This increase was caused by:

- \$185 million - foreign currency translational impact
- \$40 million - higher fuel prices
- \$31 million - 1.9% capacity increase in ALBDs
- \$29 million - higher commissions, transportation and other expenses

These increases were partially offset by gains on ship sales of \$25 million.

Selling and administrative expenses increased by \$59 million, or 18% to \$379 million in 2018 from \$320 million in 2017. This increase was driven by foreign currency translational impact, which accounted for \$41 million.

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Depreciation and amortization expenses increased by \$52 million, or 20%, to \$316 million in 2018 from \$264 million in 2017. This increase was driven by foreign currency translational impact, which accounted for \$34 million.

**Operating Income**

Our consolidated operating income increased by \$110 million, or 13%, to \$978 million in 2018 from \$868 million in 2017. Our NAA segment's operating income increased by \$18 million, or 2.4%, to \$793 million in 2018 from \$774 million in 2017, and our EA segment's operating income increased by \$165 million, or 83%, to \$364 million in 2018 from \$199 million in 2017. These changes were primarily due to the reasons discussed above.

**Nonoperating Income (Expense)**

<i>(in millions)</i>	<b>Six Months Ended May 31,</b>	
	<b>2018</b>	<b>2017</b>
Unrealized gains on fuel derivatives, net	\$ 82	\$ 69
Realized losses on fuel derivatives, net	(25)	(96)
Gains (losses) on fuel derivatives, net	<u>\$ 57</u>	<u>\$ (27)</u>

**Key Performance Non-GAAP Financial Indicators**

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows:

<i>(dollars in millions, except yields)</i>	<b>Six Months Ended May 31,</b>		
	<b>2018</b>	<b>2018 Constant Dollar</b>	<b>2017</b>
Passenger ticket revenues	\$ 6,341	\$ 6,072	\$ 5,676
Onboard and other revenues	2,192	2,132	2,014
<b>Gross cruise revenues</b>	<u>8,534</u>	<u>8,204</u>	<u>7,690</u>
Less cruise costs			
Commissions, transportation and other	(1,240)	(1,173)	(1,082)
Onboard and other	(278)	(269)	(253)
	<u>(1,518)</u>	<u>(1,441)</u>	<u>(1,335)</u>
Net passenger ticket revenues	5,101	4,899	4,594
Net onboard and other revenues	1,914	1,863	1,761
<b>Net cruise revenues</b>	<u>\$ 7,015</u>	<u>\$ 6,762</u>	<u>\$ 6,355</u>
<b>ALBDs</b>	<u>41,151,485</u>	<u>41,151,485</u>	<u>40,420,819</u>
<b>Gross revenue yields</b>	\$ 207.38	\$ 199.35	\$ 190.25
% increase	9.0%	4.8%	
<b>Net revenue yields</b>	\$ 170.48	\$ 164.32	\$ 157.21
% increase	8.4%	4.5%	
<b>Net passenger ticket revenue yields</b>	\$ 123.96	\$ 119.05	\$ 113.65
% increase	9.1%	4.7%	
<b>Net onboard and other revenue yields</b>	\$ 46.52	\$ 45.28	\$ 43.56
% increase	6.8%	3.9%	

	Six Months Ended May 31,		
	2018	2018 Constant Currency	2017
<i>(dollars in millions, except yields)</i>			
Net passenger ticket revenues	\$ 5,101	\$ 4,882	\$ 4,594
Net onboard and other revenues	1,914	1,871	1,761
<b>Net cruise revenues</b>	<b>\$ 7,015</b>	<b>\$ 6,753</b>	<b>\$ 6,355</b>
<b>ALBDs</b>	<b>41,151,485</b>	<b>41,151,485</b>	<b>40,420,819</b>
<b>Net revenue yields</b>	<b>\$ 170.48</b>	<b>\$ 164.10</b>	<b>\$ 157.21</b>
% increase	8.4%	4.4%	
<b>Net passenger ticket revenue yields</b>	<b>\$ 123.96</b>	<b>\$ 118.64</b>	<b>\$ 113.65</b>
% increase	9.1%	4.4%	
<b>Net onboard and other revenue yields</b>	<b>\$ 46.52</b>	<b>\$ 45.45</b>	<b>\$ 43.56</b>
% increase	6.8%	4.3%	

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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 by ALBDs as follows:

	Six Months Ended May 31,		
	2018	2018 Constant Dollar	2017
<i>(dollars in millions, except costs per ALBD)</i>			
Cruise operating expenses	\$ 5,340	\$ 5,151	\$ 4,824
Cruise selling and administrative expenses	1,203	1,161	1,094
<b>Gross cruise costs</b>	<b>6,544</b>	<b>6,312</b>	<b>5,918</b>
Less cruise costs included above			
Commissions, transportation and other	(1,240)	(1,173)	(1,082)
Onboard and other	(278)	(269)	(253)
(Losses) gains on ship sales and impairments	12	8	4
Restructuring expenses	—	—	—
Other	(1)	(1)	—
<b>Net cruise costs</b>	<b>5,037</b>	<b>4,877</b>	<b>4,587</b>
Less fuel	(731)	(731)	(607)
<b>Net cruise costs excluding fuel</b>	<b>\$ 4,305</b>	<b>\$ 4,146</b>	<b>\$ 3,980</b>
<b>ALBDs</b>	<b>41,151,485</b>	<b>41,151,485</b>	<b>40,420,819</b>
<b>Gross cruise costs per ALBD</b>	<b>\$ 159.02</b>	<b>\$ 153.38</b>	<b>\$ 146.42</b>
% increase	8.6%	4.8%	
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 104.60</b>	<b>\$ 100.75</b>	<b>\$ 98.46</b>
% increase	6.2%	2.3%	

	Six Months Ended May 31,		
	2018	2018 Constant Currency	2017
<i>(dollars in millions, except costs per ALBD)</i>			
<b>Net cruise costs excluding fuel</b>	<b>\$ 4,305</b>	<b>\$ 4,144</b>	<b>\$ 3,980</b>
<b>ALBDs</b>	<b>41,151,485</b>	<b>41,151,485</b>	<b>40,420,819</b>
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 104.60</b>	<b>\$ 100.71</b>	<b>\$ 98.46</b>
% increase	6.2%	2.3%	

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Adjusted fully diluted earnings per share was computed as follows:

	Six Months Ended	
	May 31,	
<i>(in millions, except per share data)</i>	2018	2017
<b>Net income</b>		
<b>U.S. GAAP net income</b>	\$ 951	\$ 730
Unrealized (gains) losses on fuel derivatives, net	(82)	(69)
Losses (gains) on ship sales and impairments	(12)	(4)
Restructuring expenses	—	—
Other	6	—
<b>Adjusted net income</b>	<u>\$ 864</u>	<u>\$ 657</u>
<b>Weighted-average shares outstanding</b>	<u>717</u>	<u>727</u>
<b>Earnings per share</b>		
<b>U.S. GAAP earnings per share</b>	\$ 1.33	\$ 1.00
Unrealized (gains) losses on fuel derivatives, net	(0.11)	(0.10)
Losses (gains) on ship sales and impairments	(0.02)	—
Restructuring expenses	—	—
Other	0.01	—
<b>Adjusted earnings per share</b>	<u>\$ 1.21</u>	<u>\$ 0.90</u>

Net cruise revenues increased by \$660 million, or 10%, to \$7.0 billion in 2018 from \$6.4 billion in 2017.

The increase was caused by:

- \$283 million - 4.4% increase in constant currency net revenue yields
- \$263 million - foreign currency impacts (including both the foreign currency translational and transactional impacts)
- \$115 million - 1.8% capacity increase in ALBDs

The 4.4% increase in net revenue yields on a constant currency basis was due to a 4.4% increase in net passenger ticket revenue yields and a 4.3% increase in net onboard and other revenue yields.

The 4.4% increase in net passenger ticket revenue yields was driven primarily by price improvements in our Australian, European, China and various other programs including World Cruises. This 4.4% increase in net passenger ticket revenue yields was comprised of a 3.4% increase from our NAA segment and a 6.9% increase from our EA segment.

The 4.3% increase in net onboard and other revenue yields was caused by similar increases in our NAA and EA segments.

Net cruise costs excluding fuel increased by \$325 million, or 8.2%, to \$4.3 billion in 2018 from \$4.0 billion in 2017.

The increase was caused by:

- \$160 million - foreign currency impacts (including both the foreign currency translational and transactional impacts)
- \$93 million - 2.3% increase in constant currency net cruise costs excluding fuel
- \$72 million - 1.8% capacity increase in ALBDs

Net cruise costs excluding fuel per ALBD increased by 2.3%.

Fuel costs increased by \$124 million, or 21%, to \$731 million in 2018 from \$607 million in 2017. This was caused by higher fuel prices, which accounted for \$127 million.



## **Liquidity, Financial Condition and Capital Resources**

Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital (“ROIC”), reaching double-digit returns, while maintaining a strong balance sheet and strong investment grade credit ratings. We define ROIC as the twelve month adjusted earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress. Our ability to generate significant operating cash flow allows us to internally fund our capital investments. We are committed to returning free cash flow to our shareholders in the form of dividends and/or share repurchases. As we continue to profitably grow our cruise business, we plan to increase our debt level in a manner consistent with maintaining our strong credit metrics. This will allow us to return both free cash flow and incremental debt proceeds to our shareholders in the form of dividends and/or share repurchases. Other objectives of our capital structure policy are to maintain a sufficient 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.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital projects including shipbuilding commitments, ship improvements, debt service requirements, working capital needs and other firm commitments over the next several years. We believe that our ability to generate significant operating cash flows and our strong balance sheet, as evidenced by our investment grade credit ratings, provide us with the ability, in most financial credit market environments, to obtain debt financing.

We had a working capital deficit of \$7.0 billion as of May 31, 2018 compared to a working capital deficit of \$7.2 billion as of November 30, 2017. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, invest in long term investments or any other use of cash. Included within our working capital deficit are \$5.3 billion and \$4.0 billion of customer deposits as of May 31, 2018 and November 30, 2017, respectively. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We generate substantial cash flows from operations and our business model has historically allowed us to maintain this working capital deficit and still meet our operating, investing and financing needs. We expect that we will continue to have working capital deficits in the future.

### **Sources and Uses of Cash**

#### ***Operating Activities***

Our business provided \$3.1 billion of net cash from operations during the six months ended May 31, 2018, an increase of \$238 million, or 8.4%, compared to \$2.8 billion for the same period in 2017. This increase was caused by an increase in our revenues less expenses settled in cash and an increase in customer deposits.

#### ***Investing Activities***

During the six months ended May 31, 2018, net cash used in investing activities was \$2.1 billion. This was caused by:

- Capital expenditures of \$1.2 billion for our ongoing new shipbuilding program
- Capital expenditures of \$965 million for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sale of ships of \$102 million
- Payments of \$34 million for fuel derivative settlements

During the six months ended May 31, 2017, net cash used in investing activities was \$1.9 billion. This was caused by:

- Capital expenditures of \$945 million for our ongoing new shipbuilding program
- Capital expenditures of \$955 million for ship improvements and replacements, information technology and buildings and improvements
- Payments of \$99 million for fuel derivative settlements

[Table of Contents](#)**Financing Activities**

During the six months ended May 31, 2018, net cash used in financing activities of \$339 million was substantially due to the following:

- Net proceeds of short-term borrowings of \$398 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$1.2 billion of long-term debt
- Issuances of \$1.6 billion of long-term debt under a term loan
- Payments of cash dividends of \$646 million
- Purchases of \$513 million of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

During the six months ended May 31, 2017, net cash used in financing activities of \$935 million was substantially due to the following:

- Net proceeds of short-term borrowings of \$182 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$907 million of long-term debt
- Issuances of \$100 million of long-term debt under a term loan
- Proceeds of \$367 million of long-term debt under an export credit facility
- Payments of cash dividends of \$507 million
- Purchases of \$152 million of Carnival plc ordinary shares in open market transactions under our Repurchase Program

**Future Commitments and Funding Sources**

Our total annual capital expenditures consist of ships under contract for construction and estimated improvements to existing ships and shoreside assets which are currently expected to be:

<i>(in billions)</i>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total annual capital expenditures	\$ 4.5	\$ 5.4	\$ 5.4	\$ 5.0	\$ 4.3	\$ 2.4

The year-over-year percentage increases in our annual capacity are expected to result primarily from contracted new ships entering service and are currently expected to be:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual capacity increase (a)	2.0%	5.6%	7.1%	7.9%	4.6%	3.9%

(a) These percentage increases include only contracted ship orders and dispositions.

At May 31, 2018, we had liquidity of \$13.7 billion. Our liquidity consisted of \$781 million of cash and cash equivalents, which excludes \$272 million of cash used for current operations, \$2.3 billion available for borrowing under our revolving credit facilities, net of our outstanding commercial paper borrowings, and \$10.6 billion under our committed future financings, which are comprised of ship export credit facilities. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us.

<i>(in billions)</i>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Availability of committed future financing at May 31, 2018	\$ 1.3	\$ 2.6	\$ 2.9	\$ 2.9	\$ 1.0

At May 31, 2018, all of our revolving credit facilities are scheduled to mature in 2021, except for \$300 million that matures in 2020.

Substantially all of our debt agreements contain financial covenants as described in Note 5 - "Unsecured Debt" in the annual consolidated financial statements, which are included within our Form 10-K. At May 31, 2018, we were in compliance with our debt covenants. In addition, based on, among other things, our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants for the foreseeable future. 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 consolidated financial statements.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our hedging strategies and market risks, see the discussion below and Note 4 - "Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks" in our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within our Form 10-K.

#### Operational Currency Risks

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

Based on a 10% change in all currency exchange rates that were used in our June 25, 2018 guidance, we estimate that our adjusted diluted earnings per share guidance would change by the following:

- \$0.13 per share for the remaining two quarters of 2018
- \$0.07 per share for the third quarter of 2018

#### Interest Rate Risks

The composition of our debt, including the effect of foreign currency swaps and interest rate swaps, was as follows:

	<b>May 31, 2018</b>
Fixed rate	28%
EUR fixed rate	30%
Floating rate	5%
EUR floating rate	29%
GBP floating rate	9%

#### Fuel Price Risks

Based on a 10% change in fuel prices versus the current spot price that was used to calculate fuel expense in our June 25, 2018 guidance, we estimate that our adjusted diluted earnings per share guidance would change by the following:

- \$0.12 per share for the remaining two quarters of 2018
- \$0.06 per share for the third quarter of 2018

Based on a 10% change in Brent prices versus the current spot price that was used to calculate realized gains (losses) on fuel derivatives in our June 25, 2018 guidance, we estimate that our adjusted diluted earnings per share guidance would change by the following:

- \$0.01 per share for the remaining two quarters of 2018
- \$0.00 per share for the third quarter of 2018

**Item 4. 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 under the Securities Exchange Act of 1934, 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 President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of May 31, 2018, that they are effective at a reasonable level of assurance, as described above.

**B. Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended May 31, 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

As previously disclosed, on May 19, 2017, Holland America Line and Princess Cruises notified the National Oceanic and Atmospheric Administration regarding discharges made by certain vessels in the recently expanded area of the National Marine Sanctuary in the Farallones Island. We believe the ultimate outcome of any investigation will not have a material impact on our consolidated financial statements.

On May 15, 2018, we received a Citation en Matiere Correctionnelle under which the Marseilles, France Public Prosecutor alleged that Carnival plc and the captain of P&O Cruises' *Azura* breached the French Environmental Code governing the sulfur content of fuel used during the vessel's passage through French territorial waters on March 28 and 29, 2018. Under the proceeding, the Tribunal de Grande Instance may impose a fine of up to €200,000 per defendant, among other sanctions. We believe that we have meritorious defense to this claim. We also believe that the ultimate outcome of the proceedings will not have a material impact on our consolidated financial statements.

**Item 1A. Risk Factors.**

The risk factors that affect our business and financial results are discussed in "Item 1A. Risk Factors," included in the Form 10-K, and there has been no material change to these risk factors since the Form 10-K filing. We wish to caution the reader that the risk factors discussed in "Item 1A. Risk Factors," included in the Form 10-K, and those described elsewhere in this report or other Securities and Exchange Commission filings, could cause future results to differ materially from those stated in any forward-looking statements. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**A. Repurchase Program**

Under a share repurchase program effective 2004, we are authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On April 10, 2018, the Boards of Directors approved a modification of the general authorization under the Repurchase Program, which replenished the remaining authorized repurchases at the time of the approval to \$1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

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During the three months ended May 31, 2018, repurchases of Carnival Corporation common stock pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival Corporation Common Stock Purchased (in millions)	Average Price Paid per Share of Carnival Corporation Common Stock	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (in millions)
March 1, 2018 through March 31, 2018	—	\$ 64.99	\$ 288
April 1, 2018 through April 30, 2018	1.4	\$ 64.67	\$ 928
May 1, 2018 through May 31, 2018	1.6	\$ 63.66	\$ 827
Total	2.9	\$ 64.13	

During the three months ended May 31, 2018, repurchases of Carnival plc ordinary shares pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival plc Purchased (in millions)	Average Price Paid per Share of Carnival plc	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (in millions)
March 1, 2018 through March 31, 2018	1.3	\$ 65.21	\$ 288
April 1, 2018 through April 30, 2018	0.4	\$ 64.44	\$ 928
May 1, 2018 through May 31, 2018	—	\$ —	\$ 827
Total	1.7	\$ 65.02	

No shares of Carnival Corporation common stock and Carnival plc ordinary shares were purchased outside of publicly announced plans or programs.

#### **B. Stock Swap Programs**

In addition to the Repurchase Program, we have programs that allow us to obtain an economic benefit when either Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares or Carnival plc ordinary shares are trading at a premium to Carnival Corporation common stock (the “Stock Swap Programs”). For example:

- In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to sell shares of Carnival Corporation common stock, at prevailing market prices in ordinary brokers’ transactions and repurchase an equivalent number of Carnival plc ordinary shares in the UK market.
- In the event Carnival plc ordinary shares trade at a premium to Carnival Corporation common stock, we may elect to sell ordinary shares of Carnival plc, at prevailing market prices in ordinary brokers’ transactions and repurchase an equivalent number of shares of Carnival Corporation common stock in the U.S. market.

Any realized economic benefit under the Stock Swap Programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program.

Under the Stock Swap Programs effective 2008, the Boards of Directors have made the following authorizations:

- In January 2017, to sell up to 22.0 million shares of Carnival Corporation common stock in the U.S. market and repurchase up to 22.0 million of Carnival plc ordinary shares in the UK market.
- In February 2016, to sell up to 26.9 million of existing Carnival plc ordinary shares in the UK market and repurchase up to 26.9 million shares of Carnival Corporation common stock in the U.S. market.

Any sales of Carnival Corporation shares and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933. During the three months ended May 31, 2018, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap Programs.

**C. Carnival plc Shareholder Approvals**

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap Programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 20.9 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2019 annual general meeting or July 10, 2019.

**Item 6. Exhibits.**

**INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>			<b>Filed/ Furnished Herewith</b>
		<b>Form</b>	<b>Exhibit</b>	<b>Filing Date</b>	
<b>Articles of incorporation and by-laws</b>					
3.1	<a href="#">Third Amended and Restated Articles of Incorporation of Carnival Corporation</a>	8-K	3.1	4/17/2003	
3.2	<a href="#">Third Amended and Restated By-Laws of Carnival Corporation</a>	8-K	3.1	4/20/2009	
3.3	<a href="#">Articles of Association of Carnival plc</a>	8-K	3.3	4/20/2009	
<b>Material contracts</b>					
10.1	<a href="#">Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan</a>				X
10.2	<a href="#">Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan</a>				X
<b>Statement regarding computations of ratios</b>					
12	<a href="#">Ratio of Earnings to Fixed Charges</a>				X
<b>Rule 13a-14(a)/15d-14(a) certifications</b>					
31.1	<a href="#">Certification of President and 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</a>				X
31.2	<a href="#">Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
31.3	<a href="#">Certification of President and 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</a>				X
31.4	<a href="#">Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
<b>Section 1350 certifications</b>					
32.1*	<a href="#">Certification of President and 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</a>				X
32.2*	<a href="#">Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				X
32.3*	<a href="#">Certification of President and 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</a>				X
32.4*	<a href="#">Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				X

**INDEX TO EXHIBITS**

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Incorporated by Reference</u></b>			<b><u>Filed/ Furnished Herewith</u></b>
		<b><u>Form</u></b>	<b><u>Exhibit</u></b>	<b><u>Filing Date</u></b>	
<b>Interactive Data File</b>					
101	The consolidated financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2018, as filed with the Securities and Exchange Commission on June 25, 2018, formatted in XBRL, are as follows: (i) the Consolidated Statements of Income for the three and six months ended May 31, 2018 and 2017; (ii) the Consolidated Statements of Comprehensive Income for the three and six months ended May 31, 2018 and 2017; (iii) the Consolidated Balance Sheets at May 31, 2018 and November 30, 2017; (iv) the Consolidated Statements of Cash Flows for the three and six months ended May 31, 2018 and 2017 and (v) the notes to the consolidated financial statements, tagged in summary and detail.				X X X X X

\* These items are furnished and not filed.



**SIGNATURES**

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

**CARNIVAL CORPORATION**

By: /s/ Arnold W. Donald  
Arnold W. Donald  
President and Chief Executive Officer

By: /s/ David Bernstein  
David Bernstein  
Chief Financial Officer and Chief Accounting Officer

Date: June 25, 2018

**CARNIVAL PLC**

By: /s/ Arnold W. Donald  
Arnold W. Donald  
President and Chief Executive Officer

By: /s/ David Bernstein  
David Bernstein  
Chief Financial Officer and Chief Accounting Officer

Date: June 25, 2018

**FORM OF SHAREHOLDER EQUITY ALIGNMENT  
RESTRICTED STOCK UNIT AGREEMENT  
FOR THE  
CARNIVAL CORPORATION 2011 STOCK PLAN**

THIS SHAREHOLDER EQUITY ALIGNMENT RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), shall apply to any grant of Shareholder Equity Alignment Restricted Stock Units made to executives of Carnival Corporation, a corporation organized under the laws of the Republic of Panama, (the “Company”) or executives of an Affiliate, on [DATE] under the Carnival Corporation 2011 Stock Plan (the “Plan”).

WHEREAS, the Company has adopted the Plan, pursuant to which restricted stock units may be granted in respect of Shares; and

WHEREAS, the Company desires to grant to Participant restricted stock units pursuant to the terms of this Agreement and the Plan; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Committee”) has determined that it is in the best interests of the Company and its shareholders to grant the shareholder equity alignment restricted stock units provided for herein to the Participant subject to the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to select executives (each a “Participant”) as of [DATE] (the “Date of Grant”) a target number of shareholder equity alignment restricted stock units (the “SEA RSUs”) as listed in the Participant’s EquatePlus portfolio (the “Target Amount”), on the terms and conditions set forth in this Agreement and the Plan. Each SEA RSU represents the right to receive payment in respect of one Share as of the Settlement Date (as defined below), to the extent the Participant earns and is vested in such SEA RSUs as of such Settlement Date, subject to the terms of this Agreement and the Plan. The SEA RSUs are subject to the restrictions described herein, including forfeiture under the circumstances described in Section 3 hereof (the “Restrictions”). The Restrictions shall lapse and the SEA RSUs shall vest and become nonforfeitable in accordance with Section 2 and Section 3 hereof.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any

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questions arising under the Plan or this Agreement. In the event there is any inconsistency between the provisions of the Plan and this Agreement, the provisions of the Plan shall govern.

(c) Acceptance of Agreement. Unless the Participant notifies the Company's Global Human Resources Department in writing to [ownership@carnival.com](mailto:ownership@carnival.com) within 10 days after delivery of this Agreement that the Participant does not wish to accept this Agreement, the Participant will be deemed to have accepted this Agreement and will be bound by the terms of this Agreement and the Plan.

## 2. Terms and Conditions of Vesting and Settlement.

(a) Performance and Service Conditions to Vesting. A specified percentage of the SEA RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company or an Affiliate through the Settlement Date (defined in Section 2(b) below), except as provided in Section 3(b), and (B) the Company achieves the Performance Goals set forth on Exhibit A at a level equal to or above the threshold level of absolute performance, also set forth on Exhibit A (the "Performance Threshold"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of SEA RSUs that may vest ranges from zero to six (6) times the Target Amount, based on the extent to which the Performance Goals are achieved, in accordance with the methodology set forth on Exhibit A, or if less, the Maximum Grant Amount set forth on Exhibit A. Except as otherwise provided in Section 3(b), in no event shall any SEA RSUs vest unless and until (i) at least the Performance Threshold is achieved, (ii) the Committee certifies that the Performance Threshold has been met and determines the level of attainment of the Performance Goals (the "Certification"), and (iii) the Participant has remained in the continuous employment or continuous service of the Company or an Affiliate through the Settlement Date. If the foregoing vesting requirements are not met, no SEA RSUs shall vest and this grant of SEA RSUs shall be cancelled in its entirety.

(b) Settlement. The obligation to make payments and distributions with respect to SEA RSUs shall be satisfied through the issuance of one Share for each vested SEA, less applicable withholding taxes (the "settlement"), and the settlement of the SEA RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. Except as otherwise provided in Section 3(b), Earned SEA RSUs (as defined in Exhibit A) shall vest and be settled as soon as practicable after the end of the Performance Cycle (as defined in Exhibit A) and Certification (the "Settlement Date"), but in no event later than March 15 of the year following the calendar year in which Certification occurs.

## 3. Termination of Employment or Service with the Company.

(a) Termination by the Company for Cause. If the Participant's employment or service with the Company or an Affiliate terminates for Cause, then all outstanding SEA RSUs shall immediately terminate on the date of termination of employment or service.

(b) Death or Disability or Termination by the Company Without Cause. If the Participant's employment or service with the Company or an Affiliate terminates due to the Participant's death or if the Participant's employment or service is terminated by the Company or an Affiliate without Cause or due to the Participant's Disability, then the Participant shall be deemed to have vested on the date of termination in a number of SEA RSUs equal to the product

of (i) the Target Amount of SEA RSUs multiplied by (ii) a fraction, the numerator of which is the number of days elapsed during the period commencing on the Date of Grant through and including the date of termination, and the denominator of which is 1,096, rounded down to the nearest whole SEA, and the remaining unvested portion of the SEA RSUs shall terminate on the date of termination of employment or service. The vested SEA RSUs shall be settled as soon as practicable after the date of the Participant's termination of employment or service, but in no event later than March 15 of the year following the calendar year in which the Participant's termination date occurs.

(c) Other Termination. If the Participant's employment or service with the Company or an Affiliate terminates for any reason other than as otherwise described in the foregoing provisions of this Section 3 (whether due to voluntary termination, Retirement, or otherwise) then all outstanding SEA RSUs shall immediately terminate on the date of termination of employment or service.

4. Dividends and Voting Rights. The Participant shall not be deemed for any purpose to be the owner of any Shares subject to the SEA RSUs and shall not have any rights of a shareholder with respect to the SEA RSUs, including, but not limited to, voting or dividend rights, until delivery of the applicable Shares underlying the SEA RSUs on the Settlement Date. The Company shall not be required to set aside any fund for the payment of the SEA RSUs. Further, the SEA RSUs subject to this grant shall not be credited with Dividend Equivalents.

5. Released SEA RSUs. Following the Participant's termination of employment or service with the Company or an Affiliate for any reason, the Participant (or the Participant's beneficiary, if applicable) must provide for all Shares underlying released SEA RSUs (including those issued under this Agreement as well as Shares underlying released SEA RSUs issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker no later than six months following the later of (i) the Participant's date of termination or (ii) the latest Settlement Date or other applicable vesting or settlement date (whether under this Agreement or a similar agreement) occurring following the Participant's termination. If the Participant (or the Participant's beneficiary, as applicable) fails to liquidate or transfer the Shares prior to the end of the applicable six month period, the Company is hereby authorized and directed by the Participant either, in the Company's discretion: (i) to sell any such remaining Shares on the Participant's (or the Participant's beneficiary's) behalf on the first trading date following the end of such period on which the Company is not prohibited from selling such Shares; or (ii) to transfer such Shares to the Company's stock transfer agent for registration in the Participant's (or the Participant's beneficiary's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Shares underlying the released SEA RSUs in connection with such liquidation or transfer.

6. Miscellaneous.

(a) Compliance with Legal Requirements. The granting and settlement of the SEA RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the settlement of the SEA RSUs would be prohibited by law, the settlement shall be delayed until the earliest date on which the settlement would not be so prohibited.

(b) Transferability. Unless otherwise provided by the Committee in writing, the SEA RSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(c) Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Participant's employer (the Employer), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant (Tax-Related Items), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the SEA RSUs, including, but not limited to, the grant, vesting or settlement of the SEA RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the SEA RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company or its agent to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; or (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the SEA RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); or (iii) withholding in Shares to be issued upon settlement of the SEA RSUs.

Notwithstanding the foregoing, if the Participant is an officer subject to Section 16 of the Exchange Act, the Company will withhold in Shares only upon advance approval by the Committee or the Board.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Grant, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

(d) Nature of Grant. In accepting the grant, the Participant acknowledges, understands and agrees that:

- (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (ii) the grant of the SEA RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of SEA RSUs, or benefits in lieu of SEA RSUs, even if SEA RSUs have been granted in the past;
- (iii) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Company;
- (iv) the Participant is voluntarily participating in the Plan;
- (v) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (vi) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (vii) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (viii) no claim or entitlement to compensation or damages shall arise from forfeiture of the SEA RSUs resulting from the termination of the Participant's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);
- (ix) unless otherwise agreed with the Company, the SEA RSUs and the Shares, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of the Company or any member of the Combined Group and its Affiliates;
- (x) unless otherwise provided in the Plan or by the Company in its discretion, the SEA RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the SEA RSUs or any such benefits transferred to, or assumed by, another

company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(xi) if the Participant resides outside the United States or is otherwise subject to the laws of a country outside the United States:

(A) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose; and

(B) neither the Company, the Employer or any member of the Combined Group or its Affiliates shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the SEA RSUs or of any amounts due to the Participant pursuant to the settlement of the SEA RSUs or the subsequent sale of any Shares acquired upon settlement.

(e) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

(f) Clawback/Forfeiture.

(i) Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Participant and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to (A) cancel all outstanding SEA RSUs and/or (B) recover all or a portion of any income or gain realized on the settlement of the SEA RSUs or the subsequent sale of Shares acquired upon settlement of the SEA RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Participant, then the Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding grants, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the SEA RSUs or the subsequent sale of Shares acquired upon settlement of the SEA RSUs.

(ii) For purposes of this Agreement, "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Combined Group, (ii) any activity that would be grounds to terminate the Participant's employment or service with the Combined Group for Cause, (iii) whether in writing or orally,

maligning, denigrating or disparaging the Combined Group or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Combined Group. For purposes of the preceding sentence the phrase “the Combined Group” shall mean “any member of the Combined Group or any Affiliate”. Notwithstanding the foregoing, nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal or state government agency about a potential violation of a federal or state law or regulation or to participate in investigations, testify in proceedings regarding the Company's or an Affiliate's past or future conduct, or engage in any activities protected under whistle blower statutes. Further, pursuant to the Defend Trade Secrets Act of 2016, the Participant shall not be held criminally, or civilly, liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a federal, state, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, the Participant may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if the Participant files a lawsuit alleging retaliation by the Company or an Affiliate for reporting a suspected violation of the law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret in the court proceeding, if the Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(g) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(h) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(i) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(j) No Rights to Continued Employment. Nothing in the Plan or in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever. The rights and obligations of the Participant under the terms and conditions of the Participant's office or



employment shall not be affected by this Agreement. The Participant waives all and any rights to compensation and damages in consequence of the termination of the Participant's office or employment with any member of the Combined Group or any of its Affiliates for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from the Participant's ceasing to have rights under or the Participant's entitlement to the SEA RSUs under this Agreement as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of conflict between the terms of this Section 6(j) and the Participant's terms of employment, this Section will take precedence.

(k) **Beneficiary.** In the event of the Participant's death, any Shares that vest pursuant to Section 3(b) of this Agreement will be issued to the legal representative of the Participant's estate.

(l) **Successors.** The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, legal representatives, executors, administrators, heirs and successors of the Participant.

(m) **Entire Agreement.** This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant in accordance with the Plan.

(n) **Governing Law; JURY TRIAL WAIVER.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Florida. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(o) **Data Protection.** *The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other SEARSU grant materials ("Data") by and among, as applicable, the Employer, the Company and any member of the Combined Group or its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.*

*The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all SEA RSUs or any other entitlement to shares of stock granted, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan.*

*The Participant understands that Data will be transferred to Equatex AG and its affiliates, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that if the Participant resides outside of the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Human Resources Department. The Participant authorizes the Company, Equatex AG and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside of the United States, the Participant may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Global Human Resources Department. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant's country does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant SEA RSUs or other equity grants to the Participant or administer or maintain such grants. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Global Human Resources Department.*

*Finally, upon request of the Company or the Employer, the Participant agrees to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in his or her country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company and/or the Employer.*

(p) Insider Trading/Market Abuse Laws. The Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, the United Kingdom, and the Participant's country, which may affect the Participant's ability to directly or indirectly, for his- or her- self or a third party, acquire or sell, or attempt to sell, Shares under the Plan during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws and regulations in the applicable jurisdiction, including the United States, the United Kingdom, and the Participant's country), or may affect the trade in Shares or the trade in rights to Shares under the Plan. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be

prohibited from (i) disclosing the inside information to any third party, which may include fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Local insider trading laws and regulations may be the same or different from any Company insider trading policy. The Participant acknowledges that it is the Participant’s responsibility to be informed of and compliant with such regulations, and the Participant should speak to the Participant’s personal advisor on this matter.

(q) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(r) Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(s) Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

7. Change in Control. In the event of a Change in Control after the end of the Performance Cycle but prior to the vesting or settlement of the SEA RSUs, the level of attainment of the Performance Goals and the number of Earned SEA RSUs (if any) will be determined and certified by the Committee in the manner set forth on Exhibit A. If a Change in Control occurs prior to the end of the Performance Cycle, the Performance Cycle will end on the Accelerated End Date set forth on Exhibit A and the level of attainment of the Performance Goals and the number of Earned SEA RSUs (if any) will be determined and certified by the Committee in the manner set forth on Exhibit A. Any such Earned SEA RSUs will vest and be settled in accordance with Section 2(b) of this Agreement.

8. Country-Specific Provisions. The SEA RSUs shall be subject to the additional terms and conditions set forth in Appendix I to this Agreement for the Participant's country, if any. Moreover, if the Participant relocates to one of the countries included in Appendix I, the terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan.

9. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the SEA RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

By: \_\_\_\_\_  
[Authorized Signatory Name & Title]

## **APPENDIX I**

### **Country Specific Information**

#### ***TERMS AND CONDITIONS***

This Appendix I includes additional terms and conditions that govern the SEA RSUs granted to the Participant if the Participant resides in one of the countries listed herein. This Appendix I forms part of the Agreement. These terms and conditions are in addition to, or if so indicated, in place of, the terms and conditions in the Agreement.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Date of Grant, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to the Participant under these circumstances.

#### ***NOTIFICATIONS***

This Appendix I also includes information regarding exchange controls, securities laws and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the exchange control, securities laws and other laws in effect in the respective countries as of December 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time the Participant vests in the SEA RSUs or when the Participant sells the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Grant Date, the information contained herein may not be applicable in the same manner to the Participant.

Capitalized terms not explicitly defined in this Appendix I but defined in the Agreement or Plan shall have the same definitions as in the Plan and/or the Agreement.

#### **ALL COUNTRIES OUTSIDE THE UNITED STATES**

#### ***NOTIFICATIONS***

**Foreign Asset/Account, Exchange Control and Tax Reporting.** The Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds

arising from the sale of Shares) derived from the Participant's participation in the Plan, to and/or from a brokerage/bank account or legal entity located outside the Participant's country. The applicable laws of the Participant's country may require that the Participant report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that the Participant is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult the Participant's personal legal advisor on this matter.

## GERMANY

### *NOTIFICATIONS*

**Exchange Control Information.** Cross-border payments in excess of €12,500 (including transactions made in connection with the sale of securities) must be reported monthly to the German Federal Bank (*Bundesbank*). If the Participant makes or receives a payment in excess of this amount, the Participant must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) available via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)).

## ITALY

### *TERMS AND CONDITIONS*

**Data Protection.** This provision replaces the "Data Protection" section of the Agreement in its entirety:

*The Participant understands that the Company, the Employer, or any member of the Combined Group and its Affiliates may hold certain personal information about the Participant, including the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships that the Participant holds in the Company, details of all SEA RSUs or any other entitlement to shares granted, cancelled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.*

*The Participant also understands that providing the Company with Data is necessary for the performance of the Plan and that the Participant's refusal to provide Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan. The Controller of personal data processing is Carnival Corporation, with its principal operating offices at 3655 N.W. 87th Avenue, Miami, Florida 33178-2428, United States and its representative in Italy is Costa Crociere, Piazza Piccapietra 48, 16121, Genoa, Italy.*

*The Participant understands that Data will not be publicized, but it may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. The Participant further understands that the Company, the Employer, and any member of the Combined Group and its Affiliates will transfer Data amongst themselves as*

*necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and that the Company, the Employer, or any member of the Combined Group and its Affiliates may each further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom the Participant may elect to deposit any Shares acquired under the Plan. Such recipients may receive, possess, use, retain and transfer the Data in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that these recipients may be located in the European Economic Area, or elsewhere, such as the United States. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, the Participant understands that the Company will delete the Participant's Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.*

*The Participant understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including communication, the transfer of the Participant's Data abroad, including outside the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan. The Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, the Participant has the right to, including but not limited to, access, delete, update, ask for rectification of the Data and cease, for legitimate reason, any processing of the Data. Furthermore, the Participant is aware that the Data will not be used for direct marketing purposes. In addition, the Data provided may be reviewed and questions or complaints can be addressed by contacting the Global Human Resources Department.*

**Plan Document Acknowledgment.** In accepting the SEA RSUs, the Participant acknowledges that the Participant has received a copy of the Plan and the Agreement, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

The Participant acknowledges that the Participant has read and specifically and expressly approve the following sections of the Agreement: Terms and Conditions of Vesting and Settlement; Termination of Employment or Service with the Company; Tax Withholding; Nature of Grant; Governing Law; WAIVER OF JURY TRIAL; Language and the Data Protection provisions for Italy included in this Appendix I.

## **NOTIFICATIONS**

**Foreign Asset/Account Reporting Information.** If the Participant is an Italian resident and hold investments or financial assets outside Italy (e.g., cash, SEA RSUs, Shares) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such

an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

## UNITED KINGDOM

### *TERMS AND CONDITIONS*

**Tax Withholding.** The following provisions supplement the Tax Withholding provisions in the Agreement.

The Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or any Affiliate or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and any Affiliate against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on the Participant's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Participant understands that he or she may not be able to indemnify the Company for the amount of any income tax not collected from or paid by the Participant, in case the indemnification could be considered a loan. In this case, the income tax not collected or paid may constitute a benefit to the Participant on which additional income tax and National Insurance contributions may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer, as applicable, for the value of any employee National Insurance contributions due on this additional benefit, which the Company or the Employer may recover from the Participant by any of the means referred to in this Agreement.

In addition, the Participant agrees that the Company and/or the Employer may calculate the income tax to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right the Participant may have to recover any overpayment from HMRC or any applicable tax authority.

**EXHIBIT A**

**TSR Performance Schedule**

The multiple of the Target Amount of SEA RSUs that shall be earned and become eligible to vest will be based upon the Company's level of attainment of the Performance Goals during the Performance Cycle. For this purpose:

[PERFORMANCE CRITERIA FOR GRANT]



**FORM OF NON-EMPLOYEE DIRECTOR  
RESTRICTED STOCK AWARD AGREEMENT  
FOR THE  
CARNIVAL CORPORATION  
2011 STOCK PLAN**

THIS AGREEMENT (the “**Agreement**”) is made effective as of [DATE], (hereinafter the “**Grant Date**”) between Carnival Corporation, a corporation organized under the laws of the Republic of Panama (the “**Company**”), and [FIRST\_NAME] [LAST\_NAME] (the “**Director**”), pursuant to the Carnival Corporation 2011 Stock Plan (the “**Plan**”).

**RECITALS:**

WHEREAS, the Company has adopted the Plan pursuant to which awards of restricted Shares may be granted; and

WHEREAS, the Company desires to grant Director an award of restricted Shares pursuant to the terms of this Agreement and the Plan.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

**DIRECTOR WILL BE DEEMED TO HAVE ACCEPTED THE TERMS AND CONDITIONS OF THIS AGREEMENT IF DIRECTOR DOES NOT OBJECT IN WRITING WITHIN TEN (10) DAYS FOLLOWING DELIVERY OF THIS AGREEMENT.**

1. Grant of Restricted Stock.

Subject to the terms and conditions set forth in the Plan and in this Agreement, the Company hereby grants to Director a Restricted Stock Award consisting of [QUANTITY] Shares (the “**Restricted Stock**”). The Restricted Stock is subject to the restrictions described herein, including forfeiture under the circumstances described in Section 5 hereof (the “**Restrictions**”). The Restrictions shall lapse and the Restricted Stock shall become nonforfeitable in accordance with Section 3 and Section 5 hereof.

2. Incorporation by Reference, Etc.

The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Director and his legal representative in respect of any questions arising under the Plan or this Agreement.

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### 3. Lapse of Restriction.

Except as otherwise provided in Section 5 hereof, the Restrictions with respect to the Restricted Stock shall lapse on the third anniversary of the Grant Date. Notwithstanding the foregoing, the Committee shall have the authority to remove the Restrictions on the Restricted Stock whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

Any shares of Restricted Stock for which the Restrictions have lapsed or been removed shall be referred to hereunder as “**released Restricted Stock.**”

### 4. Share Issuance.

Certificates or book entries evidencing the Restricted Stock shall be issued by the Company and shall be registered in Director’s name on the stock transfer books of the Company promptly after the date hereof. Subject to Section 6 hereof, the certificates or book-entry evidencing the Restricted Stock shall remain in the custody and/or subject to the control of the Company at all times prior to the date such Restricted Stock becomes released Restricted Stock. Pending the release of the Restrictions, the Committee may require the Director to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock.

### 5. Effect of Termination of Service.

Upon the termination of Director’s service as a member of the Board, the Restrictions on the unreleased Restricted Stock shall be released according to the following:

(a) In the event the Director’s service terminates by reason of death or Disability, the Restrictions on the Restricted Stock shall lapse on the date of Director’s death or Disability and the Restricted Stock shall become released Restricted Stock.

(b) In the event the Director’s service terminates other than by reason of death or Disability, prior to the first anniversary of the Director’s initial election to the Board, no release of Restricted Stock shall be made, and all unreleased Restricted Stock issued hereunder and all rights under this Agreement shall be forfeited.

(c) In the event the Director’s service terminates other than by reason of death or Disability, on or after the first anniversary of the Director’s initial election to the Board, the Restrictions on the Restricted Stock shall lapse (and the Restricted Stock shall become released Restricted Stock) in accordance with the schedule set forth in Section 3.

### 6. Rights as a Shareholder.

Director shall not be deemed for any purpose to be the owner of any Restricted Stock unless and until (i) the Company shall have issued the Restricted Stock in accordance with Section 4 hereof and (ii) the Director’s name shall have been entered as a stockholder of record with respect to the Restricted Stock on the books of the Company. Upon the fulfillment of the conditions in (i) and (ii) of this Section 6, Director shall be the record owner of the Restricted Stock unless and until such shares are forfeited pursuant to Section 5 hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights and rights to receive currently the dividends, if any, with respect to the Restricted Stock; provided, that the Restricted Stock shall be subject to the limitations on transfer and encumbrance set forth in this Agreement. As soon as practicable following the lapse or removal of Restrictions on any Restricted Stock, the Company shall deliver the certificate representing such released Restricted Stock to the Director with the restrictive legend removed. In the event the Restricted Stock is forfeited pursuant to Section 5 hereof, the Director’s name shall be removed from the stock transfer books of the Company and all rights of the Participant to such shares and as a stockholder with respect thereto, including, but not limited to, the right to any cash dividends and stock dividends, shall terminate without further obligation on the part of the Company.

### 7. Restrictive Legend; Compliance with Legal Requirements.

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All certificates or book entries representing Restricted Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE CARNIVAL CORPORATION 2011 STOCK PLAN, AS AMENDED FROM TIME TO TIME, AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF [DATE], BETWEEN CARNIVAL CORPORATION AND [FIRST\_NAME] [LAST\_NAME], COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE AT THE OFFICES OF CARNIVAL CORPORATION.

The granting and delivery of the Restricted Stock, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the delivery of the Restricted Stock would be prohibited by law or the Company's dealing rules, the delivery shall be delayed until the earliest date on which the delivery would not be so prohibited. Upon the expiration of the Restricted Period of any Restricted Stock, Director agrees to enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with the Plan or this Agreement.

#### 8. Transferability.

The Restricted Stock may not, at any time prior to becoming released Restricted Stock, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Director, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. Notwithstanding the foregoing, unreleased Restricted Stock may be transferred by the Director, without consideration, to a Permitted Transferee in accordance with Section 15(b) of the Plan.

#### 9. Withholding: Section 83(b) Election.

All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the grant and/or delivery of Restricted Stock on satisfaction of the applicable withholding obligations. The Company, Carnival plc or any Affiliate of the Company or Carnival plc has the right, but not the obligation, to withhold or retain any Restricted Stock or other property deliverable to the Director in connection with the Award of Restricted Stock or from any compensation or other amounts owing to the Director the amount (in cash, Shares or other property) of any required tax withholding in respect of the Restricted Stock and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. Director may make an election pursuant to Section 83(b) of the Code in respect of the Restricted Stock and, if he does so, he shall timely notify the Company of such election and send the Company a copy thereof. Director shall be solely responsible for properly and timely completing and filing any such election.

#### 10. UK Income Tax Election.

(a) If the Director is a resident of the UK, the Director and the Company agree that if either of them so elects, they will each enter into an irrevocable election either jointly or separately pursuant to section 431 of the UK Income Tax (Earnings and Pensions) Act 2003 (in such form as is approved by the Commissioners for Her Majesty's Revenue and Customs) not later than 14 days after the Grant Date of this award of Restricted Shares.

(b) Upon the expiration of the Restricted Period of any Restricted Shares, the Director agrees to enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with the Plan or this Agreement.

#### 11. Clawback/Forfeiture.

Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by Director and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to recover all or a portion of any

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income or gain realized on the vesting of the Restricted Stock or the subsequent sale of shares of released Restricted Stock with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Director, then the Director agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Grant Date and the Company shall promptly notify the Director of such additional provision.

## 12. Miscellaneous.

- (a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.
- (b) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Director, at the Director's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.
- (c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.
- (d) No Right to Continued Service. Nothing in the Plan or in this Agreement shall confer upon Director any right to continue to serve as a member of the Board or shall interfere with or restrict in any way the right of the Company, which are hereby expressly reserved, to remove, terminate or discharge Director at any time for any reason.
- (e) Beneficiary. The Director may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Director, the Director's estate shall be deemed to be the Director's beneficiary.
- (f) Bound by Plan. By signing this Agreement, Director acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.
- (g) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and on Director and the beneficiaries, executors, administrators, heirs and successors of Director.
- (h) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 14 of the Plan.
- (i) Governing Law: JURY TRIAL WAIVER. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Florida. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.
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(j) Data Protection. The Director hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Director's personal data as described in this Agreement and any other RSA grant materials ("Data") by and among, as applicable, the Company and any member of the Combined Group or its Affiliates for the exclusive purpose of implementing, administering and managing the Director's participation in the Plan.

The Director understands that the Company may hold certain personal information about the Director, including, but not limited to, the Director's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSAs or any other entitlement to Shares granted, canceled, exercised, vested, unvested or outstanding in the Director's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Director understands that Data will be transferred to Equatex AG and its affiliates, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Director understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Director's country. The Director understands that if the Director resides outside of the United States, the Director may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Human Resources Department. The Director authorizes the Company, Equatex AG and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Director's participation in the Plan. The Director understands that Data will be held only as long as is necessary to implement, administer and manage the Director's participation in the Plan. The Director understands that if the Director resides outside of the United States, the Director may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Global Human Resources Department. Further, the Director understands that the Director is providing the consents herein on a purely voluntary basis. If the Director's country does not consent, or if the Director later seeks to revoke the Director's consent, the Director's employment status or service with the Company will not be affected; the only consequence of refusing or withdrawing the Director's consent is that the Company would not be able to grant RSAs or other equity grants to the Director or administer or maintain such grants. Therefore, the Director understands that refusing or withdrawing the Director's consent may affect the Director's ability to participate in the Plan. For more information on the consequences of the Director's refusal to consent or withdrawal of consent, the Director understands that the Director may contact the Global Human Resources Department.

Finally, upon request of the Company, the Director agrees to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company) that the Company may deem necessary to obtain from the Director for the purpose of administering the Director's participation in the Plan in compliance with the data privacy laws in his or her country, either now or in the future. The Director understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company.

(k) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

CARNIVAL CORPORATION

By: /s/ Jerry Montgomery

Jerry Montgomery

Chief Human Resources Officer

**CARNIVAL CORPORATION & PLC**  
**Ratio of Earnings to Fixed Charges**

<i>(in millions, except ratios)</i>	Six Months Ended	
	May 31,	
	2018	2017
Net income	\$ 951	\$ 730
Income tax expense, net	3	7
Income before income taxes	955	737
Fixed charges		
Interest expense, net of capitalized interest	98	101
Interest portion of rent expense (a)	11	11
Capitalized interest	17	13
Total fixed charges	125	125
Fixed charges not affecting earnings		
Capitalized interest	(17)	(13)
Earnings before fixed charges	\$ 1,063	\$ 849
Ratio of earnings to fixed charges	8.5	6.8

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

I, Arnold W. Donald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):
  - (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: June 25, 2018

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

I, David Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):
  - (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: June 25, 2018

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer



I, Arnold W. Donald, certify that:

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

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 25, 2018

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

I, David Bernstein, certify that:

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

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 25, 2018

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2018 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: June 25, 2018

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2018 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: June 25, 2018

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2018 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: June 25, 2018

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2018 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: June 25, 2018

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

