FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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

For the fiscal year ended November 30, 1996
OR

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

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida	33178-2428
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Name of exchange on which registered
Class A Common Stock ($.01 par value)	New York Stock Exchange, Inc.

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $5,250,000,000 based upon the closing market price on February 14, 1997 of a share of Class A Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 14, 1997, the Registrant had outstanding 242,078,952 shares of its Class A Common Stock, $.01 par value and 54,957,142 shares of its Class B Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 1996 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K	
Part II	
Item 5(a) and (b).	Market for the Registrant's Common Stock and Related Stockholder Matters - Market Information and Holders.
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 8.	Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 1997 definitive Proxy Statement, to be filed with the Commission is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K

Part III

Item 10. Directors and Executive Officers of the Registrant.

Item 11. Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Item 13. Certain Relationships and Related Transactions.

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its 100% owned subsidiaries (the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated, and available capacity. The Company offers a broad range of cruise products, serving the contemporary cruise market through Carnival Cruise Lines ("Carnival"), the premium cruise market through Holland America Line ("HAL") and the luxury cruise market through Windstar Cruises. In total the Company owns and operates 22 cruise ships with an aggregate capacity of 30,837 passengers based on two passengers per cabin*. The Company also owns 50% of Seabourn Cruise Line ("Seabourn"), which serves the luxury market with two ships, and 29.5% of Airtours plc ("Airtours"), a leisure travel company with two cruise ships marketed primarily in Europe. Together, Seabourn and Airtours have a total capacity of approximately 2,350 passengers. In addition, Airtours will begin operation of a third ship commencing in May 1997.

The eleven Carnival ships have an aggregate capacity of 20,332 passengers with itineraries in the Caribbean, the Mexican Riviera and Alaska. The eight HAL ships have an aggregate capacity of 10,061 passengers, with itineraries in the Caribbean, the Mediterranean and Alaska and through the Panama Canal, as well as other worldwide itineraries. The three Windstar ships have an aggregate capacity of 444 passengers with itineraries in the Caribbean, the South Pacific, the Mediterranean and the Far East. The three Seabourn ships have an aggregate capacity of 612 passengers, and have itineraries throughout the world. The two Airtours ships have itineraries in the Mediterranean, the Canary Islands and the Caribbean.

The Company has signed agreements with various shipyards providing for the construction of additional cruise ships. The following table reflects a summary of these vessels under construction:

VESSEL	EXPECTED DELIVERY	SHIPYARD	PASSENGER CAPACITY
Carnival Cruise Lines			
Elation	02/98	Masa-Yards	2,040
Paradise	11/98	Masa-Yards	2,040
Carnival Triumph	06/99	Fincantieri	2,640
Carnival Newbuild	07/00	Fincantieri	2,640
Total Carnival Cruise Lines			9,360
Holland America Line			
Rotterdam VI	09/97	Fincantieri	1,320
HAL Newbuild	02/99	Fincantieri	1,440
HAL Newbuild	09/99	Fincantieri	1,440
Total Holland America Line			4,200
			13,560

* In accordance with industry practice all capacities indicated within this document are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

As a result of this shipbuilding program and planned ship sales and retirements, the Company currently expects its passenger capacity to increase by 37% to 42,300 in mid-2000 (excluding Seabourn and Airtours).

The Company also operates a tour business, through Holland America Westours, which markets sight-seeing tours and cruise/tour packages to Alaska. HAL-Westours operates 16 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 290 motor coaches used for sight-seeing and charters in the states of Washington and Alaska and twelve private domed rail cars which are run on the Alaskan railroad between Anchorage and Fairbanks.

Historically, the Company's products have been marketed primarily in North America through Carnival, HAL, Windstar Cruises, HAL-Westours, and Seabourn. During 1996, the Company took steps to expand its markets into Europe and Asia which are described below. The existing cruise markets in Europe and Asia are much smaller and less developed than the North American market. Cruise passengers carried in Europe and Asia in 1996 are estimated to be approximately 1.0 million and 0.5 million, respectively, compared to approximately 4.6 million in North America.

In April 1996, the Company acquired a 29.5% interest in Airtours, a leisure travel company publicly traded on the London Stock Exchange that provides air inclusive packaged holidays to the British, Scandinavian and North American markets. In addition, in September 1996 the Company and Hyundai Merchant Marine Co. Ltd. ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. See Part I, "Item 1. Business, G. Investments in Affiliates", for a further description of these businesses.

In December 1996, the Company and Airtours signed a letter of intent with the controlling shareholders (the "Syndicate") of Costa Crociere SpA ("Costa"), a publicly traded cruise company headquartered in Italy to acquire all of the equity securities of Costa held by the Syndicate and to launch a tender offer for the remaining outstanding equity securities of Costa. Costa markets its cruise products primarily in Europe. The cost of acquisition, assuming all of the outstanding equity securities are tendered, would be approximately $300 million cash, with the Company and Airtours each contributing 50% of that amount. The letter of intent provides that the commencement of the tender offer is conditioned on the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the Syndicate, the receipt of all corporate and regulatory and government approvals, certain minimum levels of acceptance on the tender offer and other customary conditions found in transactions of this type.

B. Cruise Ship Segment

Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a vacation alternative to land-based resorts and sight-seeing destinations. According to Cruise Lines International Association ("CLIA"), an industry trade group, in 1970 approximately 500,000 North American passengers took cruises for three consecutive nights or more. CLIA estimates that this number reached 4.6 million passengers in 1996, an average compound annual growth rate of 8.9% since 1970. Also, according to CLIA, by the end of 1996 the number of ships in service totaled 129 with an aggregate capacity of approximately 110,000 berths. CLIA estimates that the number of passengers carried in North America increased from 4.38 million in 1995 to 4.6 million in 1996 or approximately 5.0%. There was no growth in the number of passengers carried in North America during 1994 and 1995. The Company nevertheless has been able to increase the number of passengers it carried by approximately 200,000 in each of the past three years, or an average of 15.2% per year.

CLIA estimates that the number of cruise passengers will grow to approximately 4.9 million in 1997. CLIA also projects that by the end of 1997, North America will be served by 135 vessels having an aggregate capacity of approximately 124,000 berths.

The following table sets forth the North American industry and Company growth over the past five years based on passengers carried for at least three consecutive nights:

YEAR	NORTH AMERICAN CRUISE PASSENGERS* (Calendar)	COMPANY CRUISE PASSENGERS CARRIED (Fiscal)

1996	4,600,000(est)	1,764,000
1995	4,378,000	1,543,000
1994	4,448,000	1,354,000
1993	4,480,000	1,154,000
1992	4,136,000	1,153,000

*Source: CLIA.

From 1992 through 1996, the Company's average compound annual growth rate in number of passengers carried was 11.2% versus the industry average of 2.7%.

The Company's passenger capacity has grown from 17,973 at November 30, 1992 to 30,837 at November 30, 1996. The delivery of the Statendam, Sensation and Maasdam in 1993 increased capacity by 4,572 berths, more than offsetting a decrease of 906 berths related to the sale of the Mardi Gras. During 1994, net capacity increased by 2,369 berths due to the delivery of the Fascination and Ryndam, net of the 937 decrease in berths related to the sale of the Carnivale. In 1995, with the delivery of the Imagination, capacity increased by 2,040 berths. During 1996, net capacity increased by 4,802 berths due to delivery of the Inspiration, the Veendam and the Carnival Destiny, net of the 1,146 decrease in passenger capacity related to the sale of the Festivale.

In spite of the cruise industry's growth since 1970, the Company believes cruises represent only approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving at least one night's stay in a hotel. Only an estimated 7% of the North American population has ever taken a cruise.

Cruise Ships and Itineraries

Under the Carnival Cruise Lines name, the Company serves the contemporary market with eleven ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including ten SuperLiners which are among the largest in the cruise industry. Nine of the Carnival Ships operate in the Caribbean and two Carnival Ships call on ports in the Mexican Riviera. During 1996, the Carnival Ship Tropicale began operating in Alaska during the summer season. Carnival also offers cruises through the Panama Canal and to the Hawaiian Islands. See "Sales and Marketing".

Through its subsidiary, HAL, the Company operates eleven ships offering premium or luxury specialty vacations. Eight of these ships, the Rotterdam, the Nieuw Amsterdam, the Noordam, the Westerdam, the Statendam, the Maasdam, the Ryndam and the Veendam are operated under the Holland America Line name (the "HAL Ships"). The remaining three ships, the Wind Star, the Wind Song and the Wind Spirit, are operated under the Windstar Cruises name (the "Windstar Ships").

The HAL Ships offer premium cruises of various lengths, in the Caribbean, Alaska, Panama Canal, Europe, the Mediterranean, Hawaii, Mexico, South Pacific, South America and the Orient. Cruise lengths vary from one to 99 days, with a large proportion of cruises being seven or ten days in length. Periodically, the HAL Ships make longer grand cruises or operate on short-term special itineraries. For example, in 1996, the Rotterdam made a 99-day world cruise, and a 50-day Grand South America voyage. HAL will continue to offer these special and longer itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings in view of the fleet expansion. The majority of the HAL Ships operate in the Caribbean during fall to early spring and in Alaska during late spring to early fall. The three Windstar Ships currently operate in the Caribbean, the Mediterranean and the South Pacific.

The following table presents summary information concerning the Company's ships. Areas of operation are based on current itineraries and are subject to change.

NAME	REGISTRY	BUILT	YEAR FIRST IN COMPANY SERVICE	PAX CAP*	GROSS REGISTERED TONS	LENGTH & WIDTH	PRIMARY AREAS OF OPERATION
Carnival Cruise Lines							
Carnival Destiny	Panama	1996	1997	2,642	101,000	893/116	Caribbean
Inspiration	Panama	1996	1996	2,040	70,367	855/104	Caribbean
Imagination	Panama	1995	1995	2,040	70,367	855/104	Caribbean
Fascination	Panama	1994	1994	2,040	70,367	855/104	Caribbean

Sensation	Panama	1993	1993	2,040	70,367	855/104	Caribbean
Ecstasy	Liberia	1991	1991	2,040	70,367	855/104	Caribbean
Fantasy	Liberia	1990	1990	2,044	70,367	855/104	Bahamas
Celebration	Liberia	1987	1987	1,486	47,262	738/92	Caribbean
Jubilee	Panama	1986	1986	1,486	47,262	738/92	Mexican Riviera
Holiday	Panama	1985	1985	1,452	46,052	727/92	Mexican Riviera
Tropicale**	Liberia	1982	1982	1,022	36,674	660/85	Alaska, Caribbean
Total Carnival Ships Capacity.....				20,332			
Holland America Line							
Veendam	Bahamas	1996	1996	1,266	55,451	720/101	Alaska, Caribbean
Ryndam	Netherlands	1994	1994	1,266	55,451	720/101	Alaska, Caribbean
Maasdam	Netherlands	1993	1993	1,266	55,451	720/101	Europe, Caribbean
Statendam	Netherlands	1993	1993	1,266	55,451	720/101	Alaska, Caribbean
Westerdam	Netherlands	1986	1988	1,494	53,872	798/95	Canada, Caribbean
Noordam	Netherlands	1984	1984	1,214	33,930	704/89	Alaska, Caribbean
Nieuw Amsterdam	Netherlands	1983	1983	1,214	33,930	704/89	Alaska, Caribbean
Rotterdam V**	Netherlands	1959	1959	1,075	37,783	749/94	Alaska, Worldwide
Total HAL Ships Capacity.....				10,061			
Windstar Cruises							
Wind Spirit	Bahamas	1988	1988	148	5,736	440/52	Caribbean, Mediterranean
Wind Song	Bahamas	1987	1987	148	5,703	440/52	South Pacific
Wind Star	Bahamas	1986	1986	148	5,703	440/52	Caribbean, Mediterranean
Total Windstar Ships Capacity.....				444			
Total Capacity.....				30,837			

* In accordance with industry practice passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

** In November 1996, Carnival Cruise Lines' cruise ship Tropicale was sold to the joint venture with HMM and the Company chartered the vessel back until the vessel enters service with the joint venture in the spring of 1998. Holland America Line's Rotterdam V is expected to be replaced in September 1997 by the Rotterdam VI, which is currently under construction.

Cruise Ship Construction

The Company is currently constructing four cruise ships to be operated under the Carnival name and three cruise ships to be operated under the Holland America Line name. The following table presents summary information concerning ships under construction:

VESSEL	EXPECTED DELIVERY	SHIPYARD	PAX CAP (1)	TONS	ESTIMATED COST	REMAINING TO BE PAID
					(In millions)	
Carnival Cruise Lines						
Elation	02/98	Masa-Yards	2,040	70,367	$ 300	$ 281
Paradise	11/98	Masa-Yards	2,040	70,367	300	283
Carnival Triumph	06/99	Fincantieri(2)	2,640	101,000	400	372
Carnival Newbuild	07/00	Fincantieri	2,640	101,000	430	430
Total Carnival Ships Capacity			9,360		1,430	1,366
Holland America Line						
Rotterdam VI	09/97	Fincantieri(2)	1,320	62,000	270	199
HAL Newbuild	02/99	Fincantieri(2)	1,440	63,000	300	286
HAL Newbuild	09/99	Fincantieri(2)	1,440	63,000	300	286
Total HAL Ships Capacity			4,200		870	771
Total			13,560		$2,300	$2,137

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

(2) The construction contracts with such shipyards are denominated in Italian Lire. Contracts denominated in a foreign currency have been fixed into U.S. Dollars through the utilization of forward currency contracts.

Cruise Tariffs

The table below sets forth certain price information for the Company's cruises. Brochure prices vary depending upon size and location of cabin, the time of year that the voyage takes place, and when the booking is made. The cruise brochure price includes a wide variety of activities and facilities, such as a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools on each ship. The brochure price also includes numerous dining opportunities daily.

Brochure pricing information below is per person based on double occupancy:

AREA OF OPERATION	CRUISE LENGTH	PRICE RANGE
Carnival Cruise Lines		
Caribbean	3-day	$ 519--939
	4-day	599--1,169
	7-day	999--2,599
Mexico	3-day	519--939
	4-day	599--1,099
	7-day	999--2,049
Alaska	7-day	1,399--2,749
Holland America Line		
Alaska	7-day	$ 1,025--7,000
Caribbean	7-day	1,262--5,775
	10-day	2,032--6,000
Europe	10- to 12-day	3,375--14,045
Panama Canal	10- to 22-day	2,795--15,400
Windstar Cruises		
Caribbean	7-day	$ 3,195--3,295
Mediterranean	7- to 16-day	2,695--6,095
South Pacific	7-day	3,195--3,495

Brochure prices are regularly discounted through the Company's early booking discount program and other promotions.

On-Board and Other Revenues

The Company derives revenues from certain on-board activities and services including casino gaming, liquor sales, gift shop sales, shore tours, photography and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. Certain onboard activities are managed by independent concessionaires from which the Company collects a percentage of revenues, while certain other activities are managed by the Company.

The Company receives additional revenue from the sale to its passengers of shore excursions at each ship's ports of call. On the Carnival Ships, such shore excursions are operated by independent tour operators and include bus and taxi sight-seeing excursions, local boat and beach parties, and nightclub and casino visits. On the HAL Ships, shore excursions are operated by Holland America Westours and independent parties.

In conjunction with its cruise vacations on the Carnival Ships, the Company sells pre-cruise and post-cruise land packages. Such packages generally include one, two or three-night vacations at locations such as Walt Disney World in Orlando, Florida or resorts in the South Florida and the San Juan, Puerto Rico areas.

In conjunction with its cruise vacations on the HAL Ships, HAL sells pre-cruise and post-cruise land packages which are more fully described below. (See "Item 1. Business - Tour Segment")

Passengers

The following table sets forth the aggregate number of passengers carried and percentage occupancy for the Company's ships for the periods indicated:

	FISCAL YEAR ENDED NOVEMBER 30,		
	1996	1995	1994
Number of Passengers	1,764,000	1,543,000	1,354,000
Occupancy Percentage*	107.6%	105.0%	104.0%

- ----------

*In accordance with cruise industry practice, total capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. Occupancy percentages in excess of 100% indicate that more than two passengers occupied some cabins.

- ----------

The following table sets forth the actual occupancy percentage for all cruises on the Company's ships during each quarter for the fiscal years ended November 30, 1995 and November 30, 1996:

QUARTER ENDING	OCCUPANCY PERCENTAGE
February 28, 1995	99.9
May 31, 1995	100.3
August 31, 1995	114.6
November 30, 1995	104.6
February 29, 1996	107.1
May 31, 1996	107.2
August 31, 1996	114.5
November 30, 1996	101.1

Sales and Marketing

The Company's products are positioned to appeal to the contemporary, premium and luxury-specialty segments. The luxury-specialty segment, which is not as large as the other segments, is served by cruises with per diems of $300 or higher. The premium segment typically is served by cruises that last for 7 to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The contemporary segment, on the other hand, is served typically by cruises that are 7 days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival cruises is attributable in large part to its early recognition of this market segmentation and its efforts to reach and promote the expansion of the contemporary segment.

Carnival Cruise Lines

Carnival believes that its success is due in large part to its unique product positioning within the industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sight-seeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Ships " experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

The Company markets the Carnival Ships as the "Fun Ships " and uses the themes "Carnival's Got the Fun " and "The Most Popular Cruise Line in the World ", among others. Carnival advertises nationally directly to consumers on network television and through extensive print media utilizing its spokesperson, Kathie Lee Gifford. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Ships " concept and the "Carnival " name. Substantially all of Carnival's cruise bookings are made through travel agents, which arrangement is encouraged as a matter of policy. In fiscal 1996, Carnival took reservations from about 31,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents

receive a standard commission of 10% (15% in the State of Florida), plus the potential of an additional commission based on sales volume. Moreover, because cruise vacations are substantially all-inclusive, sales of Carnival cruise vacations yield a significantly higher commission to travel agents than selling air tickets and hotel rooms. During fiscal 1996, no one travel agency accounted for more than 2% of Carnival's revenues.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Ships " cruise vacations. Carnival employs approximately 90 business development managers and 30 in-house service representatives to motivate independent travel agents and promote its cruises. Carnival believes it has one of the largest sales forces in the industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 360 reservation agents to take bookings from independent travel agents. Carnival's fully-automated reservation system allows its reservation agents to respond quickly to book cabins on its ships. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations through computer terminals directly into Carnival's computerized reservations system. Carnival has a policy of pricing comparable cabins (based on cabin size, location, vessel class and length of voyage) on its various ships at the same rate within its brochures ("common rating"). Through common rating, Carnival is able to offer customers a wider variety of voyages for the same price, which the Company believes improves occupancy on all its cruises. However, discounts from brochure prices may vary depending upon the ship, itinerary, time of year and demand for each cruise.

Carnival's cruises generally are substantially booked several months in advance of the sailing date. This lead time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares, introduced several years ago, are designed to encourage potential passengers to book cruise reservations earlier, which helps the Company to more effectively manage yields (pricing and occupancy). Carnival's payment terms require that a passenger pay approximately 15% of the cruise price within 7 days of the reservation date and the balance not later than 45 days before the sailing date for 3- and 4-day cruises and 60 days before the sailing date for 7-day cruises.

Holland America Line (HAL) and Windstar

The HAL and Windstar Ships cater to the premium and luxury-specialty markets, respectively. The Company believes that the hallmarks of the HAL experience are beautiful ships and gracious, attentive service. HAL communicates this difference as "A Tradition of Excellence ", a reference to its long standing reputation as a first class and grand cruise line.

Substantially all of HAL's bookings are made through travel agents, which arrangement HAL encourages as a matter of policy. In fiscal 1996, HAL took reservations from about 22,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents receive a standard commission of between 10% and 15%, depending upon the specific cruise product sold, with the potential for override commissions based upon sales volume. During 1996, no one travel agency accounted for more than 1% of HAL's total revenue.

HAL has focused much of its recent sales effort at creating an excellent relationship with the travel agency community. This is related to the HAL marketing philosophy that travel agents have a large impact on the consumer cruise selection process and will recommend HAL more often because of its excellent reputation for service to both consumers and independent travel agents. HAL solicits continuous feedback from consumers and the independent travel agents making bookings with HAL to insure they are receiving excellent service.

HAL's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution and direct mail solicitations to past passengers (referred to as "alumni") and television. HAL engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. HAL employs approximately 50 field sales representatives, 25 teleaccount sales representatives and 15 sales and service representatives to support the field sales force. To facilitate access to HAL and to simplify the reservation process for the HAL ships, HAL employs approximately 260 reservation agents to take bookings from travel agents. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into HAL's reservations system. HAL's cruises generally are booked several months in advance of the sailing date.

Windstar Cruises has its own marketing and reservations staff. Field sales representatives for both HAL and Carnival act as field sales representatives for Windstar. Marketing efforts are primarily devoted to a) travel agent support and awareness, b) direct mail solicitation of past passengers and c) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise market positioning is embodied in the phrase "180 degrees from ordinary ".

Seasonality

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets.

Competition

In addition to competing with each other, cruise lines compete for consumer disposable leisure time dollars with other vacation alternatives such as land-based resort hotels and sight-seeing destinations, and public demand for such activities is influenced by general economic conditions.

As described under Part I, Item 1. Business, B. Cruise Ship Segment, Industry, the North American cruise industry had an aggregate of 129 ships and 110,000 berths at the end of 1996. From the end of 1996 through the end of 1999, the Company currently estimates 22 new ships will be introduced into the North American market with a capacity of approximately 35,000 berths. The estimate of new ship introductions is based on scheduled ship deliveries and could increase. The lead time for design, construction and delivery of a typical cruise ship is approximately two to three years. Over the last several years as new vessels were introduced by the Company and some of its competitors a number of older vessels were removed from service in the North American market due to age or lack of profitability. The Company believes that this trend may continue in the future. Nonetheless, net capacity in the North American cruise market will most likely increase over the next several years and thus may increase the levels of competition within the industry.

The Company, including all its cruise products, is the largest cruise company in the world based on passengers carried, revenues generated and available capacity. The primary methods of competition among cruise lines are in the areas of cruise pricing, cruise product and cruise destination. A discussion of each of the Company's cruise products and its primary cruise competition is included below.

The Carnival ships compete with cruise ships operated by six different cruise lines which operate year round from Florida, California and Puerto Rico with similar itineraries and with ten other cruise lines operating seasonally from other ports in Florida, California and Puerto Rico, including cruise ships operated by HAL. Competition for cruise passengers is substantial. Ships operated by Royal Caribbean Cruise Line and Norwegian Cruise Line sail regularly from Miami and Celebrity Cruises sails regularly from Ft. Lauderdale on itineraries similar to those of the Carnival Ships. Carnival competes year round with ships operated by Royal Caribbean Cruise Line embarking from Los Angeles to the west coast of Mexico. Cruise lines such as Norwegian Cruise Line, Royal Caribbean Cruise Line and Princess Cruises offer voyages competing with Carnival from San Juan to the Caribbean. The Walt Disney Co. has announced that it intends to enter the cruise market with two ships in 1998.

In Alaska, HAL and Carnival compete directly with cruise ships operated by ten different cruise lines with the largest competitors being Princess Cruises and Royal Caribbean Cruise Line. Over the past several years, there has been a steady increase in the available capacity among all cruise lines operating in Alaska. In the Caribbean, HAL competes with cruise ships operated by 16 different cruise lines, its primary competitors being Princess Cruises, Royal Caribbean Cruise Line, Celebrity Cruises and Norwegian Cruise Line, as well as the Carnival Ships.

Governmental Regulation

The Ecstasy, Fantasy, Celebration and Tropicale are Liberian flagged ships and the balance of the Carnival Ships are registered in Panama. The

Ryndam, Maasdam, Statendam, Westerdam, Noordam, Nieuw Amsterdam and the Rotterdam are registered in the Netherlands, while the Veendam is flagged in the Bahamas. The Windstar Ships are registered in the Bahamas. The ships are subject to inspection by the United States Coast Guard for compliance with the Convention for the Safety of Life at Sea and by the United States Public Health Service for sanitary standards. The Company is also regulated by the Federal Maritime Commission, which, among other things, certifies ships on the basis of the ability of the Company to meet obligations to passengers for refunds in case of nonperformance. The Company believes it is in compliance with all material regulations applicable to its ships and has all licenses necessary to the conduct of its business. In connection with a significant portion of its Alaska cruise operations, HAL relies on a concession permit from the National Park Service, which is periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that the permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

The International Maritime Organization has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, applicable generally to all passenger ships carrying 36 or more passengers. Generally, SOLAS imposes enhanced vessel structural requirements designed to improve passenger safety. The SOLAS requirements are phased in through the year 2010. However, certain stringent SOLAS fire safety requirements must be implemented by October 1997. The Company believes that its ships, excluding the Rotterdam V which is scheduled for removal from service in September 1997, either currently meet or will meet the 1997 SOLAS requirements without significant additional expenditures.

Public Law 89-777 administered by the Federal Maritime Commission ("FMC") requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million, subject to a sliding scale. The FMC has proposed increasing the coverage requirements under the FMC regulations. The proposed new regulations are viewed favorably by the Company and are not expected to have a material effect on the Company. The FMC has received public comments regarding the proposed regulations and may take final action at any time.

From time to time, various other regulatory and legislative changes have been or may in the future be proposed that could have an effect on the cruise industry in general.

Financial Information

For financial information about the Company's cruise ship segment with respect to the three fiscal years ended November 30, 1996, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

C. Tour Segment

In addition to its cruise business, HAL markets sight-seeing tours separately and as a part of cruise/tour packages under the Holland America Westours name. Tour operations are based in Alaska, Washington State and western Canada. Since a substantial portion of Holland America Westours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Westours

Holland America Line-Westours Inc. ("Holland America Westours") is a wholly-owned subsidiary of HAL. The group of subsidiaries which together comprise the tour operations perform three independent yet interrelated functions. During 1996, as part of an integrated travel program to destinations in Alaska, the tour service group offered 43 different tour programs varying in length from 7 to 21 days. The transportation group and hotel group support the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers and fjords of Alaska and the Yukon River. The Yukon Queen cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 249 passengers.

A fleet of over 290 motor coaches using the trade name Gray Line operates in Alaska, Washington and western Canada. These motor coaches are used for extended trips, city sight-seeing tours and charter hire. HAL conducts its tours both as part of a cruise/tour package and as individual sight-seeing products sold under the Gray Line name. In addition, HAL operates express Gray Line motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Twelve private domed rail cars, which are called "McKinley Explorers", run on the Alaska railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, HAL owns or leases motor coach maintenance shops in Seattle, and at Juneau, Fairbanks, Anchorage, Skagway and Ketchikan in Alaska. HAL also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle and at Vancouver in British Columbia. Certain real property facilities on federal land are used in HAL's tour operations pursuant to permits from the applicable federal agencies.

Westmark Hotels

HAL owns and/or operates 16 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 12 hotels, all located throughout Alaska, provide a total of 1,649 rooms, bringing the total number of hotel rooms to 2,234.

The hotels play an important role in HAL's tour program during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. HAL hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

The hotels are summarized in the following table:

HOTEL NAME	LOCATION	ROOMS	OPEN DURING 1996 SEASON
Alaska Hotels:			
Westmark Anchorage	Anchorage	198	year-round
Westmark Inn	Anchorage	90	seasonal
Westmark Inn	Fairbanks	173	seasonal
Westmark Fairbanks	Fairbanks	238	year-round
Westmark Juneau	Juneau	105	year-round
The Baranof	Juneau	193	year-round
Westmark Cape Fox	Ketchikan	72	year-round
Westmark Kodiak	Kodiak	81	year-round
Westmark Shee Atika	Sitka	101	year-round
Westmark Inn Skagway	Skagway	209	seasonal
Westmark Tok	Tok	92	seasonal
Westmark Valdez	Valdez	97	year-round
Canadian Hotels (Yukon Territory):			
Westmark Inn	Beaver Creek	174	seasonal
Westmark Klondike Inn	Whitehorse	99	seasonal
Westmark Whitehorse	Whitehorse	181	year-round
Westmark Inn	Dawson	131	seasonal

Thirteen of the hotels are owned by a HAL subsidiary. The remaining three hotels, Westmark Anchorage, Westmark Cape Fox and Westmark Shee Atika, are operated by Westmark under arrangements involving third parties such as management agreements and leases.

For the hotels that operate year-round, the occupancy percentage for 1996 was 58%, and for the hotels that operate only during the summer months, the occupancy percentage for 1996 was 79%.

Seasonality

The Company's tour revenues are extremely seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Westours' tours are conducted in Washington State, Canada and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during

the summer months. During periods in which tour demand is low, HAL seeks to maximize its motor coach charter activity such as operating charter tours to ski resorts in Washington and Canada.

Sales and Marketing

HAL tours are marketed both separately and as part of cruise-tour packages. Although most HAL cruise-tours include a HAL cruise as the cruise segment, other cruise lines also market HAL tours as a part of their cruise-tour packages and sight-seeing excursions. Tours sold separately are marketed through independent travel agents and also directly by HAL, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the continental United States. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Concessions

Certain tours in Alaska are conducted on federal property requiring concession permits from the applicable federal agencies such as the National Park Service or the United States Forest Service.

Competition

Holland America Westours competes with independent tour operators and motor coach charter operators in Washington, Alaska and the Canadian Rockies. The primary competitors in Alaska are Princess Tours (which owns approximately 130 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (which owns approximately 40 motor coaches). The primary competitor in Washington is Gazelle (with approximately 18 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, including the Super 8 national motel chain, many of which charge prices below those charged by HAL. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulation

HAL's motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities Department of Transportation, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain of HAL's tours involve federal properties and are subject to regulation by various federal agencies such as the National Park Service, the Federal Maritime Administration and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, HAL is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, HAL is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future, require substantial capital expenditures to insure continuing compliance such as the installation of sprinkler systems.

Financial Information

For financial information about the Company's tour segment with respect to the three fiscal years ended November 30, 1996, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

D. Employees

The Company's Carnival operations have approximately 1,400 full-time and 300 part-time employees engaged in shoreside operations. Carnival also employs approximately 360 officers and 8,900 crew and staff on the Carnival Ships.

The Company's HAL operations have approximately 3,200 employees engaged in shoreside, tour and hotel operations, of which approximately 1,500 employees hold part-time/seasonal positions. HAL also employs approximately 250 officers and 3,700 crew and staff on the HAL Ships and Windstar Ships. Due to the seasonality of its Alaska and Canadian operations, HAL tends to increase its work force during the summer months, employing significant

additional full-time and part-time personnel. HAL has entered into agreements with unions covering employees in certain of its hotels and certain of its tour and ship employees.

The Company considers its employee relations generally to be good.

E. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and related items, hotel supplies and products related to passenger accommodation. Although the Company chooses to use a limited number of suppliers for most of its food and fuel purchases, most of the necessary supplies are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to obtain volume discounts.

F. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on the Carnival Ships and the HAL Ships in operation through The Standard Steamship Owners Protection & Indemnity Association (Europe) Limited (the "SSOPIA") and the Steamship Mutual Underwriting Association Ltd. (the "SMUAL"). The amount and terms of these insurances are governed by the rules of the foregoing associations.

The Company currently maintains insurance on the hull and machinery of each vessel in amounts equal to the approximate market value of each vessel. The Company maintains war risk insurance on each vessel which includes legal liability to crew and passengers including terrorist risks for which coverage would be excluded from SSOPIA or SMUAL. The coverage for hull and machinery and war risks is effected with international markets, including underwriters at Lloyds. The Company, as currently required by the FMC, maintains at all times two $15 million performance bonds for the Carnival Ships, and the HAL and Windstar Ships, respectively, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. See "CRUISE SHIP SEGMENT - Government Regulation" for a discussion of changes to the performance bond requirements proposed by the FMC.

The Company maintains certain levels of self insurance for liabilities and hull and machinery through the use of substantial deductibles. Such deductibles may be increased in the future. The Company does not carry coverage related to loss of earnings or revenues for its cruise operations.

The Company also maintains various insurance policies to protect the assets, earnings and liabilities arising from the operation of Holland America Westours.

G. Investments in Affiliates

Seabourn Cruise Line

In April 1992, the Company acquired 25% of the capital stock of Seabourn. As part of the transaction, the Company also made a subordinated secured ten-year loan of $15 million to Seabourn and a $10 million convertible loan to Seabourn. In December 1995, the $10 million convertible loan was converted by the Company into an additional 25% equity interest in Seabourn. Seabourn operates three ultra-luxury ships, which have an aggregate capacity of 612 passengers and have itineraries in the Caribbean, the Baltic, the Mediterranean and the Far East. The Seabourn product is primarily marketed in North America.

Airtours plc

In April 1996, the Company acquired a 29.5% interest in Airtours for approximately $307 million. Airtours and subsidiaries is the largest air inclusive tour operator in the world and is publicly traded on the London Stock Exchange. Airtours provides air inclusive packaged holidays to the British, Scandinavian and North American markets. Airtours provides holidays to approximately 5 million people per year and owns or operates 32 hotels, two cruise ships and 31 aircraft.

Airtours was founded in the United Kingdom in 1972 and is currently the second largest provider of air inclusive packages in the United Kingdom. In 1994, Airtours entered the Scandinavian market via the acquisition of the Scandinavian Leisure Group and expanded its share of this market in 1996 with the acquisition of Spies. In 1995, Airtours acquired Sunquest Vacations, a Canadian tour operator. During 1996, Airtours acquired Alba Tours International located in Canada, began operations in Los Angeles, California with Sunquest Holidays, and began construction of a time share facility in Orlando, Florida. Today Airtours is the market leader in Scandinavia and is one of Canada's leading tour operators.

Airtours operates 18 aircraft (one additional aircraft is scheduled to enter service in the spring of 1997) exclusively for its U.K. tour operators providing a large proportion of their flying requirements. In addition, Airtours' subsidiary Premiair operates a fleet of 13 aircraft (one additional aircraft is also scheduled to enter service with Premiar in the spring of 1997), which provides most of the flying requirements for Airtours' Scandinavian tour operators.

Airtours owns or operates 32 hotels (6,500 rooms) which provide rooms to Airtours' tour operators principally in the Mediterranean and the Canary Islands. In addition, Airtours has a 50% interest in Tenerife Sol, a joint venture with Sol Hotels Group of Spain, which owns and operates three additional hotels in the Canary Islands providing 1,300 rooms.

Through its subsidiary Sun Cruises, Airtours owns and operates two cruise ships. Both the 800-berth MS Seawing and the 1,062-berth MS Carousel commenced operations in 1995. Recently, Airtours acquired a third ship, the MS Sundream, which is the sister ship of the MS Carousel. The MS Sundream is expected to commence operations in May 1997. The ships operate in the Mediterranean, the Caribbean and around the Canary Islands and are sold exclusively by Airtours' tour operators.

Joint Venture with Hyundai Merchant Marine Co. Ltd.

In September 1996, the Company and Hyundai Merchant Marine Co. Ltd. ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market (the "Joint Venture"). The Company and HMM each have contributed $4.8 million as the initial capital of the Joint Venture. In addition, in November 1996 the Company sold Carnival Cruise Lines' cruise ship Tropicale to the Joint Venture for approximately $95.5 million cash. The Company then chartered the vessel from the Joint Venture until the Joint Venture is ready to begin cruise operations in the Asian market in or around the spring of 1998. The Joint Venture borrowed the $95.5 million purchase price from a financial institution and the Company and HMM each guaranteed 50% of the borrowing.

Seasonality

The Company's investments in affiliates are accounted for using the equity method of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are very seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Item 2. Properties

The Company's cruise ships are described in Section B of Item 1 under the heading "Cruise Ship Segment". The properties associated with HAL's tour operations are described in Section C of Item 1 under the heading "Tour Segment".

Carnival's shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These facilities consist of approximately 231,000 square feet of office facility which the Company purchased in December 1994 and approximately 225,000 square feet of office facility recently constructed next to the existing facility. Carnival is also leasing approximately 60,000 square feet of office space at 5225 N.W. 87th Avenue, Miami, Florida until September 1997.

HAL headquarters are at 300 Elliott Avenue West in Seattle, Washington in leased space in an office building. The lease is for approximately 125,000 square feet.

The Company's cruise ships, tour properties and shoreside operations facilities are well maintained and in good condition.

Item 3. Legal Proceedings

In April 1996 and October 1996, four complaints were filed in the Circuit Court of the Eleventh Judicial Circuit, Dade County, Florida, against the Company (the "Florida Actions"). In April 1996, a complaint was filed in the Superior Court of Washington for King County against Holland America Westours (the "Washington Action"). In November 1996, a complaint was filed against the Company in the 18th Judicial District Court, Parish of Iberville, Louisiana (the "Louisiana Action"). These actions (collectively

the "Port Charges Complaints"), brought on behalf of purported classes of persons who traveled on a Company ship and paid port charges to the Company, allege that statements made by the Company in advertising and promotional materials concerning port charges were false and misleading.

The Florida Actions allege claims of negligent misrepresentation, unjust enrichment, violation of the Florida Deceptive and Unfair Trade Practices Act, fraud, negligence, breach of fiduciary duties, breach of implied covenants of good faith and fair dealing, fraudulent misrepresentations and/or omission, restitution, conversion, money had and received, resulting trust and constructive trust. The Washington Action alleges claims of negligent misrepresentation, unjust enrichment and violation of the Washington Consumer Protection Act. The Louisiana Action alleges violation of the Louisiana Unfair Trade Practices and Consumer Protection Law, fraud and breach of express contractual obligations. The Company has removed the Louisiana Action to federal court, and a hearing on the Company's motion to dismiss is presently scheduled for August 1997.

In one of the Florida Actions, Sutton v. Carnival, the plaintiffs seek damages "in excess of fifteen thousand dollars, (but less than $50,000 per individual class member)" for each of eight separate grounds for relief. The remaining Port Charges Complaints seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of port charges allegedly in excess of certain charges levied by governmental authorities), attorneys' fees, costs, punitive damages and injunctive relief.

In June and August 1996, respectively, two complaints were filed against both the Company and Holland America Westours in the Superior Court for the State of California, Los Angeles County (the "California Actions") and in January 1997, a complaint was filed against the Company in the Fourth Judicial District Court, Hennepin County, Minnesota (the "Minnesota Action"). These actions (collectively the "Travel Agent Complaints"), brought on behalf of purported classes of all travel agencies who during the past four years (California Actions) or the past six years (Minnesota Action) booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

The United States Attorney for the District of Alaska has commenced an investigation to determine if a Holland America Line vessel discharged bilge water, alleged to have contained oil or oily mixtures, at various locations allegedly within the United States territorial waters at various times during the summer and early fall of 1994. It is unknown whether any proceedings will be initiated and, if so, what violations will be alleged. To date, no penalties have been sought or imposed. Management does not believe that the amount of potential penalties will have a material impact on the Company.

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection the construction of these three ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in an additional cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

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

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part 1 of this report.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within Carnival Corporation unless otherwise noted.

NAME	AGE	POSITION
Micky Arison	47	Chairman of the Board and Chief Executive Officer
Gerald R. Cahill	45	Vice President-Finance
Pamela C. Conover	40	Vice President-Strategic Planning
Robert H. Dickinson	54	President and Chief Operating Officer of Carnival and Director
Howard S. Frank	55	Vice-Chairman, Chief Financial Officer and Director
A. Kirk Lanterman	65	President and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Lowell Zemnick	53	Vice President and Treasurer
Meshulam Zonis	63	Senior Vice President-Operations of Carnival and Director

Business Experience of Officers

Micky Arison, age 47, has been Chief Executive Officer since 1979 and Chairman of the Board since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic. He is the son of Ted Arison, Carnival Corporation's founder.

Gerald R. Cahill, age 45, is a Certified Public Accountant and has been Vice President-Finance since September 1994. Mr. Cahill was the chief financial officer from 1988 to 1992 and the chief operating officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with Price Waterhouse LLP.

Pamela C. Conover, age 40, has been Vice President-Strategic Planning since May 1995. Ms. Conover was the chief executive officer of Epirotiki Cruise Line from May 1994 through April 1995. From 1985 through 1994 Ms. Conover worked as a Vice President of Citibank N.A. New York and subsequently as a Managing Director of Citicorp Securities Inc.

Robert H. Dickinson, age 54, has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President--Sales and Marketing of Carnival. He has also been a director since June 1987.

Howard S. Frank, age 55, has been Vice-Chairman of the Board since October 1993 and has been Chief Financial Officer and Chief Accounting Officer since July 1, 1989 and a director since 1992. From July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989, he was a partner with Price Waterhouse LLP.

A. Kirk Lanterman, age 65, is a Certified Public Accountant and has been President and Chief Executive Officer of Holland America Line-Westours Inc. since January 1989 and a director since 1992. From 1983 to January 1989, he was President and Chief Operating Officer of Holland America

Line-Westours Inc. From 1979 to 1983, he was President of Westours which merged in 1983 with Holland America Line.

Lowell Zemnick, age 53, is a Certified Public Accountant and has been Vice President since 1980 and Treasurer since September 1990. Mr. Zemnick was the chief financial officer of Carnival Cruise Lines from 1980 to September 1990 and was the chief financial officer of Carnival Corporation from May 1987 through June 1989.

Meshulam Zonis, age 63, has been Senior Vice President-Operations of Carnival since 1979. He has also been a director since June 1987. From 1974 through 1979, Mr. Zonis was Vice President-Operations of Carnival.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Form 10-K constitute "forward-looking statements" within the meaning of the reform act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations (especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code (see "Taxation of the Company")); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in FMC surety and guaranty arrangements).

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholders Matters

A. Market Information

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

B. Holders

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

C. Dividends

Any dividend declared by the Board of Directors on the Company's Common Stock will be paid concurrently at the same rate on the Class A Common Stock and the Class B Common Stock. For its Class A Common Stock and Class B Common Stock (collectively, the "Common Stock"), the Company declared cash dividends of $.075 per share in each of the first three quarters of fiscal 1995, $.09 in the fourth quarter of fiscal 1995 and $.09 in the first three quarters of fiscal 1996, and $.11 in the fourth quarter of fiscal 1996 and first quarter of fiscal 1997. Payment of future quarterly dividends on the Common Stock will depend, among other factors, upon the Company's earnings, financial condition and capital requirements and certain tax considerations of certain members of the Arison family and trusts for the benefit of Mr. Ted Arison's children (the "Principal Shareholders"), some of whom are required to include a portion of the Company's earnings in their taxable income, whether or not the earnings are distributed (see "D. Taxation of the Company"). The Company may also declare special dividends to all stockholders in the event that the Principal Shareholders are required to pay additional income taxes by reason of their ownership of the Common Stock, either because of an income tax audit of the Company or the Principal Shareholders or because of certain actions by the Company (such as a failure by the Company to maintain its investment in shipping assets at a certain level) that would trigger adverse tax consequences to the Principal Shareholders under the special tax rules applicable to them.

While no tax treaty currently exists between the Republic of Panama and the United States, under current law the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by the Company will be taxable as ordinary income for United States Federal income tax purposes to the extent of the Company's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above. If the law regarding the taxation of the Company's income to the Principal Shareholders were to change so that the amount of tax payable by the Principal Shareholders were increased or reduced, the amount of dividends paid by the Company might be more or less than is currently contemplated.

D. Taxation of the Company

The following discussion summarizes the expected United States Federal income taxation of the Company's current operations. State and local taxes are not discussed. The discussion is based upon currently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder and current administrative rulings and court decisions. All of the foregoing are subject to change and any such change could affect the continuing validity of this discussion. In connection with the foregoing, investors should be aware that the Tax Reform Act of 1986 (hereinafter, the "1986 Tax Act") changed significantly the United States Federal income tax rules applicable to the Company and certain holders of its stock (including the Principal U.S. Shareholders). Although the relevant provisions of the 1986 Tax Act are discussed herein, they have not yet been the subject of extensive administrative or judicial interpretation.

United States

Carnival Corporation is a Panamanian corporation, and its material subsidiaries (other than subsidiaries engaged in the bus, hotel and tour business of Holland America Line) are Panamanian, Liberian, Netherlands Antilles and Bahamian corporations. Accordingly, the Company's income from sources outside of the United States ("foreign source income") generally is not subject to United States tax. Moreover, the Company anticipates that, under current law, all or virtually all of its income from sources within the United States ("United States Source Income") that constitutes Shipping Income (as defined below) will be exempt from United States corporate income taxation for as long as Carnival Corporation and its subsidiaries meet the requirements of Section 883 of the Code. Section 883 of the Code provides that income of a foreign corporation derived from the international operation, or from the rental on a full or bareboat basis, of ships ("Shipping Income") is exempt from United States taxation if (1) the foreign country in which the foreign corporation is organized grants an equivalent exemption to citizens of the United States and to corporations organized in the United States (an "equivalent exemption jurisdiction") and (2) the foreign corporation is a controlled foreign corporation ("CFC") as defined in Section 957(a) of the Code (the "CFC Test"). The Company believes that substantially all of its United States Source Income other than Holland America Line's income from its bus, hotel and tour operations, currently qualifies as Shipping Income, and that Panama, the Netherlands Antilles, the Bahamas and Liberia are equivalent exemption jurisdictions. (Holland America Line's income from its hotel and tour operations, is not Shipping Income, and, accordingly, is subject to United States corporate income tax). If, however, Panamanian, Netherlands Antilles, Bahamian or Liberian law were to change adversely, the Company would consider taking appropriate steps (including reincorporating in another jurisdiction) so as to remain eligible for the exemption from United States Federal income tax provided by Section 883 of the Code.

A foreign corporation is a CFC when stock representing more than 50% of such corporation's voting power or equity value is owned (or considered as owned) on any day of its fiscal year by United States persons who each own (or are considered as owning) stock representing 10% or more of the corporation's voting power ("Ten Percent Shareholders"). Stock of the Company representing more than 50% of the total combined voting power of all classes of stock is owned by the Micky Arison 1994 "B" Trust (the "B Trust"),which is a "United States Person", and thus the Company meets the definition of a CFC. The B Trust is a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board. Accordingly, at the corporate level, the Company expects that virtually all of its income (with the exception of its United States source income from the operation of transportation, hotel and tour business of HAL) will remain exempt from United States income taxes. The B Trust has entered into an agreement with the Company that is designed to ensure, except under certain limited

circumstances, that stock possessing more than 50% of the Company's voting power will be held by Ten Percent Shareholders until at least July 1, 1997. Because the Company is a CFC, a pro rata share of the shipping earnings of the Company, as well as certain other amounts, is includable in the taxable income of any "Ten Percent Shareholder", as defined above.

A substantial portion of the Company's income will, as discussed below, be treated as United States Source Income. If the Company were to fail to meet the requirements of Section 883 of the Code with respect to any of its United States Source Income (or if Section 883 of the Code were repealed), some or all of the Company's Shipping Income that is United States Source Income would become subject to a significant United States tax burden, the amount of which would depend, in part, on the extent to which the Company's income is effectively connected with the conduct of a United States trade or business. Any such United States Source Income that is considered to be "effectively connected" with the conduct of a United States trade or business would be subject not only to general United States Federal corporate income tax, but also to a 30% "branch level" tax on effectively connected earnings and profits (generally, adjusted taxable income reduced by taxes and adjusted for the amount of the Company's earnings treated as reinvested in the Company's United States business). Any such United States Source Income that is not considered to be effectively connected with a United States trade or business will instead be subject to a 4% tax on United States source gross transportation income (or, possibly, to a 30% tax if any such income were considered to be 100% United States Source Income under the rules described below, which, the Company does not believe to be the case with respect to any significant portion of its Shipping Income). The Company believes that at least a significant portion of its United States Source Income would probably be considered to be effectively connected with a United States trade or business for this purpose.

Under amendments to the Code enacted as part of the 1986 Tax Act, the Company's United States Source Income will include 50% of all transportation income (including income derived from, or in connection with, the use or hiring, or leasing for use of a cruise ship, or the performance of services directly related to such use) attributable to transportation that begins or ends in the United States, and 100% of such transportation income with respect to transportation which begins and ends in the United States. The legislative history of these rules suggests that a cruise which begins and ends in United States ports, but which calls on one or more foreign ports (including ports in possessions of the United States), will be treated as transportation that begins or ends in the United States, rather than as transportation that begins and ends in the United States, thus resulting in no more (and, with respect to a cruise that calls on more than one foreign port, possibly less) than 50% United States Source Income. There are, however, no regulations or other authoritative interpretations of these new rules, and, accordingly, the matter is not entirely free from doubt.

Under a provision of the Technical and Miscellaneous Revenue Act of 1988, Section 883 of the Code applies only to income derived from the international operation of ships. The legislative history of that provision indicates that Section 883 of the Code does not apply to Shipping Income that is treated as 100% United States Source Income under the source of income rules discussed in the preceding paragraph since it does not constitute income from the international operation of a ship because it results from transportation that is considered to begin and end in the United States; accordingly, any such income may well be subject to United States corporate tax unless another exception was applicable. As discussed in the preceding paragraph, although the matter is not entirely free from doubt, the Company does not believe that any significant portion of its Shipping Income from its current operations is 100% United States Source Income under the applicable provisions of the Code. Accordingly, the Company does not believe that the 1988 legislation significantly increases its United States corporate tax with respect to its current operations.

Other Jurisdictions

The Company anticipates that its income will not be subject to significant taxation under the laws of the Republic of Panama, Liberia, the Netherlands Antilles, the British Virgin Islands or the Bahamas.

Item 6. Selected Financial Data

The information required by Item 6, selected financial data for the five years ended November 30, 1996, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

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

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

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of Price Waterhouse LLP dated January 15, 1997, is shown in Exhibit 13 and is hereby incorporated by reference into this Annual Report on Form 10-K.

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

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

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

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

(3) Exhibits:

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

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 21 day of February 1997.

CARNIVAL CORPORATION

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

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

/s/ Micky Arison Micky Arison	Chairman of the Board, Chief Executive Officer and Director	February 21, 1997
/S/ Howard S. Frank	Vice-Chairman, Chief Financial	February 27, 1997

Howard S. Frank	and Accounting Officer and Director	
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 21, 1997
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 27, 1997
/s/ David Crossland David Crossland	Director	February 27, 1997
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 25, 1997
/s/ Shari Arison Dorsman Shari Arison Dorsman	Director	February 27, 1996
/s/ James Dubin James Dubin	Director	February 22, 1997
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 25, 1997
/s/ Modesto Maidique Modesto Maidique	Director	February 27, 1997
/s/ William S. Ruben William S. Ruben	Director	February 25, 1997
/s/ Stuart Subotnick Stuart Subotnick	Director	February 22, 1997
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 25, 1997
/s/ Meshulam Zonis Meshulam Zonis	Director	February 27, 1997
/s/ Uzi Zucker Uzi Zucker	Director	February 25, 1997

INDEX TO EXHIBITS

10.2-Amendment to Consulting Agreement Dated August 5, 1996 between the Company and Arison Investments Ltd.

10.3-Carnival Corporation Automatic Dividend Reinvestment Plan.

10.4-David Crossland Director's Agreement.

10.5-James M. Dubin Director's Agreement.

10.6-Modesto M. Maidique Director's Agreement.

10.7-Richard G. Capen Director's Agreement.

10.8-Shari Arison Dorsman Director's Agreement.

10.9-Carnival Cruise Lines, Inc. Stock Option Plan.(6)

10.10-Carnival Cruise Lines, Inc. Restricted Stock Plan.(7)

10.11-Carnival Cruise Lines, Inc. Retirement Plan.(8)

10.12-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(9)

10.13-Carnival Cruise Lines, Inc. Key Management Incentive Plan.(10)

10.14-1993 Outside Directors' Stock Option Plan.(11)

10.15-1993 Carnival Cruise Lines, Inc. Restricted Stock Plan.(12)

10.16-Holland America Line-Westours Inc. 1994-1996 Key Management Incentive Plan.(13)

10.17-Amended and Restated Carnival Corporation 1992 Stock Option Plan.(14)

10.18-1994 Carnival Cruise Line Key Management Incentive Plan.(15)

10.19-Form of Deferred Compensation Agreement between the Company and each of Harvey Levinson, Meshulam Zonis and Robert H. Dickinson.(16)

10.20-Stock Compensation Agreement dated February 1, 1991, between the Company and Robert H. Dickinson.(17)

10.21-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(18)

10.22-Indemnity Agreement between the Company and Ted Arison.(19)

10.23-First Amendment to Consulting Agreement/Registration Rights Agreement.(20)

10.24-Consulting Agreement dated July 31, 1992, between the Company and Arison Investments Ltd.(21)

10.25-Assignment and Assumption Agreement dated March 20, 1995 among Ted Arison, Cititrust (Jersey) Limited, Royal Bank of Scotland Trust Company (Jersey) Limited and the Company.(22)

10.26-Shipbuilding Agreement dated January 12, 1993 between Futura Cruises, Inc. and Fincantieri - Cantieri Navali Italiani S.p.A.*(23)

10.27-Shipbuilding Agreement dated December 23, 1993 between Kvaerner Masa-Yards, Inc. and the Company.*(24)

10.28-Shipbuilding Agreement dated December 10, 1993 between Wind Surf Limited and Fincantieri-Cantieri Navali Italiani S.p.A.*(25)

10.29-Shipbuilding Agreement dated January 14, 1995 between Utopia Cruises, Inc. and Fincantieri-Cantieri Navali Italiani S.p.A.*(26)

10.30-Shipbuilding Agreement dated January 14, 1995 between Wind Surf Limited and Fincantieri-Cantieri Navali Italiani S.p.A.*(27)

10.31-Shipbuilding Agreement dated December 7, 1994 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(28)

10.32-Shipbuilding Agreement dated January 12, 1995 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(29)

10.33-Shipbuilding Agreement dated March 25, 1992 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(30)

10.34-Organization agreement dated February 25, 1994 between the Company and the principals of The Continental Companies.(31)

10.35-Stock Purchase Agreement between Carnival Corporation and CHC International.(32)

10.36-Stock Purchase Agreement between Carnival Corporation, Sherwood Weiser and others.(33)

10.37-Letter dated February 21, 1996 to Carnival Corporation and CS First Boston Limited from David Crossland.(34)

10.38-Letter dated February 21, 1996 to Carnival Corporation and CS First Boston Limited from Thomas Trickett.(35)

10.39-Shareholders' Agreement dated February 21, 1996 between Carnival Corporation and David Crossland.(36)

10.40-Subscription Agreement dated February 21, 1996 between Carnival Corporation and Airtours plc.(37)

10.41-Maks L. Birnbach Director's Agreement.(38)

10.42-William S. Ruben Director's Agreement.(39)

10.43-Stuart Subotnick Director's Agreement.(40)

10.44-Sherwood M. Weiser Director's Agreement.(41)

10.45-Uzi Zucker Director's Agreement (42)

11.0-Statement regarding computation of per share earnings.

12.0-Ratio of Earnings to Fixed Charges

13.0-Portions of 1996 Annual Report incorporated by reference into 1996 Annual Report on Form 10-K

21-Subsidiaries of the Company.(43)

23.0-Consent of Price Waterhouse

27.0-Financial Data Schedule (for SEC use only)

* Portions of documents omitted pursuant to an order for confidential treatment pursuant to Rule 24b-2 under the Securities Act of 1934, as amended.

Sequential
Numbering
System
Exhibits

(1)Incorporated by reference to Exhibit No. 4.1 to the registrant's Quarterly Report on Form 10-Q for the Quarter Ended February 28, 1995 (File No. 1-9610), filed with the Securities and Exchange Commission.

(2)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit No. 4 on Form S-3 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 4.10 to the registrant's registration statement on Form S-1 (File No. 33-31795), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit No. 10.1 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the

Securities and Exchange Commission.

(7)Incorporated by reference to Exhibit No. 10.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit No. 10.41 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.29 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 10.30 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit No. 10.43 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1991 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 10.18 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit No. 10.18 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.42 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993

(Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 10.23 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit No. 10.24 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 10.25 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit No. 10.26 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit No. 10.27 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(32)Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(33)Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(34)Incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(35)Incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(36)Incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(37)Incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(38)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(39)Incorporated by reference to Exhibit No. 28.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(40)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(41)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the

Securities and Exchange Commission.

(42)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(43)Incorporated by reference to Exhibit No. 21 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

EXHIBIT 4.1

U.S. $1,000,000,000

REVOLVING CREDIT AGREEMENT
DATED AS OF JULY 1, 1993

AMENDED AND RESTATED
AS OF DECEMBER 17, 1996

By And Among

CARNIVAL CRUISE LINES, INC.
now known as
CARNIVAL CORPORATION,
as Borrower,

and
CITIBANK, N.A.,
as Agent,

CIBC, INC., FIRST UNION NATIONAL BANK OF FLORIDA,
THE FUJI BANK, LIMITED, NEW YORK BRANCH,
ROYAL BANK OF CANADA,
as Managing Agents,

BARNETT BANK, N.A.,
THE DAI-ICHI KANGYO BANK, LIMITED, ATLANTA AGENCY,
THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA
AGENCY, THE BANK OF TOKYO-MITSUBISHI, LTD.-ATLANTA AGENCY,
NATIONSBANK, N.A. (SOUTH), THE SAKURA BANK, LIMITED,
ATLANTA AGENCY AND THE SUMITOMO BANK, LIMITED,
as Co-Agents,

and
CITIBANK, N.A., BANCA DI ROMA - HOUSTON AGENCY, BANK OF HAWAII,
THE BANK OF NOVA SCOTIA, BARNETT BANK, N.A.,
CIBC, INC., CREDIT LYONNAIS, ATLANTA AGENCY,
THE DAI-ICHI KANGYO BANK, LIMITED, ATLANTA AGENCY, FIRST
UNION NATIONAL BANK OF FLORIDA, THE FUJI BANK, LIMITED, NEW YORK
BRANCH, THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY,
LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE,
THE BANK OF TOKYO-MITSUBISHI, LTD.-ATLANTA AGENCY,
MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
NATIONAL WESTMINSTER BANK PLC, NATIONSBANK, N.A. (SOUTH),
NORTHERN TRUST COMPANY, ROYAL BANK OF CANADA,
THE SAKURA BANK, LIMITED, ATLANTA AGENCY,
THE SANWA BANK LIMITED, ATLANTA AGENCY,
THE SUMITOMO BANK, LIMITED, SUNTRUST BANK, MIAMI, N.A.,
UNITED STATES NATIONAL BANK OF OREGON,
THE YASUDA TRUST AND BANKING COMPANY, LIMITED, as Banks.

Table of Contents

AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

This Revolving Credit Agreement, dated as of July 1, 1993, amended and restated as of December 17, 1996, is made and entered into by and among CARNIVAL CRUISE LINES, INC. now known as CARNIVAL CORPORATION (the "Borrower"), a corporation organized and existing under the laws of The Republic of Panama ("Panama"), and CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America ("United States" or "U.S."), and each of the other banks or other institutions whose names may appear on the signature pages of this Agreement (each a "Bank" and, collectively, the "Banks") or, if applicable, in the Register for whom Citibank, N.A., subject to Article VII of this Agreement, acts as Agent, and subject to Section 7.11 of this Credit Agreement as hereby amended and restated, each of those certain Banks named in the cover page hereof acts as Managing Agent and each of those certain other Banks named in the cover page hereof acts as Co-Agent. Capitalized terms not otherwise herein defined shall have the respective meanings set forth below in Section 1.01.

PRELIMINARY STATEMENTS

(1) The Borrower, the Agent and the Lenders therein named have executed and delivered the Revolving Credit Agreement dated as of July 1, 1993 and Amendment No. 1 thereto dated as of June 15, 1994, and the Revolving Credit Agreement dated as of July 1, 1993, amended and restated as of December 5, 1995, and Advances have been made.

(2) The Borrower desires to borrow from the Lenders upon the terms and conditions set forth herein.

(3) The Lenders have agreed severally, but not jointly, each for the aggregate amount and in the percentage interest (as to each Lender, the "Percentage Interest") set forth opposite each Lender's name and signature, below, or if applicable, in any relevant amendment hereto, or, if applicable, in the Register, to provide credits upon the terms and conditions set forth herein.

(4) The Borrower has requested and the Agent and the Lenders have agreed, upon the terms and conditions of this Agreement, to extend the Termination Date from December 5, 2000 to December 17, 2001, to increase the aggregate Commitment of the Lenders from Seven Hundred Fifty Million Dollars ($750,000,000) to One Billion Dollars ($1,000,000,000), to provide for future increases of the Commitment up to a total amount of One Billion Five Hundred Million Dollars ($1,500,000,000), to reallocate the Commitment among the Lenders, and to make certain other amendments to this Agreement. In connection with this Agreement as hereby amended and restated, inter alia, the outstanding Series A Notes of the Borrower will be exchanged for Series A Notes issued in the form of the Exhibit A-1 to this Agreement as amended and restated, reflecting the Commitment of the Lenders as herein provided, and the outstanding Series B Notes of the Borrower will be exchanged for Series B Notes reflecting the aggregate Commitment of the Lenders as herein provided, and issued to each Lender in the form of Exhibit A-2 to this Agreement as amended and restated.

(5) The outstanding principal balance of A Advances owing each Lender as of December 17, 1996, more particularly described in Schedule II hereto made a part hereof, shall be prepaid in full not later than the first Interest Payment Date of such A Advances falling after December 17, 1996.

(6) The Lenders have requested the Agent, and the Agent has agreed, to act on behalf of the Lenders in accordance with the terms and conditions set forth herein.

Now, therefore, the Borrower, the Lenders and the Agent hereby agree among themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. As used in this Agreement, each of the following terms shall have the respective meaning set forth below (such meanings, unless otherwise indicated, to apply to both the singular and plural forms of the terms defined):

"Advance" means an A Advance or a B Advance.

"A Advance" means an advance by a Lender to the Borrower as part of an A Borrowing and refers to a Base Rate Advance or a LIBOR Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the securities having voting power for the election of directors of such Person, or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"Agent" shall mean Citibank, N.A., and any successor agent under this Agreement.

"Agreement" means this Agreement, as it may be amended, supplemented or otherwise modified from time to time.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, and such Lender's Eurodollar Lending Office in the case of a LIBOR Rate Advance and, in the case of a B Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such B Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Assuming Bank" means, at any time, an Eligible Assignee not at such time a Lender hereunder pursuant to Section 2.12.

"Assumption Agreement" means an agreement in substantially the form of Exhibit F hereto by which an institution agrees to become a Lender party to this Agreement pursuant to Section 2.12 by agreeing to be bound by all obligations of a Lender hereunder.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"B Reduction" has the meaning specified in Section 2.01.

"Base Rate" means, for any Interest Period or any other period, a fluctuating interest rate per annum as shall be in effect from time to time,

which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank, N.A., in New York, New York, from time to time, as its base rate;

(b) a rate equal to 1/2 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average determined weekly on each Monday (or if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank, N.A., on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank, N.A., from three New York certificate of deposit dealers of recognized standing selected by Citibank, N.A., in either case adjusted to the nearest 1/4 of one percent, or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; or

(c) a rate equal to 1/2 of one percent per annum above the then current Federal Funds Rate.

"Base Rate Advance" means an A Advance or a B Advance which bears interest at the Base Rate.

"Borrowing" means an A Borrowing or a B Borrowing.

"Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks are required or authorized by law to close in New York, New York, London, England or in the city where the Lending Office is located.

"Capital Expenditures" mean the aggregate of all expenditures (including that portion of leases which is capitalized on the consolidated balance sheet of the Borrower and its Subsidiaries (or on the balance sheet of any unconsolidated Subsidiary) and capitalized interest) by the Borrower and its Subsidiaries that, in conformity with GAAP, should be, have been or should have been included in the property, plant or equipment reflected in a consolidated balance sheet of the Borrower and its Subsidiaries.

"Capital Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, either would be required to be classified and accounted for as a capital lease on a balance sheet of such Person or otherwise be disclosed as such in a note to such balance sheet, other than, in the case of the Borrower or a Subsidiary of the Borrower, any such lease under which the Borrower or such Subsidiary is the lessor.

"Closing Date" means the day, but not later than July 1, 1993, on which the respective parties hereto shall have executed and delivered this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Commitment" means the obligation of each Lender to lend the amount set forth in Section 2.01 hereof, as such amount may be reduced or increased from time to time pursuant to this Agreement.

"Commitment Date" has the meaning specified in Section 2.12.

"Commitment Increase" has the meaning specified in Section 2.12.

"Consolidated Cash Flow" means, in conformity with GAAP, net cash from operations, as shown in the consolidated statements of cash flows of the Borrower and its Subsidiaries excluding Specified Subsidiaries.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.02(e) or 2.05(b)(ii) (E) or (F).

"Default" means any event or condition that, with the giving of notice, the lapse of time or both, would become an Event of Default.

"Designated Bidder" means (i) an Eligible Assignee or (ii) a special purpose corporation which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" by Moody's Investors Services, Inc. or "A-1" by Standard & Poor's Ratings Services or a comparable rating from the successor

of either of them, that, in either case, (x) is organized under the laws of the United States or any State thereof, (y) shall have become a party hereto pursuant to Section 7.10(d), (e), (f) and (z) is not otherwise a Lender.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Agent, in substantially the form of Exhibit D hereto.

"Dollars" and "$" mean the lawful and freely transferable currency of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Drawdown Date" shall mean the date an Advance is to be made to the Borrower pursuant to this Agreement.

"Eligible Assignee" means (i) a commercial bank, savings and loan institution, insurance company or financial institution organized under the laws of the United States, or any State thereof, which bank has both assets in excess of One Billion Dollars ($1,000,000,000) and combined capital and surplus in excess of One Hundred Million Dollars ($100,000,000), or which insurance company or financial institution has total assets in excess of One Billion Dollars ($1,000,000,000), (ii) a commercial bank organized under the laws of any other country which is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, which bank has a combined capital and surplus (or the equivalent thereof under the accounting principles applicable thereto) in excess of One Hundred Million Dollars ($100,000,000), provided that such bank is acting through a branch or agency located in the United States, the Cayman Islands or the country in which it is organized or another country which is also a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, (iii) the central bank of any country which is a member of the OECD or (iv) a finance company, insurance company or other financial institution or a fund which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, has total assets in excess of Five Hundred Million Dollars ($500,000,000), is doing business in the United States and is organized under the laws of the United States, or any State thereof, or under the laws of any member country of the OECD.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control with such Person within the meaning of Section 414 of the Code, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Event of Default" means any of the events specified as such in Section 6.01 of this Agreement.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Payment Date" means (i) the last day of the calendar quarter in which the Closing Date occurs, and (ii) the last day of each successive and respective calendar quarter thereafter to and including the Termination Date, or such earlier date as the Commitment of the Lenders shall have been terminated, and the principal of and interest on each Advance shall have

been paid, in full.

"GAAP" means at any time generally accepted United States accounting principles at such time.

"HAL" means HAL Antillen N.V., a Netherlands Antilles corporation.

"HAL Subsidiaries" mean the Subsidiaries of HAL.

"Incorporation Jurisdictions" mean the respective jurisdictions of incorporation or legal organization of the Borrower and each of its Subsidiaries.

"Increase Date" has the meaning specified in Section 2.12.

"Increasing Lender" has the meaning specified in Section 2.12.

"Indebtedness" means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation related to a letter of credit or bid or performance bond facility, or (ii) evidenced by a bond, note, debenture or other evidence of indebtedness (including a purchase money obligation) representing extensions of credit or given in connection with the acquisition of any business, property, service or asset of any kind, including without limitation, any liability under any commodity, interest rate or currency exchange hedge or swap agreement (other than a trade payable or other current liability arising in the ordinary course of business) or (iii) for obligations with respect to (A) an operating lease, or (B) a lease of real or personal property that is or would be classified and accounted for as a Capital Lease; (b) any liability of others either for any lease, dividend or letter of credit, or for any obligation described in the preceding clause (a) that (i) the Person has guaranteed or that is otherwise its legal liability (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business) or (ii) is secured by any Lien on any property or asset owned or held by that Person, regardless whether the obligation secured thereby shall have been assumed by or is a personal liability of that Person; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b), above.

"Insufficiency" means, with respect to any Plan, the amount, if any, by which the present value of the vested benefits under such Plan exceeds the fair market value of the assets of such Plan allocable to such benefits.

"Interest Payment Date" means with respect to any Advance comprising part of the same Borrowing (1) the last day of each Interest Period, (2) the day any principal amount of such Borrowing matures and becomes due and payable, (3) the Termination Date, and (4) with respect to any A Advance, if the Interest Period is longer than three (3) months, the last day of each third month following such Borrowing.

"Interest Period" means, (A) for each A Advance comprising part of the same A Borrowing, the period commencing on the date of such A Advance, or the date of the Conversion of any A Advance into such an A Advance and ending on the last day of the period selected by the Borrower or the Agent, as the case may be, pursuant to this Agreement and, thereafter, each respective and successive period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower or the Agent, as the case may be, subject to the provisions below. The duration of each such Interest Period shall be (y), in the case of a Base Rate Advance, such period as the Agent shall notify the Borrower and (z), in the case of a LIBOR Rate Advance, one, two, three or six months, and, if available, nine or twelve months, in each case selected by the Borrower or the Agent, as the case may be, pursuant to this Agreement and

(B) for each B Advance comprising part of the same B Borrowing, the interest period or interest periods specified in the related Notice of B Borrowing, or selected by the Agent, as the case may be, pursuant to this Agreement

provided, however, with respect to each Advance that:

(i) no Interest Period relating to any Advance shall commence on or end after the maturity date of such Advance;

(ii) Interest Periods commencing on the same date for A Advances comprising part of the same A Borrowing shall be of the same duration;

(iii) no Interest Period shall end after the Termination Date;

and

(iv) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, in the case of any Interest Period for a LIBOR Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"Lenders" means the Banks listed on the signature pages hereof, each Eligible Assignee that shall become a party hereto pursuant to Section 7.10(a), (b) and (c) or Section 2.12 and, except when used in reference to an A Advance, an A Borrowing, a Series A Note, a Commitment, the Termination Date or a related term, each Designated Bidder.

"Lending Office" means the International Banking Facility of the Agent in New York City, or any other office or affiliate of the Agent hereafter selected and notified to the Borrower from time to time by the Agent.

"LIBOR Rate Advance" means an A Advance or a B Advance which bears interest based on the LIBOR Rate.

"LIBOR Rate" means, for an Interest Period for each LIBOR Rate Advance comprising part of the same Borrowing, the rate determined by the Agent to be the rate of interest per annum (i) rounded upward to the nearest whole multiple of 1/100 of 1% per annum, appearing on Telerate screen 3750 at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a term equal to such Interest Period and in an amount substantially equal to such portion of the Loan, or if the Agent cannot so determine the LIBOR Rate by reference to Telerate screen 3750, then (ii) equal to the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in United States Dollars are offered by the principal office of each of the Reference Lenders in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a term equal to such Interest Period and in an amount substantially equal to such portion of the Loan. In the latter case, the LIBOR Rate for an Interest Period shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Lenders two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.05. If at any time the Agent shall determine that by reason of circumstances affecting the London interbank market (i) adequate and reasonable means do not exist for ascertaining the LIBOR Rate for the succeeding Interest Period or (ii) the making or continuance of any Loan at the LIBOR Rate has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the London interbank market, the Agent shall so notify the Lenders and the Borrower. Failing the availability of the LIBOR Rate, the LIBOR Rate shall mean the Base Rate thereafter in effect from time to time until such time as a LIBOR Rate may be determined by reference to the London interbank market.

"Lien" means any lien, charge, easement, claim, mortgage, Option, pledge, right of first refusal, right of usufruct, security interest, servitude, transfer restriction or other encumbrance or any restriction or limitation of any kind (including, without limitation, any adverse claim to title, conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" means the Advances to the Borrower by each Lender provided for in Article II of this Agreement.

"Loan Documents" mean this Agreement and the Notes.

"Majority Lenders" means at any time Lenders holding at least 51% of the then aggregate unpaid principal amount of the Series A Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 51% of the Commitments (provided that, for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the A Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the A Advances or the total Commitments).

"March 30, 1990 Loan Agreement" means that certain Loan Agreement dated as of March 30, 1990 by and among the Borrower, Wind Surf Limited, Citibank, N.A. as Agent and the banks therein named, as the same may be amended, supplemented or otherwise modified from time to time.

"Moody's" has the meaning specified in Section 2.05(b)(ii)(B).

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which a Person or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means an employee benefit plan, other than a Multiemployer Plan, subject to Title IV of ERISA to which a Person or any ERISA Affiliate, and more than one employer other than such Person or ERISA Affiliate, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which the Person or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"NCL" means Norwegian Cruise Line Limited (formerly Kloster Cruise Limited),
a corporation organized and existing under the laws of the Islands of Bermuda.

"Net Worth" means, at a particular date, all amounts which would, in accordance with GAAP, be included in shareholders' equity on a consolidated balance sheet of a company and its Subsidiaries as at such date.

"Note" means any of, and "Notes" mean all, the respective Series A Notes and the Series B Notes, as any such note may be replaced, amended, supplemented or otherwise modified from time to time.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Obligations" mean all obligations, including but not limited to, all principal, interest, fees, expenses and other obligations set forth in Article II and Section 8.04 hereof, of every nature of the Borrower from time to time owed to the Agent, any of the Lenders, or all of them, under any of the Loan Documents.

"Option" means (1) any right to buy or sell specific property in exchange for an agreed upon sum, (2) any right to receive funds, the amount of which is determined by reference to the value of capital stock or the purchase price thereof, (3) any right of the type or kind referred to as a "phantom stock right," and (4) any other right commonly known or referred to as an "option."

"PBGC" means the Pension Benefit Guaranty Corporation, or any entity or entities succeeding to any or all its functions under ERISA.

"Percentage Interest" shall have the meaning set forth in Preliminary Statement (2) of this Agreement.

"Person" means any individual, corporation, partnership, business trust, joint venture, association, joint stock company, trust or other unincorporated organization, whether or not a legal entity, or any government or agency or political subdivision thereof.

"Plan" means, at any time, any employee pension benefit plan maintained by a Person, any of its Subsidiaries, or any ERISA Affiliate of such Person or its Subsidiaries, which employee pension benefit plan is covered by Title IV of ERISA or is subject to the minimum funding standards of the Code.

"Reference Lender" means any of, and "Reference Lenders" mean all of, Citibank, N.A., National Westminster Bank Plc and CIBC, Inc.

"Register" shall have the meaning set forth in Section 7.10(g) of this Agreement.

"S & P" has the meaning specified in Section 2.05(b)(ii)(B).

"Senior Debt" has the meaning specified in Section 2.05(b)(ii)(B).

"Series A Note" means any of, and "Series A Notes" mean all, the

respective Series A Notes of the Borrower, substantially in the form attached hereto as Exhibit A-1, to be issued to evidence the indebtedness of the Borrower, from time to time outstanding in respect of the A Advances, as any such Series A Note may be replaced, amended, supplemented or otherwise modified from time to time.

"Series B Note" means any of, and "Series B Notes" mean all, the respective Series B Notes of the Borrower, substantially in the form attached hereto as Exhibit A-2, to be issued to evidence the indebtedness of the Borrower from time to time outstanding in respect of the B Advances, as any such Series B Note may be replaced, amended, supplemented or otherwise modified from time to time.

"Solvent" means with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including the present or expected value of contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person for its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital and (v) such Person does not intend to or believe it will incur debts beyond its ability to pay as they mature.

"Specified Subsidiary" means any of NCL and its Subsidiaries, and "Specified Subsidiaries" mean all of NCL and its Subsidiaries.

"Subordinated Debt" has the meaning specified in Section 2.05(b)(ii)(B).

"Subsidiary" means, with respect to any Person, any corporation, association, partnership or other business entity of which a majority of the voting power entitled to vote in the election of directors, managers or trustees thereof is at the time owned, directly or indirectly, by such Person or by one or more other Subsidiaries, or by such Person and one or more other Subsidiaries, or a combination thereof.

"Swaps Documents" mean the Swaps Agreement, the Swaps Guaranty and the Swaps Security Agreement as defined in the March 30, 1990 Loan Agreement.

"Tangible Net Worth" means for any Person at any time (a) the sum, to the extent shown on such Person's balance sheet, of (i) the amount of issued and outstanding share capital, but less the cost of treasury shares, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with GAAP.

"Termination Date" means December 17, 2001 or the earlier date of termination of all the Commitments pursuant to Section 2.11 or 6.01 hereof.

"Termination Event" means (i) a "reportable event," as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for 30 day notice to the PBGC), or an event described in Section 4068(f) of ERISA, or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, or the incurrence of liability by the Borrower or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Multiple Employer Plan, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041A of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"Total Capital" means the sum of the Total Debt and Tangible Net Worth of the Borrower and its Subsidiaries excluding Specified Subsidiaries, but excluding therefrom any Indebtedness or amounts due or received under the Swaps Documents.

"Total Debt" means, at a particular date, the sum of (y) all amounts which would, in accordance with GAAP, constitute short term debt and long term debt of the Borrower and its Subsidiaries excluding Specified Subsidiaries as of such date and (z) the amount of any Indebtedness outstanding on such date and not included in the amounts specified in clause (y), singly or in the aggregate, in excess of Fifty Million Dollars ($50,000,000), of any Person other than the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, which Indebtedness (i) has been and remains guaranteed on such date by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries or is otherwise the legal

liability of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business), or (ii) is secured by any Lien on any property or asset owned or held by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, regardless of whether the obligation secured thereby shall have been assumed or is a personal liability of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, provided, that the foregoing shall not be interpreted to include any Indebtedness under the Swaps Documents.

"Transaction" means the extension of credit contemplated by the Loan Documents.

"Type" shall mean, with respect to an Advance, a Base Rate Advance or a LIBOR Rate Advance.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied.

SECTION 1.03. Governing Language. All documents, notices and demands and financial statements to be delivered by any Person to the Agent or any Lender pursuant to this Agreement shall be in the English language.

SECTION 1.04. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The A Advances. Upon the terms and subject to the conditions set forth in this Agreement, each Lender agrees severally, but not jointly, to make A Advances to the Borrower from time to time on any Business Day during the period from the Closing Date until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if applicable, the signature pages of any relevant amendment hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent, as such amount may be reduced or increased pursuant to Sections 2.11 or 2.12, respectively (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used and reduced from time to time to the extent of the aggregate amount of the B Advances then outstanding and such deemed use and reduction of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use and reduction of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate amount not less than Ten Million Dollars ($10,000,000) and an integral multiple of One Million Dollars ($1,000,000) if in excess thereof and shall consist of A Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day (on the first Business Day in the case of a Base Rate Advance) prior to the date of the proposed A Borrowing, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier, telex or cable. Each such Borrower's notice of an A Borrowing (a "Notice of A Borrowing") shall be by telecopier, telex or cable, confirmed immediately in writing, substantially in the form of Exhibit B-1 hereto, specifying therein the requested (i) Drawdown Date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of LIBOR Rate Advances, the initial Interest Period for each such A Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such A Borrowing, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds

available to the Borrower at the Agent's aforesaid address.

(b) The total amount of each A Advance to be made available by each Lender shall never exceed the Commitment of such Lender, as adjusted by such Lender's B Reduction, and shall be proportionate always to such Lender's Percentage Interest set forth in the signature pages hereof or, if applicable, in the Register.

(c) Unless the Agent shall have received written notice from a Lender prior to the date of any A Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such A Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

(d) The Borrower shall repay the principal amount of each A Advance made by each Lender in accordance with the Series A Note payable to such Lender, provided that the aggregate principal amount of any A Advance outstanding on the Termination Date shall be paid on the Termination Date.

(e) The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.05, and so long as no Default or Event of Default has occurred and is continuing, Convert all A Advances of one Type comprising the same A Borrowing into Advances of another Type; provided, however, that any Conversion of any LIBOR Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such LIBOR Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into LIBOR Rate Advances, the duration of the Interest Period for each such A Advance.

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower may, in the manner set forth below, make B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Closing Date until the thirtieth day prior to the Termination Date; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any B Reduction).

(i) The Borrower may request a B Borrowing under this Section 2.03 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), substantially in the form of Exhibit B-2 hereto, specifying the Drawdown Date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than seven (7) days (thirty (30) days, in the case of floating interest rate borrowings) or later than one hundred eighty (180) days after the date of such B Borrowing or, in any event, later than the Termination Date), the Interest Payment Date or Dates relating thereto, and any other terms to be applicable to such B Borrowing, not later than 12:00 Noon (New York City time) (A) at least one (1) Business Day prior to the date of the proposed B Borrowing, if the Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum and (B) at least four (4) Business Days prior to the date of the proposed B Borrowing, if the Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Lenders in determining the rates of interest to be offered by them. The Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of B Borrowing.

(ii) Each Lender may, if, in its sole discretion it elects to do so, irrevocably offer to make one or more B Advances to the Borrower as part of such proposed B Borrowing at a rate or rates of interest

specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 9:30 A.M. (New York City time) (A) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (B) three (3) Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance which such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 9:30 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing or result in any liability to any party to this Agreement.

(iii) The Borrower shall, in turn, (A) before 11:00 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (B) before 11:00 A.M. (New York City time) three (3) Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either:

(x) cancel such B Borrowing by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in the Borrower's sole discretion, by giving notice to the Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such B Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such B Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect.

(iv) If the Borrower notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (iii)(x) above, the Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. The Agent shall allocate the principal amount of each B Borrowing among the Lenders whose offers were accepted by the Borrower in ascending order based upon the rate of interest offered, from the lowest to the highest such interest rate offered by such Lenders. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02 such Lender's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's aforesaid address. Promptly after each B Borrowing the Agent will notify each Lender of the amount of the B Borrowing, the

consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(b) Each B Borrowing shall be in an aggregate amount of not less than Ten Million Dollars ($10,000,000) and an integral multiple of One Million dollars ($1,000,000) if in excess thereof and, following the making of each B Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay the principal of any B Borrowing pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a B Borrowing shall not be made within three (3) Business Days following the date of any other B Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender which has made a B Advance, or each other holder of a Series B Note, on the maturity date of each B Advance (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and provided in the Series B Note evidencing such B Advance), the then unpaid principal amount of such B Advance, provided that, the aggregate principal amount of any B Advance outstanding on the Termination Date shall be repaid on the Termination Date. Except as specified in Section 2.06(d) the Borrower shall have no right to prepay, in whole or in part, the principal amount of any B Advance unless, and then only on the terms, if any, specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and set forth in the Series B Note evidencing such B Advance.

(e) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall be evidenced by the Series B Note of the Borrower payable to the Lender making such B Advance.

SECTION 2.04. General Provisions. (a) The Borrower shall have no right to borrow, and no Lender shall have any obligation to lend, any amount whatsoever on or after the Termination Date.

(b) The failure of any Lender to advance its Commitment in respect of any Advance shall not relieve it or any other Lender of the obligation to advance its Commitment, but no Lender or the Agent shall be responsible for the failure of any other Lender to advance its Commitment to the Borrower.

(c) Each Notice of A Borrowing sent, and each notice of acceptance of a B Borrowing given, by the Borrower shall be irrevocable and binding on the Borrower. If for any reason on the Drawdown Date for the Advance specified in a Notice of A Borrowing or Notice of B Borrowing, as the case may be, the Advance is not made as a result of any failure to fulfill on or before the Drawdown Date the applicable conditions precedent, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of such failure, including, without limitation, any loss, cost or expense incurred by reasons of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such borrowing.

SECTION 2.05. Interest and Default Interest. (a) The Borrower shall pay interest on the unpaid principal amount of each Advance from the Drawdown Date until the principal amount of the Advance is paid in full, payable on each Interest Payment Date for each such Advance. Notwithstanding the preceding sentence of this Section 2.05(a), all interest accrued on any Advance outstanding on the Termination Date shall be paid on the Termination Date.

(b) As long as any A Advance shall be outstanding, and payment of the principal thereof and interest thereon shall not be in default, interest on the A Advance shall be payable at an interest rate which shall be adjusted, in advance at the start of the first day of each Interest Period therefor, and which shall be determined as follows:

(i) with respect to each Base Rate Advance, the Borrower shall pay interest thereon at the rate of interest determined by the Agent to be the Base Rate for the relevant Interest Period as specified in the related Notice of Borrowing, provided that if the Borrower shall fail to elect an Interest Period in its Notice of Borrowing as herein provided or if an Event of Default has occurred and is continuing, the Agent shall elect the relevant Interest Period, which may be one (1) day;

(ii) with respect to each LIBOR Rate Advance, the Borrower shall pay interest in one or more tranches thereon at an interest rate equal to the sum of (y) the LIBOR Rate plus (z) the applicable margin for the relevant Interest Period, determined by the Agent and subject to periodic adjustment, as provided below in this Section 2.05(b)(ii) or, if the LIBOR Rate is unavailable for any such period, at the Base Rate:

(A) with respect to each Interest Period relating to a LIBOR Rate Advance, the Borrower shall, by telecopier notice to be received by the Agent by 11:00 A.M. New York time on a Business Day at least three (3) Business Days prior to the commencement of each such successive period, elect an Interest Period of one, two, three or six, and if available, nine or twelve, months duration and one or more but no more than six tranches in total for all outstanding LIBOR Rate Advances, provided no tranche shall be in an amount less than Ten Million Dollars ($10,000,000); provided the Borrower shall select Interest Periods, and if necessary shall select as the final Interest Period for each LIBOR Rate Advance an Interest Period less than one month in duration, so that the maturity date of each Advance shall be the last day of the Interest Period for such Advance; provided that if the Borrower shall fail to elect an Interest Period as herein provided, the relevant Interest Period shall be three (3) months, provided further that so long as any Event of Default has occurred and is continuing, the Agent shall elect the relevant Interest Period, which may be less than one month;

(B) the interest payable on each LIBOR Rate Advance during each successive Interest Period shall be adjusted from time to time by the Agent as follows. Notice of such applicable interest rate shall be delivered by the Agent to the Borrower and the Lenders not later than the second Business Day of each Interest Period. The Borrower shall, not later than three (3) Business Days prior to the commencement of each such successive Interest Period, together with its notice pursuant to subparagraph (A) above, deliver to the Agent all then-current ratings, if any, of the Borrower's senior unsecured debt without third party credit enhancement and unsecured subordinated debt ("Senior Debt" and "Subordinated Debt", respectively) given by Moody's Investors Services, Inc. ("Moody's") and by Standard & Poor's Ratings Services ("S & P") during such Interest Period or an officer's certificate that no such ratings were issued. If the Agent determines that on the last Business Day of an Interest Period (or on the Business Day preceding the Drawdown Date, in the case of the initial LIBOR Rate Advance) the Borrower's Senior Debt was rated

(i) below BBB- by S & P or below Baa3 by Moody's, the applicable rate for the succeeding Interest Period shall be .40% over the LIBOR Rate,

(ii) BBB- by S & P or Baa3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .25% over the LIBOR Rate,

(iii) BBB by S & P or Baa2 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .25% over the LIBOR Rate,

(iv) BBB+ by S & P or Baa1 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .20% over the LIBOR Rate,

(v) A- by S & P or A3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .17% over the LIBOR Rate,

(vi) A by S & P or A2 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .14% over the LIBOR Rate,

(vii) A+ by S & P or A1 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .14% over the LIBOR Rate, and

(viii) at least AA- by S & P or Aa3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .13% over the LIBOR Rate.

In the event that S & P and Moody's provide different ratings for such Senior Debt, the Agent shall use the higher rating in determining the applicable interest rate. In the event the Borrower has no rated Senior Debt but the Borrower's Subordinated Debt has been rated, for purposes of determining the applicable interest rate, the Agent shall assume a Senior

Debt rating equivalent to one subgrade higher than the actual Subordinated Debt rating given during such period. In the event that during any Interest Period the Agent shall not have received notification of ratings from the Borrower as aforesaid or if no such ratings exist during any Interest Period, the applicable interest rate for the succeeding Interest Period shall be one percent (1%) over the LIBOR Rate;

(C) each Reference Lender which is a Lender agrees to furnish to the Agent timely information for the purpose of determining the LIBOR Rate. If any one or more of the Reference Lenders shall not timely furnish such information to the Agent for the purpose of determining the interest rate, the Agent shall determine such interest rate on the basis of information timely furnished by the remaining Reference Lenders;

(D) the Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.05(b) and the applicable rate, if any, furnished by each Reference Lender for the purpose of determining the applicable LIBOR Rate hereunder;

(E) If, with respect to any LIBOR Rate Advances, the Majority Lenders notify the Agent that the LIBOR Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective LIBOR Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(1) each LIBOR Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(2) the obligation of the Lenders to make, or to Convert A Advances into, LIBOR Rate Advances shall be suspended until the Agent shall notify the Borrower and such Lenders that the circumstances causing such suspension no longer exist; and

(F) On the date on which the aggregate unpaid principal amount of A Advances comprising any A Borrowing shall be reduced, by payment or prepayment or otherwise, to less than Ten Million Dollars ($10,000,000), such A Advances shall, if they are Advances of a Type other than Base Rate Advances, automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such A Advances into Advances of a Type other than Base Rate Advances shall terminate; provided, however, that if and so long as each such A Advance shall be of the same Type and have the same Interest Period as A Advances comprising another A Borrowing or other A Borrowings, and the aggregate unpaid principal amount of all such A Advances shall equal or exceed Ten Million Dollars ($10,000,000), the Borrower shall have the right to continue all such A Advances as, or to Convert all such A Advances into, Advances of such Type having such Interest Period.

(c) As long as any B Advance shall be outstanding, and payment of the principal thereof and interest thereon shall not be in default, interest on the B Advance shall be paid at the rate of interest for such B Advance specified by the Lender making such advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) of Section 2.03 above, payable on the Interest Payment Date or Dates specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) of Section 2.03 above, as provided in the Series B Note evidencing such B Advance. With respect to any LIBOR Rate Advance comprising part of a B Borrowing, the provisions of subsections (b)(ii)(A), (C) and (D) of Section 2.05 shall apply to the selection of any Interest Period not specified in the related Notice of B Borrowing given pursuant to Section 2.03, and further, the provisos of such subsection (b)(ii)(A), and subsection (b)(ii)(F) in its entirety, shall apply to each such B Borrowing.

(d) In the event that the Agent or any Lender does not receive on the due date any sum due under this Agreement or any of the other Loan Documents in accordance with the terms hereof or thereof, the Borrower shall pay to the Agent and such Lenders, as the case may be, on demand, interest on such sum, from and including the due date thereof to but not including the date of actual payment, at a rate per annum determined by the Agent from time to time to be the sum of (y) two per cent (2%) plus (z) the LIBOR Rate applicable for any such period or, if the LIBOR Rate is inapplicable or unavailable, for any such period, the Base Rate, provided that during the occurrence and continuance of such event, each A Advance bearing interest based on the LIBOR Rate shall be converted to a Base Rate Advance at the end of the relevant Interest Period. Except as otherwise provided in the following subsection (e), any such interest which is not paid when due shall

be compounded at the end of each Interest Period (both before and after any notice of demand) by the Agent on behalf of the Lenders under this Agreement.

(e) Notwithstanding any provision contained in any of the Loan Documents, no Lender nor the Agent shall ever be entitled to receive, collect, or apply, as interest on the Obligations, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and, in the event any Lender or the Agent ever receives, collects, or applies as interest, any such excess, such amount which would be excessive interest shall be applied to the reduction of the Obligations then outstanding, and, if the Obligations then outstanding are paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the highest lawful rate, the Borrower and the Lender or the Agent, as the case may be, shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude any voluntary prepayments and the effects thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate is uniform throughout the entire term of the Obligations.

SECTION 2.06. Prepayments. (a) The Borrower may, upon at least two (2) Business Days notice to the Agent and the Lenders received by 10:00 A.M. New York time in the case of A Advances bearing interest based on the LIBOR Rate, and upon notice to the Agent and the Lenders received by 11:00 A.M. New York time on the date of prepayment in the case of A Advances bearing interest at the Base Rate, and subject always to the requirements of Section 8.04(b), prepay, pro rata, the outstanding amount of each A Advance, in whole or in part, together, in each case, with accrued interest to the date of such prepayment on the amount prepaid, provided that no such partial prepayment shall be in a principal amount of less than Ten Million Dollars ($10,000,000) and integral multiples of One Million Dollars ($1,000,000) if in excess thereof.

The outstanding principal balance of A Advances owing each Lender as of December 17, 1996 shall be prepaid in full not later than the first Interest Payment Date of such A Advances falling after December 17, 1996.

(b) The Borrower may not, except as permitted under subsection (d) of this Section 2.06, prepay any B Advance, except that the Borrower shall prepay such amounts when required pursuant to the provisions of this Agreement.

(c) If it shall become unlawful for any Lender to continue to fund or maintain any Advance or to perform its obligations hereunder, such Lender shall notify the Borrower and the Agent, and such Lender shall use all reasonable efforts to change its lending office so that it can perform its obligations hereunder; provided that such Lender shall not be obligated to change its lending office if in its sole reasonable judgment it would be disadvantageous to do so. If such Lender does not change its lending office because it determines in its sole reasonable judgment that it is disadvantageous to do so or because such change would not render such Advance lawful, then such Lender shall notify the Agent and the Borrower, and shall make an A Advance, and the Borrower shall borrow such A Advance, at the Base Rate in an amount equal to the amount of the Advance currently outstanding and made by such Lender to the Borrower if in the sole reasonable judgment of such Lender such A Advance can lawfully be extended at the Base Rate. Simultaneously with making such A Advance at the Base Rate, the Advance then outstanding made available by such Lender to the Borrower shall be repaid by the Borrower. If any Lender makes a Base Rate Advance to the Borrower pursuant to subsection (c) of this Section 2.06, the Borrower may prepay such Advance, without penalty, at any time upon five (5) Business Days notice. If despite such Lender's compliance with the preceding provisions of this Section 2.06(c), or if the Borrower shall refuse to borrow an A Advance at the Base Rate as herein provided, and if it shall become unlawful for any Lender to fund or maintain any Advance or perform its obligations hereunder, upon demand by such Lender, the Borrower shall prepay in full the outstanding Advance made by such Lender, with accrued interest thereon and all other amounts payable by the Borrower hereunder, and upon such demand or any notice of prepayment the obligation of such Lender to make any Advance to the Borrower shall terminate.

(d) If at any time the Borrower shall, or may reasonably be expected to, be required to deduct and withhold, or indemnify any Lender with respect to, any Taxes (as defined in Section 2.09) (in each case, as evidenced by an opinion reasonably satisfactory in form and substance to the Agent and the Lenders from independent tax counsel reasonably satisfactory to the Agent and the Lenders) the Borrower may, upon at least four (4) Business Days notice to the Agent and the Lenders, prepay at any time, pro rata, the outstanding principal amount of each Advance, in whole or in part,

together with accrued interest to the date of prepayment on the amount prepaid and all other amounts then payable to the Lenders by the Borrower; provided, that if such Taxes relate to payments to fewer than all the Lenders (the "Affected Lenders"), the Borrower may, upon at least four Business Days notice to the Agent and the Affected Lenders, prepay, in whole or in part, pro rata (except as set forth in the following provision), the outstanding principal amount of Advances made by the Affected Lenders, with accrued interest thereon and all other amounts payable to the Affected Lenders by the Borrower (without prepaying any portion of any Advance made by any Lender that is not any Affected Lender); provided further, that if the rate of Taxes with respect to any Affected Lender is higher than with respect to another Affected Lender, the Borrower may prepay any portion of the Advance made by the former Affected Lender without prepaying any portion of the Advance made by the latter Affected Lender. The Agent shall give prompt written notice to the Lenders of any prepayments made under this paragraph (d).

(e) Prepayments of any A Advance shall be applied against installments of outstanding principal in inverse order of maturity.

SECTION 2.07. Increased Costs; Additional Interest. (a) If on or after the Closing Date due to (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve or capital adequacy requirements, but not including a change related to Taxes or Excluded Taxes, as such terms are defined in Section 2.09 hereof) in, or in the interpretation of, any law or regulation, or (ii) the compliance by any Lender with any guideline or request (not including any guideline or request with respect to Taxes or Excluded Taxes, but including, with respect to reserve and capital adequacy requirements, those applicable laws, policies, guidelines and directives and interpretations in effect on the Closing Date) from any central bank or other governmental authority, whether or not having the force of law, there shall be any increase in the cost to, or reduction in the return on capital of any Lender in consequence of, any Lender of agreeing to make or making, funding or maintaining an Advance, then the Borrower shall from time to time, upon demand by such Lender, pay to the Lender additional amounts sufficient to indemnify such Lender against such increased cost or reduction in the return on capital.

(b) If any Lender shall determine in good faith that reserves under Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time, are required to be maintained by it in respect of, or a portion of its costs of maintaining reserves under Regulation D is properly attributable to, one or more of its Advances, such Lender shall give notice to the Borrower, together with a certificate as described below in Section 2.07(c) and the Borrower shall pay to such Lender additional interest on the unpaid principal amount of each such Advance, payable on the same day or days on which interest is payable on such Advance, at an interest rate per annum equal at all times during each Interest Period for such Advance to the excess of (i) the rate obtained by dividing the LIBOR Rate for such Interest Period by a percentage equal to 100% minus the Reserve Percentage (defined in the next sentence), if any, applicable during such Interest Period over (ii) the LIBOR Rate for such Interest Period. The "Reserve Percentage" for any such period, with respect to any Advance, means the reserve percentage applicable thereto under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to (i) liabilities or assets consisting of or including eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time, and having a term equal to any such period, or (ii) any other category of liabilities which includes deposits by reference to which the interest rate on such Advance is determined and which have a term equal to any such period.

(c) A certificate as to the amount of any such increased cost, increased interest or reduced return under this Section 2.07, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error. Before making any demand under this Section 2.07, the Lender shall designate as to itself a different lending office if such designation would avoid the need for, or reduce the amount of such increased cost or interest, and will not, in the sole reasonable judgment of such Lender, be otherwise disadvantageous to it.

SECTION 2.08. Payments and Computations. (a) The Borrower shall make each payment hereunder and under any instrument delivered hereunder (except as otherwise provided in any such instrument) not later than 12:00 noon New York City time on the day when due in lawful and freely transferable United States Dollars to the Agent at the Agent's office at 399

Park Avenue, New York, New York 10043, for the account of the Lending Office in same day funds. The Agent shall promptly disburse to the Lenders funds of such type as it shall have received in the manner provided by this Agreement.

(b) The Borrower hereby authorizes the Agent and each Lender, if and to the extent payment is not made when due hereunder or under any instrument delivered hereunder, to charge from time to time against any or all of the Borrower's accounts with the Agent or such Lender, as the case may be, any amount so due. The Borrower further agrees that not later than 12:00 noon (New York City time) on each day on which a payment is due hereunder with respect to the Advance or under any Note, it will have in its account maintained with the Agent in New York City a credit balance at least equal to the total amount so due on such day.

(c) All computations of interest and fees shall be made by the Agent and the Lenders on the basis of a year of 360 days (365 or 366 with respect to Base Rate computations) for the actual number of days (including the first day but excluding the last day) occurring in the period for which such amount is payable.

(d) Whenever any payment to be made hereunder or under any instrument delivered hereunder shall be stated to be due, or whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, such payment shall be made, and the last day of such Interest Period shall occur, on the next succeeding Business Day, and any such extension of time shall in all cases be taken into account in the computation of payment of interest due hereunder or otherwise; provided, however, if such extension would extend the maturity date of any Advance or would cause such payment to be made, or the last day of any Interest Period relating to a LIBOR Rate Advance to occur, in a new calendar month, payment shall be made, and the last day of any such Interest Period shall occur, on the next preceding Business Day.

SECTION 2.09. Taxes. (a) Any and all payments made by the Borrower hereunder or under any instrument delivered hereunder shall be made free and clear of and without deduction for any present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, excluding (i) taxes imposed on net income by, and other franchise taxes of, the United States or any political subdivision thereof (including, without limitation, branch profits taxes imposed by the United States under Section 884(a) of the Code or any successor provision thereto, or similar taxes imposed by any political sub-division or taxing authority thereof or therein, including Puerto Rico), other than any such taxes that would not have been imposed but for the Borrower's incorporation or residence in the jurisdiction imposing the tax or the situs of any property securing the Notes in the jurisdiction imposing the tax, (ii) taxes imposed on net income by any other jurisdiction (other than solely by reason of the Borrower's incorporation or residence in such jurisdiction or the situs of any property securing the Notes in such jurisdiction), (iii) in the case of any payment to any entity not organized under the laws of the United States, any taxes imposed by the United States under Section 871 or 881 of the Code or any successor provision thereto or by means of withholding at the source, and (iv) in the case of any payment to the Agent or any Lender, taxes (including taxes imposed by means of withholding at the source) imposed by any jurisdiction other than the United States which would not have been imposed but for the failure of the Agent or such Lender (as the case may be) to execute and return to the Borrower any form of notification, certification, statement or other document which the Borrower shall have delivered to the Agent or such Lender (as the case may be) a reasonable period of time before such payment is due and which the Agent or such Lender (as the case may be) is able to execute and return to the Borrower in good faith without incurring any additional costs, risks or other disadvantages; provided, however, that clause (iii) shall not apply if such tax would not be imposed but for an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including, without limitation, any change in an applicable tax treaty), which amendment or change is enacted, promulgated or otherwise comes into force after the Closing Date (a "Change of Law"), but only to the extent that such Lender or Agent, as the case may be, cannot, after notice from the Borrower, through reasonable efforts eliminate or reduce the amount of taxes payable (without additional costs (unless the Borrower agrees to bear such costs) or other disadvantages or risks (tax or otherwise) to such Lender or the Agent) by reason of such Change of Law (all such excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities are hereinafter referred to as "Excluded Taxes"; all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities are hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under such instrument, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable

to additional sums payable under this Section 2.09) the Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any instrument delivered hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any instrument delivered hereunder excluding any such taxes, charges or similar levies which arise from the execution, delivery or registration of any instrument in accordance with Section 7.10 hereof (all such non-excluded taxes, charges or similar levies are hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify the Agent and each Lender for the full amount of Taxes and Other Taxes (plus any taxes imposed by any jurisdiction on amounts payable under this Section 2.09) paid by the Agent or such Lender, as the case may be, on any and all payments made hereunder or on any instrument delivered hereunder and any liability (including penalties, interest and expenses, which result from the failure of the Borrower to perform its obligations under the Loan Documents) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided, however, that the Agent or such Lender, as the case may be, will timely notify the Borrower of the assertion of liabilities for any such Taxes or Other Taxes and, provided that the Borrower is not in default hereunder, shall, at the Borrower's request and expense, contest any such asserted liability. This indemnification shall be made within thirty (30) days from the date the Agent or the Lender, as the case may be, makes written demand therefor with appropriate supporting documentation.

(d) Within thirty (30) days after the date of any payment by the Borrower of Taxes, the Borrower will deliver to the Agent and each Lender, the original or a certified copy of a receipt evidencing payment thereof. If no Taxes are payable in respect of any payment, then, at the reasonable request of the Agent, the Borrower will deliver to the Agent and each Lender a certificate from each appropriate taxing authority or any political subdivision thereof, or an opinion of counsel reasonably acceptable to the Agent and each Lender, in a form reasonably acceptable to the Agent and each Lender to the effect that there is a reasonable basis to conclude that such payment is exempt from or not subject to Taxes; provided, however, that neither the Agent nor any other Lender shall request, and the Borrower shall not be required to furnish, any such opinions or certificates more frequently than annually.

(e) If the Borrower is required by law to make any deductions or withholding from any payment made by it to the Agent or a Lender hereunder with respect to Taxes and is further required by this Section 2.09 to pay and pays such Taxes, or otherwise reimburses or indemnifies the Agent or a Lender hereunder with respect to Taxes, and if such Lender or the Agent, as the case may be, in good faith but in its sole reasonable opinion, determines that it has received or been granted a credit against or relief or remission for, or repayment of, any tax paid or payable by it in respect of or calculated with reference to any Taxes paid, reimbursed or indemnified pursuant to this Section 2.09, then such Lender or the Agent shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as such Lender or the Agent, as the case may be, shall, in good faith but in its sole opinion, have determined to be attributable to such deduction or withholding, reimbursement or indemnification. Any payment made by such Lender or the Agent under this clause shall be conclusive evidence of the amount due to the Borrower hereunder and shall be accepted by and binding upon the Borrower in full and final settlement of its rights of reimbursement hereunder in respect of the relevant deduction or withholding. Nothing herein contained shall interfere with the right of any Lender or the Agent to arrange its tax affairs in whatever manner it thinks fit and, in particular, none of the Agent nor any Lenders shall be under any obligation to claim credit, relief, remission or repayment from or against its corporate profits or similar tax liability in respect of the amount of such deduction or withholding in priority to any other claims, reliefs, credits or deductions available to it, nor shall the Agent or any Lender be obliged to disclose any information relating to its tax affairs or any computations in respect hereof.

(f) Each Lender which is organized under the laws of a jurisdiction outside the United States agrees (i) to complete and deliver to the Borrower, on or before the first Drawdown Date (or, in the case of an

assignment pursuant to Section 7.10 on or before the effective date of such assignment) and (so long as it remains eligible to do so) from time to time thereafter two duly executed copies of (A) Internal Revenue Service Form 1001 (certifying that it is entitled to benefits under an income tax treaty to which the United States is a party) or (B) Internal Revenue Service Form 4224 (certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States) or (C) Internal Revenue Service Form W-8 (certifying that it is a foreign person), together with a tax certificate, substantially in the form of Attachment III to Exhibit C hereto, as appropriate, and (ii) to complete and deliver to the Borrower from time to time, so long as it is eligible to do so, any successor or additional forms required in order to secure an exemption from, or reduction in the rate of, U.S. withholding tax. Each Lender represents that each such form delivered on or before the date hereof is, and covenants that each such form delivered after the date hereof shall be, true, correct, and complete with respect to all amounts payable to such Lender pursuant to this Agreement, and covenants that such form shall remain true, correct, and complete with respect to all amounts payable to such Lender pursuant to this Agreement unless and until such Lender notifies the Borrower otherwise in writing.

(g) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in subsections (a) through (d) of this Section 2.09, and the agreements and obligations of the Agent and the Lenders contained in subsections (e) and (f) of this Section 2.09, shall survive the payment in full of the Obligations and the expiry of the Loan Documents.

SECTION 2.10. Fees. (a) [Reserved.]

(b) On each Fee Payment Date, the Borrower shall pay the Agent, solely for the account of each Lender, a non-refundable facility fee (as to each Lender, its "Facility Fee"), of .06% per annum of each such Lender's respective Commitment (such Commitment, irrespective whether drawn or undrawn, but subject to reduction by a notice of termination of Commitments delivered by the Borrower pursuant to Section 2.11 hereof, as to each Lender, the "Facility"), payable from the Closing Date, in arrears, on the average amount of the Facility, subject to adjustment as herein provided. The applicable percentage rate per annum (the "Facility Rate") used to calculate the Facility Fee shall be adjusted from time to time by the Agent as follows. Notice of the Facility Rate as adjusted shall be delivered by the Agent to the Lenders and the Borrower not later than the fifth Business Day of each calendar quarter. If the Agent determines that on the last Business Day of a calendar quarter the Borrower had Senior Debt rated

(i) below BBB- by S & P or below Baa3 by Moody's, the Facility Rate for the succeeding quarter shall be .25%,

(ii) BBB- by S & P or Baa3 by Moody's, the Facility Rate for the succeeding quarter shall be .125%,

(iii) BBB by S & P or Baa2 by Moody's, the Facility Rate for the succeeding quarter shall be .125%,

(iv) BBB+ by S & P or Baa1 by Moody's, the Facility Rate for the succeeding quarter shall be .10%,

(v) A- by S & P or A3 by Moody's, the Facility Rate for the succeeding quarter shall be .07%,

(vi) A by S & P or A2 by Moody's, the Facility Rate for the succeeding quarter shall be .06%,

(vii) A+ by S & P or A1 by Moody's, the Facility Rate for the succeeding quarter shall be .06%, and

(viii) at least AA- by S & P or Aa3 by Moody's, the Facility Rate for the succeeding quarter shall be .055%.

In the event that S & P and Moody's provide different ratings for such Senior Debt, the Agent shall use the higher rating in determining the Facility Rate. In the event the Borrower has no rated Senior Debt but the Borrower's Subordinated Debt has been rated, for purposes of determining the Facility Rate, the Agent shall assume a Senior Debt rating equivalent to one subgrade higher than the actual Subordinated Debt rating given during such period. In the event the Agent shall not have received ratings from the Borrower pursuant to Section 2.05(b)(ii)(B) or 5.01(c)(vi) or if no such ratings exist during any such quarter, the Facility Rate for the succeeding quarter will be .375%. Notwithstanding anything to the contrary contained in this Agreement or any other agreement, each Lender's Facility Fee shall be solely for the account of such Lender.

(c) The Borrower shall pay the Agent for its own account on the earlier of the Closing Date or the Drawdown Date, and not later than the anniversary of such date of each year thereafter so long as any Commitment or amount payable by the Borrower hereunder remains outstanding, an annual administration fee in an amount mutually agreed between them.

SECTION 2.11. Borrower's Termination of Commitments. So long as no Event of Default has occurred and is continuing, the Borrower may by notice delivered to the Agent terminate the Commitment of the Lenders, ratably, in any aggregate amount not less than Ten Million Dollars ($10,000,000) and integral multiples of One Million Dollars ($1,000,000) if in excess thereof, provided that no such termination shall be effective until three (3) Business Days following receipt by the Agent of such notice. Each notice of termination given pursuant to this Section 2.11 shall be irrevocable and binding when given and shall permanently reduce the Commitment of each Lender ratably in accordance with its Percentage Interest. No amount of the Commitment for which a notice of termination has been given by the Borrower shall be available for borrowing under this Agreement. The Agent shall give each Lender prompt notice of each notice of termination of Commitment received from the Borrower.

SECTION 2.12. Borrower's Increase of Commitments. (a) The Borrower may at any time, by notice to the Agent, propose that the aggregate amount of the Commitments be increased (a "Commitment Increase"), effective as at a date (the "Increase Date") that shall be (i) prior to the Termination Date and (ii) at least three Business Days after the date specified in such notice on which agreement as to increased Commitments is to be reached (the "Commitment Date"); provided, however, that (w) the Borrower may not propose more than one Commitment Increase per calendar year, (x) the minimum proposed Commitment Increase per notice shall be an amount not less than One Hundred Million Dollars ($100,000,000), and in no event shall the aggregate amount of the Commitments at any time exceed One Billion Five Hundred Million Dollars ($1,500,000,000), (y) the Borrower's long-term senior unsecured non-credit enhanced debt ratings from Moody's and S&P are and upon giving effect to the proposed Commitment Increase shall be better than or equal to Baa2 and BBB, respectively, and (z) no Default or Event of Default has occurred and is continuing or will result upon giving effect to the Commitment Increase. The Agent shall notify the Lenders promptly upon its receipt of any such notice. The Agent agrees that it will cooperate with the Borrower in discussions with the Lenders and potential Lenders (which shall be Eligible Assignees) with a view to arranging the proposed Commitment Increase through the increase of the Commitments of one or more of the Lenders and the addition of one or more Eligible Assignees acceptable to the Agent and the Borrower as Assuming Banks and as parties to this Agreement; provided, however, that the minimum Commitment of each such Assuming Bank that becomes a party to this Agreement pursuant to this Section 2.12 shall be at least equal to Ten Million Dollars ($10,000,000). Each Lender shall decide in its sole discretion whether to agree to increase its Commitment pursuant to this Section 2.12. If agreement is reached on or prior to the Commitment Date with the Lenders proposing to increase their respective Commitments hereunder (the "Increasing Lenders"), if any (whose allocations will be based on the ratio of each existing Lender's Commitment Increase to the aggregate of all Commitment Increases), and the Assuming Banks, if any, as to a Commitment Increase (which may be less than that specified in the applicable notice from the Borrower), such agreement to be evidenced by a notice in reasonable detail from the Borrower to the Agent on or prior to the Commitment Date, the Assuming Banks, if any, shall become Lenders hereunder as of the Increase Date and the Commitments of such Increasing Lenders and such Assuming Banks shall become or be, as the case may be, as of the Increase Date the amounts specified in such notice (and the Agent shall give notice thereof to the Lenders (including such Assuming Banks) in accordance with section (e) below); provided, however, that:

(x) the Agent shall have received on or prior to 9:00 A.M. (New York City time) on the Increase Date (A) a duly executed (1) Series A Note for each Assuming Bank and each Increasing Lender, in each case in an amount equal to the Commitment of each such Assuming Bank and each such Increasing Lender after giving effect to such Commitment Increase, and (2) Series B Note for each Assuming Bank and each Increasing Lender, and (B) opinions of the Borrower's general counsel and special Panamanian counsel in substantially the forms of Exhibits E-1 and E-2 hereto, dated such Increase Date, together with (C) a copy, certified on the Increase Date by the Secretary, an Assistant Secretary or a comparable official of the Borrower, of the resolutions adopted by the Board of Directors of the Borrower, authorizing such Commitment Increase (with copies for each Lender, including each Assuming Bank) and (D) evidence of the good standing of the Borrower in the Republic of Panama, dated as of a recent date;

(y) with respect to each Assuming Bank, the Agent shall have

received, on or prior to 9:00 A.M. (New York City time) on the Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit F hereto, duly executed by the Borrower and such Assuming Bank, together with the Agent's processing and recordation fee of $3000; and

(z) each Increasing Lender that proposes to increase its Commitment in connection with such Commitment Increase shall have delivered, on or prior to 9:00 A.M. (New York City time) on the Increase Date, confirmation in writing satisfactory to the Agent as to its increased Commitment.

(b) Upon its receipt of notice from a Lender that it is increasing its Commitment hereunder, together with the appropriate Notes and opinions referred to in clause (x) above, the Agent shall (i) record the information contained therein in the Register and (ii) give prompt notice thereof to the Borrower. Upon its receipt of an Assumption Agreement executed by an Assuming Bank representing that it is an Eligible Assignee, together with the appropriate Notes, and opinions referred to in clause (x) above, and its fee referred to in clause (y) above, the Agent shall, if such Assumption Agreement has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assumption Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assumption Agreement delivered to and accepted by it and record in the Register the names and addresses of the Assuming Banks and of the Increasing Lenders and the Commitment of, and principal amount of the Advances owing to, each such Assuming Bank and each such Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement.

(d) In the event that the Agent shall not have received notice from the Borrower as to such agreement on or prior to the Commitment Date or the Borrower shall, by notice to the Agent prior to the Commitment Date, withdraw such proposal or any of the actions provided for in clauses (x) through (z) above shall not have occurred by the Increase Date, such proposal by the Borrower shall be deemed not to have been made. In such event, the actions theretofore taken under clauses (x) through (z) above shall be deemed to be of no effect, and all the rights and obligations of the parties shall continue as if no such proposal had been made.

(e) In the event that the Agent shall have received notice from the Borrower as to such agreement on or prior to the Commitment Date and the action provided for in clauses (x) through (z) above shall have occurred by 9:00 A.M. (New York City time) on the Increase Date, the Agent shall notify the Lenders (including the Assuming Banks) of the occurrence of the Increase Date promptly and in any event by 10:00 A.M. (New York City time) on such date by telecopier, telex or cable. Each Increasing Lender and each Assuming Bank shall, before 11:00 A.M. (New York City time) on the Increase Date, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, an amount equal to such Increasing Lender's or Assuming Bank's ratable portion of the A Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). After the Agent's receipt of such funds, the Agent will promptly thereafter cause to be distributed like funds to the Lenders for the account of their respective Applicable Lending Offices in an amount to each Lender such that the aggregate amount of the outstanding Advances owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the A Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). If the Increase Date shall occur on a date that is not the last day of the Interest Period of all A Advances then outstanding bearing interest based on the LIBOR Rate, (a) the Borrower shall pay any amounts owing pursuant to Section 8.04(b) as a result of the distributions to Lenders under this Section 2.11(e) and (b) for each outstanding A Borrowing comprised of LIBOR Rate Advances, the respective Advances made by the Increasing Lenders and the Assuming Banks pursuant to this Section 2.11(e) shall be Base Rate Advances until the last day of the then existing Interest Period for such A Borrowing.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Advances to be Made

On or After December 17, 1996. The obligation of each Lender (other than the Designated Bidders) to make its initial Advance on or after December 17, 1996 is subject to the condition precedent that the Agent shall have received on or before the Drawdown Date of such initial Borrowing the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(a) The Series A Notes and the Series B Notes payable to the Lenders, respectively, in the forms attached as Exhibit A-1, and A-2, respectively, to this Agreement as amended and restated, exchanged for the Series A and Series B Notes dated prior to December 17, 1996.

(b) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement as amended and restated and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement as amended and restated and the Notes.

(c) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement as amended and restated and the Notes and the other documents to be delivered hereunder.

(d) A favorable opinion of Arnaldo Perez, general counsel of the Borrower, and of Messrs. Tapia, Linares y Alfaro, special Panamanian counsel to the Borrower, substantially in the form of Exhibits E-1 and E-2 to this Agreement, respectively, referring however to this Agreement as amended and restated, the Notes issued in respect of such initial Borrowing on or after December 17, 1996, and as to such other matters as any Lender through the Agent may reasonably request. The Borrower hereby instructs each such counsel to deliver its opinion to the Agent and the Lenders.

(e) A favorable opinion of Messrs. Haight, Gardner, Poor & Havens, special New York counsel to the Agent, as to such matters as any Lender through the Agent may reasonably request.

(f) A letter from the Process Agent, referred to and defined in Section 8.07 of this Agreement, in which it agrees to act as Process Agent for the Borrower and to deliver forthwith to the Borrower all process received by it as such Process Agent.

(g) Evidence of the good standing of the Borrower in the Republic of Panama, dated as of a recent date.

(h) An irrevocable notice, effective on or before the Drawdown Date of such Borrowing, from the Borrower terminating the Commitment (as therein defined) pursuant to the terms of Section 2.11 of the U.S.$250,000,000 Revolving Credit Agreement dated as of December 5, 1995 by and among the Borrower, the agent and the banks named therein, and repayment in full prior to the such Drawdown Date of all notes issued thereunder.

(i) All corporate or other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by the Loan Documents and the Transaction shall be reasonably satisfactory in form and substance to each of the Lenders (other than the Designated Bidders) and the Agent and their counsel.

(j) Upon the execution and delivery of this Agreement as amended and restated, the Agent shall supplement Schedule I hereto by adding thereto as to each Lender first becoming a party to this Agreement as of such date, the name, address and other information required in Schedule I in respect of each Lender's Domestic Lending Office and Eurodollar Lending Office.

(k) Evidence of payment by the Borrower of all applicable documentary stamp taxes (if any) payable in connection with the authorization, execution and delivery of each of the Loan Documents, and the performance of the transactions hereby or thereby contemplated, or an opinion of counsel that no such taxes are payable.

SECTION 3.02. Conditions Precedent to Each A Borrowing. The obligation of each Lender to make an A Advance on the occasion of each A Borrowing (including the initial A Borrowing) shall be subject to the further conditions precedent that on the Drawdown Date of such A Borrowing (a) the following statements shall be true, and the Agent shall have received for the account of such Lender a certificate signed by a duly authorized officer of the Borrower, effective as of the date of such A

Borrowing, stating that (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(i) The representations and warranties contained in Section 4.01 are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except that the representation set forth in the last sentence of Section 4.01(e) shall be made only (y) on the occasion of the initial A Borrowing on or after December 17, 1996 and (z) on the occasion of each A Borrowing resulting in an aggregate outstanding principal amount of A Advances greater than such amount outstanding immediately prior to such A Borrowing, and

(ii) No Default or Event of Default has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender (other than the Designated Bidders) through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender which is to make a B Advance on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of B Borrowing with respect thereto and (ii) on the Drawdown Date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower of the proceeds of such B Borrowing shall constitute representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No Default or Event of Default has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, and

(c) No event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Agent and each Lender by the Borrower in connection herewith would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Due Existence; Compliance. The Borrower is a corporation duly incorporated, validly existing and in good standing, under the laws of Panama and has all requisite corporate power and authority under such laws to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, and to execute, deliver and perform its obligations under the Loan Documents, to which it is, or will be, a party. Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries is duly qualified or licensed to do business as a foreign corporation and is in good standing, where applicable, in all jurisdictions in which it owns or leases property (including vessels), or proposes to own or lease property (including vessels), or in which the conduct of its business, and the conduct of its business upon consummation of the Transaction, requires it to so qualify or be licensed, except to the extent that the failure to so qualify or be in good standing would have no material adverse effect on the business, operations, properties, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries excluding Specified Subsidiaries or the ability of any such Person to perform its obligations under any of the Loan Documents to which it is or may be a party. Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries is in compliance in all material respects with all applicable laws, rules, regulations and orders.

(b) Corporate Authorities; No Conflicts. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents to which it is or will be, a party are within its corporate powers and have been duly authorized by all necessary corporate and stockholder approvals and (i) do not contravene its charter or by-laws or any law, rule, regulation, judgment, order or decree applicable to or binding on the Borrower or its Subsidiaries excluding Specified Subsidiaries and (ii) do not contravene, and will not result in the creation of any Lien under, any provision of any contract, indenture, mortgage or agreement to which any of the Borrower or its Subsidiaries excluding Specified Subsidiaries is a party, or by which it or any of its properties are bound.

(c) Government Approvals and Authorizations. No authorization or approval (including exchange control approval) or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by or enforcement against the Borrower of the Loan Documents (except such as have been duly obtained or made and remain in full force and effect).

(d) Legal, Valid and Binding. Each of the Loan Documents is, or upon delivery will be, the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms (except as enforcement may be limited by bankruptcy, moratorium, insolvency, reorganization or similar laws generally affecting creditors' rights as well as the award by courts of relief in lieu of specific performance of contractual provisions).

(e) Financial Information. Each of the consolidated annual audited balance sheet of the Borrower as at November 30, 1995, and the consolidated quarterly unaudited balance sheet of the Borrower as at August 31, 1996, and the related statements of operations and statements of cash flows of the Borrower and its Subsidiaries for the fiscal year or fiscal quarter then ended, as the case may be, copies of which have been furnished heretofore by the Borrower to the Agent, fairly present the consolidated financial condition of the Borrower and its Subsidiaries as at such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied (subject, in the case of the August 31, 1996 statements to normal year-end audit adjustments). Since November 30, 1995, there has been no material adverse change in the business, operations, properties or condition (financial or otherwise) of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries.

(f) Litigation. There is not pending nor, to the knowledge of the Borrower upon due inquiry and investigation, threatened any action or proceeding affecting any of the Borrower or its Subsidiaries, by or before any court, governmental agency or arbitrator, which reasonably could be expected (i) to materially adversely affect the assets, business, properties, prospects, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, or (ii) to prohibit, limit in any way or materially adversely affect the consummation of the Transaction contemplated by the Loan Documents, including, without limitation, the ability of the Borrower to perform its obligations under this Agreement or any Note.

(g) Immunities. Neither the Borrower nor any of its Subsidiaries, nor the property of any of them, has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction of its organization.

(h) No Taxes. There is no tax, levy, impost, deduction, charge or withholding or similar item imposed (i) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on or by virtue of the execution and delivery of these representations and warranties, the execution or delivery or enforcement of this Agreement or any Note or any other document to be furnished hereunder or thereunder, provided with respect to Florida that each Note is executed outside Florida and, subsequent to its execution outside Florida, that it is not brought into Florida at any time, or (ii) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on any payment to be made by the Borrower pursuant to this Agreement or any Note, other than taxes on or measured by net income imposed by any such jurisdiction in which the Lender has its situs of organization or a fixed place of business.

(i) No Filing. To ensure the legality, validity, enforceability or admissibility in evidence of this Agreement or any Note in each of Panama and the States of Florida and New York, it is not necessary that this Agreement or any Note, or any other document related to any thereof, be filed or recorded with any court or other authority in such jurisdiction, or that any stamp or similar tax be paid on or with respect to this Agreement or any Note except to the extent provided in (h) above.

(j) No Defaults. There does not exist (i) any event of default, or any event that with notice or lapse of time or both would constitute an event of default, under any agreement to which any of the Borrower or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of their properties or assets may be subject, which default would have a material adverse effect on the Borrower and its Subsidiaries taken as a whole, or would materially adversely affect their ability to perform their respective obligations under this Agreement or any Note, or (ii) any event which is or would result in a Default or Event of Default.

(k) Margin Regulations. No part of the proceeds of the Loan will be used for any purpose that violates the provisions of any of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors. None of the Borrower nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, within the meaning of Regulations G, T, U and X issued by the Board of Governors of the Federal Reserve System.

(l) Investment Company Act. The Borrower is not an "investment company" or a company "controlled" by an "investment company" (as each of such terms is defined or used in the Investment Company Act of 1940, as amended).

(m) Taxes Paid. (i) Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries (A) has filed or caused to be filed, or has timely requested an extension to file or has received from the relevant governmental authorities an extension to file, all material tax returns which are required to have been filed, and (B) has paid all taxes shown to be due and payable on said returns or extension requests or on any material assessments made against it or any of its properties, and all other material taxes, fees or other charges imposed on it or any of its properties by any governmental authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in conformity with GAAP have been provided on its books); and (ii) no material tax liens have been filed and no material claims are being asserted with respect to any such taxes, fees or other charges other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in accordance with GAAP have been provided on its books; provided, however, that the representations and warranties made in subdivisions (i)(A) and (i)(B) of this paragraph (m) with respect to HAL and the HAL Subsidiaries acquired on or about January 17, 1989 are limited to tax returns required to be filed with respect to the period from and after January 1, 1989.

(n) Disclosure. No representation, warranty or statement made or document or financial statement provided by the Borrower or any Affiliate or Subsidiary thereof, in or pursuant to this Agreement or any Note, or in any other document furnished in connection therewith, is untrue or incomplete in any material respect or contains any misrepresentation of a material fact or omits to state any material fact necessary to make any such statement herein or therein not misleading.

(o) Good Title. The Borrower has good title to its properties and assets, except for (i) as permitted under this Agreement, existing or future Liens, security interests, mortgages, conditional sales arrangements and other encumbrances either securing Indebtedness or other liabilities of the Borrower or any of its Subsidiaries, or which the Borrower in its reasonable business judgment has determined would not be reasonably expected to materially interfere with the business or operations of the Borrower and its Subsidiaries as conducted from time to time, and (ii) minor irregularities therein which do not materially adversely affect their value or utility.

(p) ERISA. (i) No Insufficiency or Termination Event has occurred or is reasonably expected to occur, and no "accumulated funding deficiency" exists and no "variance" from the "minimum funding standard" has been granted (each such term as defined in Part III,

Subtitle B, of Title I of ERISA) with respect to any Plan (other than any Multiemployer Plan or Plan that has been terminated and all the liabilities of which have been satisfied in full prior to March 30, 1990) in which the Borrower or any of its Subsidiaries excluding Specified Subsidiaries is a participant.

(ii) None of the Borrower nor any ERISA Affiliate excluding Specified Subsidiaries has incurred, or is reasonably expected to incur, any Withdrawal Liability to any Multiemployer Plan.

(iii) None of the Borrower nor any ERISA Affiliate excluding Specified Subsidiaries has received any notification that any Multiemployer Plan in which it is a participant is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated within the meaning of Title IV of ERISA.

ARTICLE V

COVENANTS OF THE BORROWER.

SECTION 5.01. Affirmative Covenants. So long as an Advance or any other Obligation shall remain unpaid or any Lender shall have any Commitment under this Agreement, the Borrower shall, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.04, comply with each of the following affirmative covenants:

(a) Compliance with Laws. The Borrower shall comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, and to pay when due all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent contested in good faith by appropriate proceedings and for which adequate reserves in conformity with GAAP have been provided.

(b) Use of Proceeds. The Borrower shall use all proceeds of the Notes for such general corporate purposes as may be permitted under applicable law, including support for its commercial paper programs, if any, except that subject to receipt by the Agent from the Borrower of written notice, the Borrower may use proceeds of the Notes up to the Dollar amount specified in the Borrower's said notice to the Agent solely to satisfy the Borrower's payment obligations as described in such notice, provided that neither the Agent nor any Bank shall have any responsibility as to the use of such proceeds.

(c) Financial Information; Defaults.

(i) The Borrower shall promptly inform the Agent of any event which is or may become a default or breach of the Borrower's obligations under the Loan Documents or result in a Default or Event of Default, or any event which materially adversely affects its ability fully to perform any of its obligations under any Loan Document, or any event of default which has occurred and is continuing under any material agreement to which the Borrower or any of its Subsidiaries is a party;

(ii) As soon as the same become available, but in any event within 120 days after the end of each of its fiscal years, the Borrower shall deliver to the Agent on behalf of the Lenders (A) audited consolidated financial statements of (1) the Borrower and (2) NCL, formerly known as Kloster Cruise Limited, if required other than by the Agent or the Lenders and (B) unaudited consolidated financial statements of NCL if audited financial statements are not so required. All such audited consolidated financial statements of the Borrower shall set forth, in comparative form the corresponding figures for the preceding fiscal year (excluding, as to any Subsidiary acquired after the Closing Date, corresponding information for the period preceding its acquisition); all such audited consolidated financial statements shall be accompanied by an opinion thereon of independent certified public accountants of recognized national standing acceptable to the Agent, which opinion shall state that said financial statements fairly present the consolidated financial condition and results of operations of each of (1) the Borrower and (2) NCL, if required other than by the Agent or the Lenders, as at the end of, and for, such fiscal year;

(iii) As soon as the same become available and in any event within 75 days after the end of each fiscal quarter of

each of its fiscal years, the Borrower shall deliver to the Agent on behalf of the Lenders (A) unaudited consolidated statements of income, retained earnings and cash flow of (1) the Borrower, and (2) NCL, in each case for each such quarterly period and for the period from the beginning of its then current fiscal year to the end of such period, and (B) related unaudited consolidated balance sheets of (1) the Borrower and (2) NCL, in each case as at the end of each such quarterly period. Delivery of the Borrower's quarterly financial statements containing information required to be filed with the Securities and Exchange Commission on Form 10-Q (as in effect on the Closing Date) shall satisfy the requirements of the first sentence of this Section 5.01(c)(iii) insofar as they relate to the Borrower on a consolidated basis, provided however that such requirements shall not be satisfied if the Borrower makes no such filings or if there is a material change after the Closing Date in the form or substance of financial disclosures and financial information required to be set forth in Form 10-Q. All such unaudited consolidated financial statements shall be accompanied by a certificate of a senior financial officer of the Borrower, which certificate shall state that such financial statements fairly present the consolidated financial condition and results of the operations of each of (1) the Borrower and (2) NCL, as at the end of, and for, such period (subject to normal year end audit adjustments) in accordance with GAAP, consistently applied;

(iv) Together with the financial statements to be delivered to the Agent on behalf of the Lenders from time to time pursuant to clauses (ii) and (iii) of this Section 5.01(c), the Borrower shall deliver to the Agent a certificate of a senior financial officer of the Borrower, which certificate shall (A) state that the consolidated financial condition and operations of the Borrower and its Subsidiaries are such as to be in compliance with all of the provisions of Sections 5.01(d) and 5.02(a) and (f) of this Agreement, (B) set forth in reasonable detail the computations necessary to determine whether the provisions of Sections 5.01(d) and 5.02(a) and (f) have been complied with, and (C) state that no Default or Event of Default has occurred and is continuing;

(v) [Reserved.]

(vi) Promptly upon their becoming available, the Borrower shall deliver to the Agent copies of all registration statements and periodic reports which each of the Borrower and NCL shall have filed with the Securities and Exchange Commission or any national securities exchange or market and any ratings (and changes thereto) of its debt by Standard & Poor's Ratings Services and Moody's Investors Services, Inc.;

(vii) Promptly upon the mailing thereof to its shareholders, the Borrower shall deliver to the Agent copies of all financial statements and reports so mailed;

(viii) As soon as reasonably possible, the Borrower shall deliver to the Agent copies of all reports and notices which it or any of its Subsidiaries files under ERISA with the Internal Revenue Service, the PBGC, the U.S. Department of Labor or the sponsor of a Multiemployer Plan, or which it or any of its Subsidiaries receives from the PBGC or the sponsor of a Multiemployer Plan related to (a) any Termination Event and (b) with respect to a Multiemployer Plan, (x) any Withdrawal Liability, (y) any actual or expected reorganization (within the meaning of Title IV of ERISA), or (z) any termination of a Multiemployer Plan (within the meaning of Title IV of ERISA);

(ix) From time to time on request, the Borrower shall furnish the Agent and any of the Lenders with such information and documents, and provide access to the books, records and agreements of the Borrower, or any Subsidiary or Affiliate of the Borrower, as the Agent or any of the Lenders may reasonably require. All certificates, materials and documents to be furnished by the Borrower under this Section

5.01(c) shall be provided to the Agent in such number of copies as the Agent may reasonably request and shall be furnished promptly by the Agent to the Lenders; and

(x) Notwithstanding the other terms of this Section 5.01(c), the Borrower shall have no obligation to provide the materials and information required by this Section 5.01(c) respecting NCL or any other Specified Subsidiary in the event such Person is not a Subsidiary of the Borrower.

(d) Financial Covenants. The Borrower shall ensure that:

(i) the ratio of its Total Debt to Total Capital, tested quarterly, shall be at all times less than fifty percent (50%); and

(ii) at the end of each fiscal quarter, the amount of its Consolidated Cash Flow shall be, as at the end of each of the four fiscal quarters immediately preceding covenant testing, at least 125% of the sum of (i) the aggregate amount of (x) dividend payments, (y) scheduled principal loan repayments and (z) scheduled Capital Lease payments made, in respect of the Borrower, on a consolidated basis excluding the Specified Subsidiaries, in the four fiscal quarters immediately preceding covenant testing.

(e) Corporate Existence, Mergers. The Borrower shall preserve and maintain in full force and effect its corporate existence and rights and those of its Subsidiaries, and not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person or permit any of its Subsidiaries to do so, except that (v) any Subsidiary of the Borrower other than a Specified Subsidiary may merge or consolidate with or into the Borrower if the surviving entity is the Borrower, or transfer assets to, or acquire assets of the Borrower so long as such assets do not constitute all or substantially all of the assets of the Borrower, (w) any Subsidiary of the Borrower other than a Specified Subsidiary may merge or consolidate with or into, or transfer assets to, or acquire assets of, any other Subsidiary of the Borrower other than a Specified Subsidiary, (x) the Borrower and its Subsidiaries may acquire all or substantially all of the assets of any Person if the surviving entity is the Borrower or such Subsidiary, as the case may be, (y) any Specified Subsidiary may merge or consolidate with or into, or transfer assets to, the Borrower or any of its Subsidiaries, provided that the Borrower or such Subsidiary other than a Specified Subsidiary is the surviving entity and (z) the Borrower may cause the change of its jurisdiction by way of merger or otherwise, upon consent of the Majority Lenders, which consent shall not unreasonably be denied. Notwithstanding the foregoing, neither Windstar Sail Cruises Ltd., nor any of its Subsidiaries shall (y) acquire any of the assets of the Borrower or any of its other Subsidiaries or (z) merge or consolidate with or into the Borrower or any of its other Subsidiaries unless the resulting entity is the Borrower or one of the Borrower's Subsidiaries other than Windstar Sail Cruises Ltd. or any of its Subsidiaries.

(f) Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, insure and keep insured, with financially sound and reputable insurers, so much of its properties, in such amounts and against such risks, as to all the foregoing, in each case, reasonably satisfactory to the Lenders and as are usually and customarily insured by companies engaged in a similar business with respect to properties of a similar character.

(g) Actions Respecting Certain Excess Sale Proceeds. In the event that during the period from and including December 17, 1996 to and including the Termination Date, the Borrower or its Subsidiaries shall sell or otherwise dispose of, in one or more transactions (but excluding any sale or disposition permitted by Section 5.01(e) or any sale or disposition of any or all of the assets or capital stock of NCL or Windstar Sail Cruises Ltd. or any of their respective Subsidiaries) "assets" (as hereinafter defined) with an aggregate book value in excess of One Billion Five Hundred Million Dollars ($1,500,000,000), the Borrower shall apply all proceeds of such sale or disposition in an amount at least equal to the amount (the "Excess Amount") in excess of One Billion Five Hundred Million Dollars ($1,500,000,000), first, to the prepayment, pro rata, of the outstanding amount of each A Advance, second to establish cash collateral with the Agent for the payment when due on a pro rata basis of the outstanding amount of each B Advance,

and third the balance, if any, to such general corporate purposes as may be permitted under applicable law provided however that the Borrower shall terminate the Commitment of the Lenders in an amount at least equal to such balance. For purposes of testing covenant compliance under this Section 5.01(g), "assets" shall mean only such assets having a book value at the time of sale or disposition greater than Ten Million Dollars ($10,000,000).

(h) Further Assurances. The Borrower shall, from time to time upon the request of any Lender, accept for cancellation any Note or Notes held by and payable to such Lender, and thereupon the Borrower shall execute and deliver to such Lender, payable to it and its registered assigns, a substitute Note or Notes in like form and total aggregate amount as the canceled Note or Notes, but in any denomination not smaller than Ten Million Dollars ($10,000,000) or such lesser amount as such Lender may request (but not less than Five Million Dollars ($5,000,000)) as shall constitute the outstanding principal of all outstanding Notes held by such Lender. The Borrower shall do all things necessary to maintain each of the Loan Documents as legal, valid and binding obligations, enforceable in accordance with their respective terms by the Agent and the Lenders. The Borrower shall take such other actions and deliver such instruments as may be necessary or advisable, in the opinion of the Agent on behalf of the Lenders to protect the rights and remedies of the Agent and the Lenders under the Loan Documents.

SECTION 5.02. Negative Covenants. So long as any Advance or any other Obligation shall remain unpaid or any Lender shall have any Commitment, the Borrower shall not, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.04:

(a) Sale of Assets. Unless permitted by Section 5.01(e), or in compliance with Section 5.01(g), sell or otherwise dispose of, or permit any of its Subsidiaries to sell or dispose of, in one or more transactions, (but excluding any sale or disposition of any or all of the assets or capital stock of NCL or Windstar Sail Cruises Ltd. or any of their respective Subsidiaries), (i) during any fiscal year, "assets" (as hereinafter defined) with an aggregate book value in excess of Five Hundred Million Dollars ($500,000,000), or (ii) during the period from and including December 17, 1996 to and including the Termination Date, "assets" (as hereinafter defined) with a book value in excess of One Billion Five Hundred Million Dollars ($1,500,000,000). For purposes of testing covenant compliance under this Section 5.02(a), "assets" shall mean only such assets having a book value at the time of sale or disposition greater than Ten Million Dollars ($10,000,000).

(b) Limitation on Payment Restrictions Affecting Subsidiaries. Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction (other than those contained in or permitted by or through any other provision of this Agreement or the other Loan Documents, including those contained in documents existing on the Closing Date evidencing Indebtedness permitted by any of the foregoing) on the ability of any Subsidiary to (i) pay dividends or make any other distributions on such Subsidiary's capital stock or pay any Indebtedness owed to the Borrower or any of its Subsidiaries, (ii) make loans or advances to the Borrower or any of its Subsidiaries, or (iii) transfer any of its property or assets to the Borrower or any of its Subsidiaries.

(c) Transactions with Officers, Directors and Shareholders. Enter or permit any of its Subsidiaries to enter into any transaction or agreement, including but not limited to any lease, Capital Lease, purchase or sale of real property, purchase of goods or services, with any Subsidiary, Affiliate or any officer, or director of the Borrower or of any such Subsidiary or Affiliate, or any record or known beneficial owner of equity securities of any such Subsidiary, any known record or beneficial owner of equity securities of any such Affiliate or the Borrower, or any record or beneficial owner of at least five percent (5%) of the equity securities of the Borrower, except on terms that are no less favorable to the Borrower or the relevant Subsidiary than those that could have been obtained in a comparable transaction by the Borrower or such Subsidiary with an unrelated Person and except between Subsidiaries which are consolidated for financial reporting purposes with the Borrower.

(d) Compliance with ERISA. Become party to any prohibited transaction, reportable event, accumulated funding deficiency or plan termination, all within the meaning of ERISA and the Code with respect to any Plan as to which there is an Insufficiency, nor permit any Subsidiary to do so (except with respect to a Multiemployer Plan if the foregoing shall result from the act or omission of a Person party to

such Multiemployer Plan other than the Borrower or its Subsidiary).

(e) Investment Company. Be or become an investment company subject to the registration requirements of the Investment Company Act of 1940, as amended, or permit any Subsidiary to do so.

(f) Liens. Create or incur, or suffer to be created or incurred or come to exist, any Lien in respect of Indebtedness on any vessel or other of its properties or assets of any kind, real or personal, tangible or intangible, included in the Borrower's consolidated balance sheet excluding Specified Subsidiaries in accordance with GAAP, nor shall the Borrower permit any of its Subsidiaries excluding Specified Subsidiaries to do any of the foregoing. Solely for purposes of the preceding sentence the term "Lien" shall not include (i) Liens with respect to Indebtedness under the Swaps Documents and (ii) other Liens in respect of Indebtedness up to an amount not greater than 40% of the amount of total assets of the Borrower as shown on its consolidated balance sheet excluding Specified Subsidiaries (but excluding the value of any intangible assets) for the relevant period.

(g) Organizational Documents. Amend its articles of incorporation (or similar charter documents) or by-laws (except for such amendments as shall not adversely affect the rights and remedies of the Agent or any Lender).

ARTICLE VI

DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any Facility Fee, or any installment of principal of an Advance, when due, or shall fail to pay any interest on any such Advance or fee within two (2) days after such interest shall become due; or

(b) Any representation or warranty made by or on behalf of the Borrower under or in connection with this Agreement or any of the other Loan Documents shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any of the other Loan Documents on its part to be performed or observed and, in each case, any such failure shall remain unremedied for fifteen (15) days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall fail to pay any amount or amounts due in respect of Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Advances) of the Borrower or such Subsidiary when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under one or more agreements or instruments relating to Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Advances) of the Borrower or such Subsidiary, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e)(1) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall (A) generally not pay its debts as such debts become due, (B) threaten to stop making payments generally, (C) admit in writing its inability to pay its debts generally, (D) make a general assignment for the benefit of creditors, (E) not be Solvent or (F) be unable to pay its debts;

(2) Any proceeding shall be instituted in any jurisdiction by or against the Borrower or any of its Subsidiaries excluding Specified Subsidiaries (A) seeking to adjudicate it a bankrupt or insolvent, (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any

law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (C) seeking the entry of an administration order, an order for relief, or the appointment of a receiver, trustee, or other similar official, for it or for any substantial part of its property, provided, that, in the case of any such proceeding instituted against but not by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, such proceeding shall remain undismissed or unstayed for a period of forty-five (45) days or any of the relief sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall be granted; or

(3) (A) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall take any corporate action to authorize any of the actions set forth above in subparagraph (e)(2) of this Section 6.01, or (B) any director, or if one or more directors are elected and acting, any two directors of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, or any Person owning directly, or indirectly, shares of capital stock of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries in a number sufficient to elect a majority of directors of the Borrower or any of its Subsidiaries, shall take any preparatory or other steps to convene a meeting of any kind of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, or any meeting is convened or any other preparatory steps are taken, for the purposes of considering or passing any resolution or taking any corporate action to authorize any of the actions set forth above in subparagraph (e)(2) of this Section 6.01; or

(f) One or more judgments or orders for the payment of money, singly or in the aggregate, in excess of an amount equal to Fifty Million Dollars ($50,000,000) shall be rendered against the Borrower or any of its Subsidiaries excluding Specified Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall have elapsed any period of fifteen (15) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not have been in effect; or

(g) [Reserved.]

(h) Any Person, singly or acting in concert with one or more other Persons, shall directly or indirectly, own, control or have Options respecting shares of capital stock of the Borrower entitled to elect directors in a number of such shares greater than the number of such shares owned, directly or indirectly, by Micky Arison or Ted Arison (or, in the event of his death, a member of his immediate family or another Person reasonably acceptable to the Lenders); or

(i) Any material provision of any of the Loan Documents after delivery thereof shall for any reason cease to be valid and binding on the parties thereto (other than the Lenders and the Agent), or any party thereto (other than a Lender or the Agent) shall so state in writing;

then, and in any such event, the Agent on direction of the Majority Lenders (i) shall, by notice to the Borrower, declare the Commitment to be terminated, whereupon the same shall forthwith terminate, and (ii) shall, by notice to the Borrower, declare each Advance and the Notes, and all interest thereon and all other amounts payable under this Agreement, to be forthwith due and payable (except that no notice shall be required upon the occurrence of an Event of Default described in paragraph (e) of this Section 6.01) whereupon each Advance, each Note, all such interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

RELATION OF LENDERS; ASSIGNMENTS, DESIGNATIONS AND PARTICIPATIONS

SECTION 7.01. Lenders and Agent. The general administration of this Agreement and the Loan Documents shall be by the Agent, and each Lender hereby authorizes and directs the Agent to take such action (including without limitation retaining lawyers, accountants, surveyors or other experts) or forbear from taking such action as in the Agent's reasonable opinion may be necessary or desirable for the administration hereof (subject to any direction of the Majority Lenders and to the other requirements of

Section 7.04 hereof). The Agent shall inform each Lender, and each Lender shall inform the Agent, of the occurrence of any Event of Default promptly after obtaining knowledge thereof; however, unless it has actual knowledge of an Event of Default, each of the Agent and the Lenders may assume that no Event of Default has occurred.

SECTION 7.02. Pro Rata Sharing. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the A Advances made by it (other than pursuant to Section 2.06(c), 2.07 or 2.09) in excess of its ratable share of payments on account of the A Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Any Lender so purchasing a participation from another Lender pursuant to this Section 7.02 may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 7.03. Setoff. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 7.04. Approvals. Upon any occasion requiring or permitting an approval of any amendment or modification or any consent, waiver, declaring an Event of Default or taking any action thereafter, or any other action on the part of the Agent or the Lenders under any of the Loan Documents, (1) action may (but shall not be required to) be taken by the Agent for and on the behalf or for the benefit of all Lenders, provided (A) that no other direction of the Majority Lenders shall have been previously received by the Agent, and (B) that the Agent shall have received consent of the Majority Lenders to enter into any written amendment or modification of the provisions of any of the Loan Documents, or to consent in writing to any material departure from the terms of any Loan Documents by the Borrower or any other party thereto or (2) action shall be taken by the Agent upon the direction of the Majority Lenders, and any such action shall be binding on all Lenders; provided further, however, that unless all of the Lenders (other than the Designated Bidders) agree in writing thereto, no amendment, modification, waiver, consent or other action with respect to this Agreement or any of the Series A Notes shall be effective which (a) increases the Commitment or increases the Percentage Interest of any of the Lenders, except as permitted under Section 2.12, (b) reduces any commission, fee, the principal or interest owing to any Lender in respect of the Series A Notes hereunder or the method of calculation of any thereof, (c) extends the Termination Date or the date on which any sum in respect of the Series A Notes is due hereunder, (d) releases any collateral, guaranty or other security, (e) amends the provisions of this Section 7.04 or the definition of Majority Lenders, or (f) waives any condition for Borrowing set forth in Article III.

SECTION 7.05. Exculpation. The Agent shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by the Agent in any case involving exercise of any power or authority conferred upon the Agent under

any thereof, except for its wilful misconduct or gross negligence, and the Agent shall have no duties or obligations other than as provided herein and therein. The Agent shall be entitled to rely on any opinion of counsel (including counsel for the Borrower or any of its Subsidiaries) in relation to any of the Loan Documents or any other instrument or agreement required hereunder or thereunder and upon writings, statements and communications received from the Borrower or any of its Subsidiaries (including any representation made in or in connection with any Loan Document), or from any other party to any of the Loan Documents or any documents referred to therein or any other Person, firm or corporation reasonably believed by it to be authentic, and the Agent shall not be required to investigate the truth or accuracy of any writing or representation, nor shall the Agent be liable for any action it has taken or omitted in good faith on such reliance.

SECTION 7.06. Indemnification. Each Lender (other than any Designated Bidder) agrees to indemnify the Agent, except to the extent reimbursed by the Borrower and except in the case of any suit by any Lender against the Agent resulting in a final judgment against the Agent, ratably according to the aggregate principal amount of the Series A Notes then held by it (or if no Series A Notes are outstanding or if any such Series A Notes are held by Persons which are not Lenders, ratably according to the amount of its Commitment) against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except to the extent the foregoing results from the Agent's gross negligence or wilful misconduct) which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of (y) any of the Loan Documents or any other instrument or agreement contemplated hereunder or thereunder or (z) any action taken or omitted by the Agent under any of the Loan Documents or such other instrument or agreement.

SECTION 7.07. Agent as Lender. The Agent shall, in its individual capacity, have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not an agent; the term "Lenders" shall include the Agent in its individual capacity to the extent of its Percentage Interest. The Agent and its Subsidiaries and Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower and its Subsidiaries and Affiliates, as if it were not the Agent.

SECTION 7.08. Notice of Transfer; Resignation; Successor Agent. (a) The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's interest in any Loan and any other instrument or agreement contemplated hereunder or thereunder for all purposes hereof unless and until a written notice of the assignment or transfer thereof, executed by such Lender and otherwise in compliance with the requirements of Section 7.10 hereof, shall have been received and accepted by the Agent. The Agent shall resign if directed by the Majority Lenders for any reason. The Agent may not resign at any time, except that, upon written notice to the Lenders and the Borrower, the Agent may resign if in its judgment there exist or may occur reasons related to conflict of interest, a change in, or violation of, law or regulation or interpretation thereof, or such other occurrence that may prevent or impede the Agent in discharging its duties hereunder faithfully and effectively in accordance with their terms.

(b) Any successor Agent shall be appointed by the Majority Lenders and shall be a bank or trust company reasonably satisfactory to the Borrower (so long as no Event of Default shall have occurred and be continuing) and the Majority Lenders. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lender's removal of the Agent, then such retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.09. Credit Decision; Not Trustee. Each Lender represents that it has made, and agrees that it shall continue to make, its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries, and its own appraisal of the creditworthiness of the Borrower and its Affiliates and Subsidiaries in connection with the making and performance of this Agreement. The Agent has and shall have no

duty or responsibility whatsoever on the date hereof or, except as otherwise expressly provided in this Agreement at any time hereafter, to provide any Lender with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute the Agent a trustee for the Borrower or its Subsidiaries or impose on it any duties or obligations other than those for which express provision is made in this Agreement or under the other Loan Documents.

SECTION 7.10. Assignments, Designations and Participation. (a) Each Lender (other than the Designated Bidders) may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make B Advances, B Advances owing to it or Series B Notes), (ii) unless the Borrower shall otherwise agree with the assigning Lender, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder shall in no event be less than Ten Million Dollars ($10,000,000) (and in increments of One Million Dollars ($1,000,000) in excess thereof) or such lesser amount as shall constitute all of such assigning Bank's Commitment and the outstanding principal of Notes payable to it, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of $3,000; provided further, however, that each such assignment that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder, (x) shall be subject to the consent of the Borrower, which consent shall not unreasonably be denied and which consent shall be deemed given unless the Borrower gives the assigning Lender and the Agent written notice of and a reasonable basis for its denial not later than five (5) Business Days following (i) telex, telecopy or cable notice given to the Borrower by the assigning Lender or the Agent of the name of the proposed transferee, the amount of Commitment to be assigned and such information as the Borrower may reasonably request for purposes of making an informed judgment, and, if the proposed transferee is organized under the laws of a jurisdiction outside the United States, (ii) transmission to the Borrower by telecopy of any one of the following documents, properly completed and executed by the proposed transferee: Internal Revenue Service Form 1001 (or any successor form), certifying that the proposed transferee is entitled to benefits under an income tax treaty which will exempt from United States Federal income tax the income receivable by the proposed transferee pursuant to this Agreement, or Internal Revenue Service Form 4224 (or any successor form), certifying that the income receivable by the proposed transferee pursuant to this Agreement will be effectively connected with the conduct of a trade or business in the United States, or Internal Revenue Service Form W-8 (or any successor form) certifying that it is a foreign person together with a tax certificate, substantially in the form of Attachment III to the Assignment and Acceptance, as appropriate. Any consent to assignment untimely or unreasonably denied by the Borrower shall be void and of no effect, and shall not preclude or bar any assignment otherwise permitted by this Section 7.10(a). Any assignment or purported assignment not in compliance with this Section shall be void and of no effect. Without regard to any of the other terms of this Agreement or of any other agreement, any Lender may (i) assign, as collateral or otherwise, any of its rights (including, without limitation, rights to payments of principal and/or interest on the Notes) under this Agreement to any Federal Reserve Bank of the United States without notice to or consent of the Borrower, the Agent or any other Person, and (ii) with notice to the Agent and the Borrower, assign all or part of its rights under this Agreement and the other Loan Documents to any of its affiliates. In case of any assignment pursuant to this Section 7.10(a), the assignee shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.07 or 2.09 hereof which exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) to the assignor with respect to the rights and obligation so assigned. In the case of a transfer of any Note from the accounting records of the office of a Lender where such Note was originally recorded to the accounting records of any other office of such Lender, or a change in the location of the Lending Office from that designated as of the Closing Date, such Lender or the Agent, as the case may be, shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.07 or 2.09 hereof which exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) to such Lender or the Agent, as the case may be, if such transfer or change had not been made. In the case of a change in location, from the Closing Date, of the Lending Office, unless the Borrower shall consent to such change, the Borrower shall not be

required to remit to the Agent pursuant to Section 2.07 or 2.09 hereof any amount that exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) if such change in location had not occurred. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, and delivery of the tax forms and other documents referred to in Section 2.09 hereof, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance and subject to the foregoing, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Borrower or its Subsidiaries or the performance or observance by any of the Borrower or its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to herein Sections 4.01(e) and 5.01(c), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto and has attached thereto the forms referred to in paragraph 3(vii) thereof, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register (including the transfer of Notes to such Eligible Assignee by the assigning Lender) and (iii) give prompt notice and an execution counterpart thereof to the Borrower. Within five (5) Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes a new Note or new Notes, as the case may be, of the same Series to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and a new Series B Note in substantially the form of Exhibit A-2 hereto, as the case may be, and if the assigning Lender has retained a Commitment hereunder, a new Series A Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Series A Note or Series A Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Series A Note or Series A Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(d) In addition each Lender (other than the Designated Bidders) may designate one or more banks or other entities to have a right to make B Advances as a Lender pursuant to Section 2.03; provided, however, that (i) no such Lender shall be entitled to make more than two such designations with respect to any particular B Borrowing, (ii) each such Lender making one or more of such designations shall retain the right to make B Advances as a Lender pursuant to Section 2.03, (iii) each such designation shall be to a Designated Bidder and (iv) the parties to each such designation shall execute and deliver to the Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in

each Designation Agreement, the designee thereunder shall be a party hereto with a right to make B Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Borrower or its Subsidiaries or the performance or observance by any of the Borrower or its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such designee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and 5.01(c) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Designation Agreement; (iv) such designee will, independently and without reliance upon the Agent, such designating Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such designee confirms that it is a Designated Bidder; (vi) such designee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such designee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit D hereto, (i) accept such Designation Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five (5) Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent a new Series B Note to the order of such Designated Bidder in substantially the form of Exhibit A-2 hereto.

(g) The Agent shall maintain at its address referred to in Section 8.02 of this Agreement a register for the recordation of the names and addresses of the Lenders and, with respect to Lenders other than Designated Bidders, the Commitment of, and principal amount of the Advances owing and each Note payable to, each Lender from time to time and a copy of each Assignment and Acceptance and Designation Agreement delivered to and accepted by it (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice and each shall be entitled to make copies thereof at its expense.

(h) Each Lender and the Agent may grant participations to one or more banks or other entities in or to all or any part of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that, notwithstanding the grant of any such participation by any Lender, such participation, and the right to grant such a participation, shall be expressly subject to the following conditions and limitations: (i) such Lender's obligations under this Agreement (including without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note and Advances for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) such Lender shall continue to be able to agree to any modification or amendment of this Agreement or any waiver hereunder without the consent, approval or vote of any such participant or group of participants, other than modifications, amendments, and waivers which (a) postpone the Termination Date or any date fixed for any payment of, or reduce any payment of, principal of or interest on such Lender's Advances or any fees or other amounts payable under this Agreement, or (b) increase the amount of such Lender's Commitment, or (c) change the

interest rate payable under this Agreement, or (d) release all or substantially all of any collateral or guaranty, provided that if a Lender agrees to any modification or waiver relating to items (a) through (d), the Borrower, the Agent and each other Lender may conclusively assume that such Lender duly received any necessary consent of each of its participants and (vi) except as contemplated by the immediately preceding clause (v), no participant shall be deemed to be or to have any of the rights or obligations of a "Lender" hereunder.

(i) Any Lender may, in connection with any assignment, designation or participation or proposed assignment, designation or participation pursuant to this Section 7.10, disclose to the assignee, Designated Bidder or participant, or proposed assignee, designated bidder or participant, any information relating to the Borrower or its Subsidiaries furnished to such Lender by or on behalf of the Borrower, provided that the Person receiving such information undertakes not to disclose it to a third party except pursuant to, and subject to the conditions provided in, this Section 7.10.

SECTION 7.11 Managing Agent; Co-Agent. Each of the Managing Agents and Co-Agents shall have no duties, responsibilities, rights or liabilities as Managing Agent or Co-Agent, as the case may be, under this Agreement or any of the other Loan Documents and, other than as a Lender, shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by any Person with respect thereto. Each of the Managing Agents and Co-Agents has and shall have no duty or responsibility whatsoever on the date hereof or at any time hereafter, to provide any Bank with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute any Managing Agent or Co-Agent a trustee for the Borrower or its Subsidiaries or impose on it any duties or obligations whatsoever under this Agreement, the other Loan Documents, or otherwise.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments. No amendment, supplement or modification to this Agreement shall be enforceable against the Borrower unless the same shall be in writing and signed by the Borrower. No amendment or waiver of any provision of this Agreement or any instrument delivered hereunder, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and, to the extent required by Section 7.04 hereof, the Majority Lenders or each Lender, as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 8.02. Notices. All notices, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, telexed, telecopied or telegraphed or delivered, if to the Borrower at its address set forth below its signature herein written; and if to a Lender other than the Agent, at its address set forth below its signature herein written; or, as to each party, at such other address as shall be designated by such party in a notice to the other parties hereto. All such notices and communications shall, when mailed, telexed, telecopied, or telegraphed, be effective upon the earliest of (i) actual receipt, (ii) seven days from the date when deposited in the mails, or (iii) when (on a Business Day and during normal business hours at the addressee's address) transmitted by telecopy or telex or delivered to the telegraph company, respectively, except that notices and communications to the Agent or any Lender pursuant to Article II hereof shall not be effective until received by the Agent or such Lender.

SECTION 8.03. No Waiver; Remedies. Regardless of any fact known or investigation undertaken by the Agent or any Lender, no failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Fees and Indemnities. (a) The Borrower agrees to pay on demand (i) in connection with the preparation, execution, and delivery of this Agreement and the instruments and other documents to be delivered hereunder, (y) the reasonable fees and out-of-pocket expenses of Messrs. Haight, Gardner, Poor & Havens, as special

counsel for the Agent (and any local counsel retained by such firm) with respect to the closing of the Transaction and (z) all other costs and expenses of the Lenders and the Agent (other than any other legal fees and related expenses incurred by them) and (ii) after the Closing Date, all costs and expenses in connection with the administration of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of any counsel for the Agent or the Lenders in connection with advice given the Agent or the Lenders, from time to time, as to their rights and responsibilities under this Agreement and such instruments and documents. The Borrower shall not be liable to any Lender in respect of any costs or expenses incurred in connection with any assignment or grant of participation under Section 7.10 hereof. The Borrower further agrees to pay on demand all losses, costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement of this Agreement and the instruments and other documents delivered hereunder, including, without limitation, losses, costs and expenses sustained as a result of a Default by the Borrower in the performance of its obligations contained in this Agreement or any instrument or document delivered hereunder.

(b) If, for any reason, including maturity or demand of the Loan under Article VI, or prepayment of the Loan, in whole or in part, the Agent or any of the Lenders receives payment of principal of or interest an Advance on any day other than the last day of the Interest Period for such Advance permitted under this Loan Agreement the Borrower shall pay to the Agent on behalf of the Lenders on demand any amounts required to compensate the Lenders for any breakage costs (including cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds in respect of such payment) and any additional losses, costs or expenses which any Lender may incur as a result of such payment, provided that the Lender shall have delivered to the Agent and the Borrower, as the case may be, a certificate as to the amount of such breakage costs, additional losses, costs or expenses, which certificate shall be binding, absent manifest error, except that the failure of the Lender to provide such certificate shall in no way relieve the Borrower of its obligations under this Section 8.04(b).

(c) The Borrower agrees to indemnify and hold harmless each of the Lenders and the Agent, and its and their respective Affiliates, directors, officers, employees, agents, representatives, counsel and advisors (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel and the costs of investigation and defense thereof) which may be incurred by or asserted or awarded against any Indemnified Party, in each case based upon, arising out of or in connection with or by reason of, the Transaction, including, without limitation, any act or failure to act by the Agent where such act or failure to act was taken pursuant to the Borrower's request or any transaction contemplated by this Agreement or any Loan Document, whether or not any Advance hereunder is made, except to the extent that such claim, damage, loss, liability or expense results from the gross negligence or willful misconduct of such Indemnified Party. The indemnities of this Agreement shall survive the termination of this Agreement and the other Loan Documents.

SECTION 8.05. [Reserved.]

SECTION 8.06. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under any instrument delivered hereunder in United States Dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent or the Lender, as the case may be, could purchase United States Dollars with such other currency on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from it to the Agent or any Lender hereunder or under such instrument shall, notwithstanding any judgment in a currency other than United States Dollars, be discharged only to the extent that on the Business Day following receipt by the Agent or such Lender of any sum adjudged to be so due in such other currency the Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase United States Dollars with such other currency; if the United States Dollars so purchased are less than the sum originally due to the Agent or such Lender, as the case may be, in United States Dollars, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or such Lender, as the case may be, against such loss, and if the United States Dollars so purchased exceed the sum originally due to the Agent or such Lender in United States Dollars, the Agent or such Lender shall remit such excess to

the Borrower.

SECTION 8.07. Consent to Jurisdiction; Waiver of Immunities. (a) The Borrower hereby irrevocably submits to the jurisdiction of any New York State court sitting in New York County and to the jurisdiction of the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement or the Notes, and the Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower hereby irrevocably appoints C T Corporation System (the "Process Agent"), with an office on the date hereof at 1633 Broadway, New York, New York 10019, United States, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to the Borrower in care of the Process Agent (or any successor thereto, as the case may be) at such Process Agent's above address (or the address of any successor thereto, as the case may be), and the Borrower hereby irrevocably authorizes and directs the Process Agent (and any successor thereto) to accept such service on its behalf. The Borrower shall appoint a successor agent for service of process should the agency of C T Corporation System terminate for any reason, and further shall at all times maintain an agent for service of process in New York, New York, so long as there shall be outstanding any Obligations under the Loan Documents. The Borrower shall give notice to the Agent of any appointment of successor agents for service of process, and shall obtain from each successor agent a letter of acceptance of appointment and promptly deliver the same to the Agent. As an alternative method of service, the Borrower also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address specified in Section 8.02 hereof. Without waiver of its rights of appeal permitted by relevant law, the Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Section 8.07 shall affect the right of the Agent or any Lender to serve legal process in any other manner permitted by law, or affect the right of the Agent or any Lender to bring any action or proceeding against the Borrower or its properties in the courts of any other jurisdiction.

(c) To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the Notes.

SECTION 8.08. Binding Effect; Merger; Severability; GOVERNING LAW. (a) This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Bank that such Bank has executed it and thereafter this Agreement shall be binding upon, and shall inure to the benefit of the Borrower, the Agent and each Lender, and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein. Each Lender may, to the extent permitted under this Agreement, assign to any other financial institution all or any part of, or any interest in, the Lender's rights and benefits hereunder and under any instrument delivered hereunder, and to the extent of such assignment such assignee shall have the same rights and benefits against the Borrower as it would have had if it were the Lender hereunder.

(b) The Loan Documents, together with all attachments and exhibits to each of them and all other documents referenced herein and therein, and delivered hereunder and thereunder and pursuant hereto and thereto, constitute the entire agreement among the parties with respect to the subject matter hereof and thereof, and supersede all prior and contemporaneous written and oral understandings and agreements related thereto among the parties.

(c) If any word, phrase, sentence, paragraph, provision or section of the Loan Documents shall be held, declared, pronounced or rendered invalid, void, unenforceable or inoperative for any reason by any court of competent jurisdiction, governmental authority, statute, or otherwise, such holding, declaration, pronouncement or rendering shall not adversely affect any other word, phrase, sentence, paragraph, provision or section of the Loan Documents, which shall otherwise remain in full force and effect and be enforced in accordance with their respective terms.

(d) This Agreement has been delivered in New York, New York. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

SECTION 8.09. Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient and by each party hereto on separate counterparts, each of which, when so executed, shall be deemed as original, but all such counterparts shall constitute but one and the same agreement.

SECTION 8.10. WAIVER OF JURY TRIAL. BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS HEREIN DESCRIBED OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CITIBANK, N.A., as Agent

By:_____
Title:
Address: 399 Park Avenue
Shipping Department
8th Floor
New York, NY 10043

Telephone: (212) 559-5604
Telex: 425 727
Answerback: NY
Telecopy: (212) 793-3588

CARNIVAL CORPORATION

By:_____
Title:
Address: 3655 N.W. 87th Avenue
Miami, Florida 33178-2428
Attention: Chairman and
Chief Executive Officer

Telephone: (305) 599-2600
Telex: 519206
Answerback: CARNOP
Telecopy: (305) 471-4700

Percentage Interest	Commitment	CITIBANK, N.A.
8.50%	Eighty-Five Million Dollars ($85,000,000)	

By: _____
Title:
Address: 399 Park Avenue
Shipping Dept.
8th Floor
NY, NY 10043

Telephone: (212) 559-5604
Telex: 425 727
Answerback: NY AAB
Telecopy: (212) 793-3588

Percentage Interest	Commitment	BANCA DI ROMA-HOUSTON AGENCY
1.50%	Fifteen Million Dollars ($15,000,000)	

By: _____
Title: Chief Manager

By: _____
Title:
Address: 1100 Louisiana
Suite 4410
Houston, Texas 77002

Telephone: (713) 658-0088
Telex: 168751
Answerback: BROMA HOU
Telecopy: (713) 658-8740

Percentage Interest	Commitment	BANK OF HAWAII
1.50%	Fifteen Million Dollars ($15,000,000)	

By: _____
Title:
Address: 130 Merchant Street
Honolulu, Hawaii 96813

Telephone: (808) 537-8689
Telecopy: (808) 537-8301

Percentage Interest	Commitment	
		BARNETT BANK, N.A. (formerly BARNETT BANK OF SOUTH FLORIDA, N.A.)
6.00%	Sixty Million Dollars ($60,000,000)	

By: _____
Title:
Address: 701 Brickell Avenue
Miami, FL 33131

Telephone: (305) 789-3054
Telex: 160047
Answerback: Barnett Banks
Telecopy: (305) 350-7005

Percentage Interest	Commitment	CIBC, INC.
7.00%	Seventy Million Dollars ($70,000,000)	

By: _____
Title:
Address: Two Paces West
Suite 1200
2727 Paces Ferry Road
Atlanta, GA 30239

Telephone: (404) 319-4908
Telex: 54-2413
Answerback: CANBANK ATL
Telecopy: (404) 319-4954

Percentage Interest	Commitment	CREDIT LYONNAIS, ATLANTA AGENCY
2.00%	Twenty Million Dollars ($20,000,000)	

By: _____
Title:
Address: 303 Peachtree Street, N.E.
Suite 4400
Atlanta, Georgia 30308

Telephone: (404) 524-3700
Telex: 671826
Answerback: CREDATL
Telecopy: (404) 584-5249

Percentage Interest	Commitment	FIRST UNION NATIONAL BANK OF FLORIDA
7.00%	Seventy Million Dollars ($70,000,000)	

By: _____
Title:
Address: 200 S. Biscayne Blvd.
Miami, FL 33131

Telephone: (305) 789-5073
Telex: 568452
Answerback: FST UNION JAX
Telecopy: (305) 789-5060

Percentage Interest	Commitment	
		LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE
1.50%	Fifteen Million Dollars	
	($15,000,000)	

By: _____
Title:
Address: Abteilung Schiffahrt
Martensdamm 6
D-24103 Kiel
Germany

Telephone: 49 431 900 1774
Telecopy: 49 431 900 1130

Percentage Interest	Commitment	
		MORGAN GUARANTY TRUST COMPANY OF NEW YORK
2.00%	Twenty Million Dollars	
	($20,000,000)	

By: _____
Title:
Address: 60 Wall Street
New York, NY 10260-0060

Telephone: (212) 648-3319
Telex: 177615
Answerback: MGT UT
Telecopy: (212) 648-5336

Percentage Interest	Commitment	
		NATIONAL WESTMINSTER BANK PLC
1.50%	Fifteen Million Dollars	
	($15,000,000)	

By: _____
Title:
Address: 175 Water Street
New York, New York 10038

Telephone: (212) 602-5541
Telecopy: (212) 602-4500

Percentage Interest	Commitment	
		NATIONSBANK, N.A. (SOUTH) (formerly NATIONSBANK OF FLORIDA, N.A.)
6.00%	Sixty Million Dollars	
	($60,000,000)	

By: _____
Title:
Address: 100 S.E. 2nd St.
14th Fl.
Miami, FL 33131

Telephone: (305) 533-2428
Telecopy: (305) 533-2437

Percentage Interest	Commitment	
		THE NORTHERN TRUST COMPANY
1.50%	Fifteen Million Dollars	
	($15,000,000)	

By: _____
Title:
Address: 50 South LaSalle Street

9th Floor
Chicago, IL 60675

Telephone: (312) 444-7260
Telecopy: (312) 444-3508

Percentage Interest | Commitment | ROYAL BANK OF CANADA

7.00% | Seventy Million Dollars ($70,000,000)

By: _____
Title:
Address: Grand Cayman
(North America No. 1) Branch
c/o New York Branch
Financial Square, 23rd Floor
New York, New York 10005-3531
Attn.: Manager, Credit Administration
Telephone: (212) 428-6311
Telecopy: (212) 428-2372

with a copy to:

Royal Bank of Canada
Financial Square, 24th Floor
New York, New York 10005-3531
Attn.: Transportation Services Group
Telephone: (212) 428-6445
Telecopy: (212) 428-6459

Percentage Interest | Commitment | THE SAKURA BANK, LIMITED, ATLANTA AGENCY

6.00% | Sixty Million Dollars ($60,000,000)

By: _____
Title:
Address: 245 Peachtree Center Avenue, N.E.
Suite 2703
Atlanta, GA 30303

Telephone: (404) 521-3111
Telecopy: (404) 521-1133

Percentage Interest | Commitment | SUNTRUST BANK, MIAMI NATIONAL ASSOCIATION

5.00% | Fifty Million Dollars ($50,000,000)

By: _____
Title:
Address: 777 Brickell Avenue
Miami, FL 33131

Telephone: (305) 579-7380
Telecopy: (305) 579-7133

Percentage Interest | Commitment | THE BANK OF NOVA SCOTIA

1.50% | Fifteen Million Dollars ($15,000,000)

By: _____
Title:
Address: 600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA 30308

Telephone: (404) 877-1505

Telecopy: (404) 888-8998

Percentage Interest | Commitment

THE BANK OF TOKYO-MITSUBISHI, LTD.-ATLANTA AGENCY
(formerly THE MITSUBISHI BANK, LIMITED-NEW YORK BRANCH)

6.00% | Sixty Million Dollars ($60,000,000)

By: _____
Title:
Address: 133 Peachtree Street
Suite 4970
Atlanta, Georgia 30303
Telephone: (404) 222-4207
Telecopy: (404) 577-1155

Percentage Interest | Commitment

THE DAI-ICHI KANGYO BANK, LIMITED
ATLANTA AGENCY

6.00% | Sixty Million Dollars ($60,000,000)

By: _____
Title: Joint General Manager
Address: Marquis Two Tower, Suite 2400
285 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Telephone: (404) 581-0200
Telex: (404) 581-9657

Percentage Interest | Commitment

THE FUJI BANK, LIMITED,
NEW YORK BRANCH

7.00% | Seventy Million Dollars ($70,000,000)

By: _____
Title: Vice Pres. & Mgr.
Address: Two World Trade Center
79th Floor
New York, NY 10048

Telephone: (212) 898-2054
Telecopy: (212) 912-0516

Percentage Interest | Commitment

THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY

2.50% | Twenty-Five Million Dollars ($25,000,000)

By: _____
Title:
Address: One Ninety One Peachtree Tower
191 Peachtree Street, N.E.
Suite 3600
Atlanta, GA 30303-1757

Telephone: (404) 524-8770
Telecopy: (404) 524-8509

Percentage Interest | Commitment

THE SANWA BANK LIMITED,
ATLANTA AGENCY

3.50% Thirty-Five Million Dollars

($35,000,000)

By: _____
Title:
Address: Georgia Pacific Center
133 Peachtree Street
Suite 4950
Atlanta, Georgia 30303

Telephone: (404) 586-6888
Telecopy: (404) 589-1629

Percentage Interest | Commitment | THE SUMITOMO BANK, LIMITED

6.00% Sixty Million Dollars

($60,000,000)

By: _____
Title:
Address: Georgia Pacific Center
133 Peachtree Street, Suite 3210
Atlanta, Georgia 30303

Telephone: (404) 526-8514
Telecopy: (404) 521-1187

Percentage Interest | Commitment | THE YASUDA TRUST AND BANKING COMPANY, LIMITED

1.50% Fifteen Million Dollars

($15,000,000)

By: _____
Title:
Address: 666 Fifth Avenue
New York, NY 10103

Telephone: (212) 373-5709
Telecopy: (212) 373-5797

Percentage Interest | Commitment | UNITED STATES NATIONAL BANK OF OREGON

2.00% Twenty Million Dollars

($20,000,000)

By: _____
Title:
Address: 555 SW Oak Street
Suite 400
Portland, OR 97204

Telephone: (503) 275-4497
Telecopy: (503) 275-4267

EXHIBIT 4.2

February 25, 1997

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

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 1996.

Very truly yours,

CARNIVAL CORPORATION

Arnaldo Perez
General Counsel

EXHIBIT 10.1

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 20th day of November, 1996, between CARNIVAL CORPORATION, having its principal place of business at 3655 N.W. 87th Avenue, Miami, Florida 33178-2428 (the "Company") and A. Kirk Lanterman, ("Lanterman"), residing at 714 W. Galer, Seattle, Washington 98119.

RECITALS

A. Lanterman has served as President and Chief Executive Officer of the Company's wholly-owned subsidiary, Holland America Line-Westours, Inc. ("HAL") since January 1989, and has performed exemplary service during said years.

B. Lanterman intends to retire from active service with HAL on January 1, 1998 ("Retirement Date").

C. The Company desires to compensate Lanterman for such exemplary service by way of retirement pay.

D. The Company desires to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 From January 31, 1998 and for fifteen (15) years thereafter, the Company shall pay to Lanterman in monthly installments of $37,570.00 an annual compensation of $450,840.00.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($6,762,600.00) shall be paid in full to Lanterman's estate within 30 days of the date of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8-1/2% per year.

2. Consulting Services

Commencing on the Retirement date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Company in regard to the business operations of HAL upon the specific written request of the Company. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, which consent may be withheld for any reason whatsoever. The Company will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said consulting services.

3. Independent Contractor

Commencing on the Retirement Date, Lanterman acknowledges that he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Company, and will not be entitled to any Company employment rights or benefits.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential Company information including, without limitation, to any trade secrets respecting the business or affairs of the Company which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Company shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Company hereby waives its rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the Company, or the Company against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall be entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November, 1994 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Company to the attention of President, or otherwise as directed by the Company, from time to time, at the addresses as they appear in the opening paragraph of this Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Company and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ H.S. Frank

H.S. Frank

/s/ A. Kirk Lanterman
Signature

A. Kirk Lanterman
Print Full Name

EXHIBIT 10.2

AMENDMENT TO CONSULTING AGREEMENT

This Amendment to Consulting Agreement is made as of this 5th day of August, 1996 in Tel-Aviv, Israel by and between Carnival Corporation (formerly known as Carnival Cruise Lines, Inc.), a company organized under the laws of the Republic of Panama (the "Company"), and Arison Investments Ltd., a company organized under the laws of the State of Israel (the "Consultant").

R E C I T A L S

WHEREAS, the Company and the Consultant entered into that certain Consulting Agreement dated as of July 31, 1992 (the "Consulting Agreement"); and

WHEREAS, the Company and the Consultant desire to modify the Consulting Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Section 4.1 of the Agreement shall be amended in its entirety to read as follows:

   4.1 The initial term of this Agreement shall commence on July 31, 1992 and shall continue until November 25, 1999.

2. Section 4.3 of the Consulting Agreement shall be deleted in its entirety.

3. Except as expressly modified by this Amendment, all terms and conditions of the Consulting Agreement remain in full force and effect and are hereby ratified and confirmed in all respects by the parties hereto as if set forth herein in their entirety.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

CARNIVAL CORPORATION

By:_____
Howard S. Frank
Title: Vice Chairman

ARISON INVESTMENTS LTD.

By:_____
Print Name:_____
Title:_____

DSF/sw

Exhibit A

CARNIVAL CORPORATION

AUTOMATIC DIVIDEND REINVESTMENT PLAN

OFFERING UP TO 150,000 SHARES OF COMMON STOCK

The provisions of the Carnival Corporation Automatic Dividend Reinvestment Plan (the "Plan") are set forth below in question and answer format. The Plan was approved by the Board of Directors of the Corporation on October 9, 1995, and became effective as of October 9, 1995. The Corporation has initially reserved 150,000 shares of authorized and unissued Common Stock for issuance under the Plan. All shares of Class A Common Stock issued and to be issued by the Corporation pursuant to the Plan have been or will be, when issued, fully paid and nonassessable.

1. WHAT IS THE PLAN?

The Plan provides that the Corporation's eligible owners of Class A Common Stock may reinvest their cash dividends automatically in shares of Class A Common Stock, par value $.01 per share ("Common Stock").

2. WHAT IS THE PURPOSE OF THE PLAN AND WHAT ARE ITS ADVANTAGES?

The Plan offers a convenient and economical way for holders of record of the Corporation's Common Stock to increase their ownership of shares of Common Stock without incurring brokerage commissions or service charges and without having to pay full dealer mark-ups, if any. Full investment of funds is possible under the Plan because the Plan permits fractions of shares, as well as full shares, to be credited to a participant's account. Participants will be credited with dividends on full and fractions of shares held under the Plan.

To the extent that shares purchased under the Plan are purchased from the Corporation from its authorized and unissued shares of Common Stock, the Corporation will use the proceeds of the sale for general corporate purposes.

3. WHO ADMINISTERS THE PLAN AND WHAT REPORTS WILL PARTICIPANTS RECEIVE CONCERNING THE PLAN?

First Union National Bank of North Carolina (the "Agent"), a bank unaffiliated with the Corporation, will administer the Plan. The Agent arranges for the custody of share certificates, keeps records, sends statements of account to participants, and makes purchases of shares of Common Stock under the Plan for the account of participants. The Agent will send each participant a statement of his or her account under the Plan as soon as practicable following each purchase of shares of Common Stock. Each statement will show (a) any dividends credited; (b) plan shares purchased and fractional shares allocated; (c) the cost per share of the purchased shares and fractional shares; (d) the number of whole shares for which certificates have been issued, if any; and (e) the beginning and ending balances of whole shares and fractional shares. The Agent will also provide Plan participants with copies of any amendments to the Plan and any Prospectuses relating to the Plan together with information for reporting dividend income for federal income tax purposes. The Agent will also serve as custodian of shares purchased under the Plan to protect participants from loss, theft or destruction of stock certificates.

All inquiries, notices, requests and other communications by participants concerning the Plan should be sent to the Agent at:

First Union National Bank of North Carolina
Shareholder Services Group
230 South Tryon Street, NC1153
Charlotte, North Carolina 28288-1153

Participants may also contact the Agent by telephone at 1-800-829-8432.

Participants are required to promptly notify the Agent in writing of any change of address. Notices or statements from the Agent may be given or made by letter addressed to the participant at his or her last address of record with the Agent and any such notice or statement shall be deemed given or made when received by the participant or 5 days after mailing, whichever occurs earlier.

The Corporation reserves the right to assume the administration of the Plan at any time and without prior notice to Plan participants. In the event the Agent should resign or otherwise cease to act as an agent or as

custodian of shares under the Plan, the Corporation will make such other arrangements as it deems appropriate for administration of the Plan and the custody of shares purchased under the Plan.

4. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

Any shareholder owning of record shares of Common Stock is eligible to participate in the Plan. Participation in the Plan is entirely voluntary. If any shareholder owns stock which is registered in a name other than his or her own, such as in the name of a broker, bank nominee or trustee, and wishes to participate in the Plan, it will be necessary for him or her to withdraw his or her shares from "street name" or other registration and register the stock in his or her own name.

5. HOW DOES AN ELIGIBLE STOCKHOLDER PARTICIPATE?

Any eligible shareholder may participate in the Plan at any time by completing an authorization card and returning it to the Agent. The authorization card authorizes the Agent to establish an account for the participant. In addition, the authorization card will direct the Agent to apply cash dividends on all shares of Common Stock owned of record by the participant, or on such lesser number of shares of Common Stock as may be designated by the participant, and all cash dividends on all shares of Common Stock credited to his or her account under the Plan, to the purchase of shares of Common Stock. If an authorization card is received later than the record date for a cash dividend, the dividend will be paid to the participant in cash and participation in the Plan will begin as of the next dividend payment date.

The dividend record date set by the Corporation has been generally about fourteen days prior to the dividend payment date. Dividends have historically been paid on approximately the fourteenth day of March, June, September and December; however, such dates are subject to change at the discretion of the Corporation's Board of Directors. A new authorization card, decreasing or increasing the amount of stock subject to the Plan, may be submitted at any time.

In all cases, an authorization card must be signed by, or on behalf of, all owners of record. When shares are held by joint tenants, all should sign. When an authorization card is signed by an executor, administrator, trustee or guardian, or as attorney, the capacity in which the notification is signed must be specified. An authorization card of a corporate or other organizational owner should be signed by an authorized officer or other official, identified as such.

6. WHAT IS THE SOURCE OF SHARES PURCHASED UNDER THE PLAN?

Shares purchased under the Plan will come from the authorized and unissued shares of the Common Stock or from shares purchased on the open market by the Agent, as determined by the Corporation. Any market purchases may be in negotiated transactions, but prices may not exceed current market prices at the time of purchase.

Neither the Corporation nor the Agent shall have any liability to participants in connection with the timing of purchases, the price at which shares of the Common Stock are purchased, or the failure to make purchases at any time in order to comply with statutory, regulatory or other legal restrictions.

With respect to any open market purchases made under the Plan, the Agent will have full discretion as to all matters relating to purchases, including determination of the number of shares, if any, to be purchased on any day, the time of day, the price paid for such shares, the markets in which such shares are to be purchased (including on any securities exchange or in the over-the-counter market) and the persons (including brokers or dealers) from or through whom such purchases are made.

7. WHEN WILL FUNDS BE INVESTED UNDER THE PLAN?

If shares are purchased from the Corporation, the purchases will be made on the dividend payment date and such shares will be credited to participants accounts on the dividend payment date. If shares are to be purchased in the open market, the Agent is to use its best efforts to apply all funds received by it to the purchase of shares within 30 days of the receipt of such funds from the Corporation, subject to any applicable requirements under the federal securities laws relating to the timing and manner of purchases of Common Stock under the Plan. Any funds not used within 30 days of their receipt by the Agent to buy shares of Common Stock will be returned to participants. No interest shall be paid to the participant on any funds credited to his or her account.

8. WHAT IS THE PURCHASE PRICE OF THE SHARES?

If the Common Stock is purchased from the Corporation, the price per share of Common Stock purchased with participant's cash dividends will be the closing price for the Common Stock on the New York Stock Exchange Composite Tape on the dividend payment date, as reported in The Wall Street Journal or other authoritative source. In the event there are no trades in the Common Stock on such date, the purchase price shall be the closing price on the most recent date preceding the dividend payment date, as reported in The Wall Street Journal or other authoritative source. The price per share for open market purchases will be the weighted average price paid by the Agent for all shares of Common Stock purchased by it for participants in the Plan through negotiation with the seller. No share of Common Stock will be purchased at a price in excess of current market prices at the time of purchase.

9. HOW MANY SHARES OF COMMON STOCK WILL BE PURCHASED FOR A PARTICIPANT?

The number of shares to be purchased depends on the amount of the participant's dividends and the price paid for the Common Stock. In making purchases for the participant's account, the Agent will pool the participant's funds with those of other participants. If funds received on behalf of a participant are insufficient to buy a full share (or shares) the Agent will credit the participant's account with a fractional share computed to four decimal places.

10. ARE ANY FEES OR EXPENSES INCURRED BY PARTICIPANTS IN THE PLAN?

The Corporation shall either pay directly or reimburse the Agent for the expenses of administering the Plan, including, but not limited to, the costs of printing and distributing Plan literature to record holders of Common Stock and forwarding proxy solicitation materials to participants. Participants will not be responsible for payment of any brokerage commissions or fees or service charges in connection with the purchase of shares under the Plan whether their shares are newly issued or purchased on the open market.

Any costs incurred as a result of a participant's request to sell shares of stock in his or her account pursuant to Section 12 or 13 shall be borne by the participant. Such costs shall include, but not be limited to, brokerage commissions.

The Corporation has authorized the Agent to process all purchases and sales through First Union Discount Brokerage Service, an affiliate of the Agent. First Union Discount Brokerage Service has agreed to process all purchases and sales of Common Stock for the Plan on a non-profit basis and will charge the Corporation fees only to the extent necessary to cover costs incurred by First Union Discount Brokerage Service in effecting such transactions. No minimum fees will be applied to any transaction by First Union Discount Brokerage Service.

11. WILL CERTIFICATES BE ISSUED TO PARTICIPANTS FOR SHARES PURCHASED?

Normally, certificates for shares purchased under the Plan will not be issued to participants. Instead, shares purchased for each participant will be credited to his or her account under the Plan and held for safety and convenience by the Agent, as custodian. Shares credited to the account of a participant under the Plan may not be assigned, pledged as collateral or otherwise transferred. However, either the Corporation or a participant (by written notice to the Agent) may elect to have certificates for any number of full shares credited to the participant's account furnished to the participant without affecting his or her participation in the Plan. No certificates will be issued for fractional shares.

12. HOW DOES A PARTICIPANT WITHDRAW FROM THE PLAN?

A participant may withdraw from the Plan at any time by notifying the Agent in writing. If a participant's request to withdraw is received by the Agent at least five (5) days before a dividend record date, the amount of the dividend which would have otherwise been applied for purchase of Common Stock on the related dividend payment date and all subsequent dividends will be paid in cash to the withdrawing participant unless he or she re-enrolls in the Plan. If the request is received less than five (5) days before or after the record date but before the dividend payment date, shares will be purchased for the participant's account and, as a result, the procedure outlined below for delivery of certificates, sale of shares and cash payments will be followed.

When a participant withdraws from the Plan, a certificate for whole shares credited to his or her account under the Plan will be issued to the participant. The participant will receive a cash payment for any fractional

share.

Generally, it will require ten days to two weeks from the time notice of withdrawal is received by the Agent until share certificates are mailed to a participant. A longer time is required if the notice is received between a dividend record date and the dividend payment date.

Notice of a participant's death also constitutes notice of withdrawal from the Plan. Settlement will be made to the participant's duly appointed personal legal representative after the satisfaction of any applicable requirements of law.

An eligible shareholder may again become a participant at any time following his or her withdrawal by following the procedures then in effect for enrollment in the Plan.

13. HOW AND WHEN MAY A PARTICIPANT SELL SHARES HELD IN THE PLAN?

Any participant may sell some or all of his or her shares in the Plan either by directing the Agent to sell the shares or through the participant's broker. If the participant elects to direct the Agent to sell the shares, the participant shall provide the Agent with an authorization form directing such a sale, specifying the number of shares to be sold. As soon as practicable after the receipt of the authorization form, the Agent will sell the shares and remit the net proceeds of the sale (the total sales price of all shares sold less the costs of the sale, including brokerage commissions) to the participant.

If the participant elects to sell through a broker, he or she must first request the Agent to send the participant a certificate or certificates representing the requested number of shares in the Plan credited to the participant's account. As soon as practicable after the receipt of such request, the Agent will issue a certificate or certificates representing such number of shares to the participant in his or her name as it appears in the participant's account under the Plan, unless other instructions are received in writing. Generally, it will require ten days to two weeks from the time a request is received by the Agent until shares certificates are mailed to a participant. A longer time is required if the request is received between a dividend record date and the dividend payment date.

A participant who wishes to sell some or all of his or her shares in the Plan should be aware of the risk that the price of the Common Stock may decrease between the time that the participant determines to sell shares in the Plan and the time that the sale is completed. This risk is borne solely by the participant.

14. WHAT HAPPENS IF THE CORPORATION ISSUES A STOCK DIVIDEND, DECLARES A STOCK SPLIT, OR HAS A RIGHTS OFFERING?

Stock dividends in the form of Common Stock or split shares distributed by the Corporation on shares of Common Stock held by the Agent for a participant will be credited to the participant's Plan Account. Certificates for stock dividends and split shares distributed on shares of Common Stock registered in the name of the participant will be mailed directly to the participant. In the event of a subscription rights offering or a dividend in the form of stock other than Common Stock, such rights or such stock will be mailed directly to a participant in the Plan in the same manner as to holders of Common Stock not participating in the Plan.

15. WHO VOTES THE SHARES HELD IN THE PLAN?

The Agent will forward, as soon as practicable, any proxy solicitation materials to each participant. If the proxy is returned to the Agent on a timely basis and properly signed, the Agent will vote the whole and fractional shares credited to the participant's account in accordance with

the instructions given or, if no instructions are given, in accordance with the recommendations of the Corporation's management. If the signed proxy is not returned, returned unsigned or returned late, the shares credited to the participant's account will not be voted.

16. WHAT IS THE TAX STATUS OF REINVESTED CASH DIVIDENDS AND SHARES OF COMMON STOCK ACQUIRED THROUGH THE PLAN?

Participants are advised to consult their own tax advisors with respect to the tax consequences of their participation in the Plan. The reinvestment of cash dividends does not relieve the participant of any income tax payable on such dividends. Each year a participant will receive from the Agent all required Internal Revenue Service Federal income tax statements which reflect the dividends paid on shares of Common Stock

registered in the participant's name and the dividends paid on the participant's credited shares of Common Stock under the Plan. The Agent's statements of a participant's Plan account should be retained by the participant to help determine the tax basis of shares of Common Stock acquired through the Plan.

As a general matter, participants who are citizens or residents of the United States will be taxed by the United States on dividends reinvested under the Plan in the following manner:

(1) Participants will be treated for federal income tax purposes as having received, on the dividend payment date, a dividend equal to the greater of (i) the cash dividend payable on account of the participant's shares or (ii) the fair market value on the dividend payment date of the Common Stock purchased with reinvested dividends. The tax basis and a participant's income attributable to Common Stock purchased with reinvested dividends will be equal to the amount of such dividend, increased by the participant's pro rata share of brokerage fees paid by the Corporation, if any (see Section 10).

(2) A participant's holding period for Common Stock acquired pursuant to the Plan will begin on the day following the purchase of such Common Stock (see Section 7).

(3) A participant will not realize any taxable income when the participant receives certificates for whole shares credited to the participant's account, either upon the participant's request for the certificates or upon withdrawal from or termination of the Plan.

(4) A participant will realize gain or loss when whole shares of Common Stock are sold or exchanged, whether such shares are sold by the Agent pursuant to the participant's request upon the participant's withdrawal from the Plan, or by the participant after withdrawal from or termination of the Plan, and, in the case of a fractional share, when the participant receives a cash payment for a fractional share credited to the participant's account upon withdrawal from or termination of the Plan. The amount of such gain or loss will be the difference between the amount the participant receives for the whole shares or fractional share and the tax basis of the whole shares or fractional share.

The Corporation anticipates that dividends reinvested by participants in the Plan will not be subject to income tax by the Republic of Panama.

Because Federal tax laws change constantly and dividends reinvested pursuant to the Plan may be subject to taxes imposed by the participant's state of residence, participants are advised to consult their own tax advisors with respect to the tax consequences of their participation in the Plan, including the application of Federal, State, Local and Foreign tax laws.

17. HOW ARE PARTICIPANTS WHO ARE NEITHER UNITED STATES CITIZENS OR RESIDENTS TAXED ON DIVIDENDS REINVESTED IN THE PLAN?

Dividends paid by the Corporation to shareholders that are neither United States citizens nor tax residents and gain recognized upon the sale of Common Stock by such individuals will not be subject to United States Federal income tax unless included as effectively connected income. Certain individuals who are not otherwise residents of the United States may be considered tax residents depending on their individual circumstances and applicable treaty rules. Participants in doubt as to their status for this purpose are urged to consult their tax advisors.

The Corporation anticipates that dividends reinvested by participants in the Plan will not be subject to income tax by the Republic of Panama.

18. WHAT ARE THE RISKS IN PARTICIPATION IN THE PLAN?

Each participant assumes all risks inherent in any stock purchase with respect to Common Stock purchased under the Plan, whether or not a certificate for the Common Stock has been issued to the participant. A participant has no guarantee against a decline in the price or value of the Common Stock, and the Corporation assumes no obligation to repurchase any shares purchased under the Plan. A participant has all the rights of any other owner of the Common Stock with respect to the whole shares of Common Stock held for him under the Plan.

19. WHAT IS THE RESPONSIBILITY OF THE CORPORATION AND AGENT UNDER THE PLAN?

Neither the Corporation nor the Agent shall be liable in administering

the Plan for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims of liability: (1) arising out of failure to terminate the participant's Plan Account upon such participant's death prior to receipt of notice in writing of such death; (2) with respect to the prices at which shares of Common Stock are purchased or sold for the participant's Plan Account and the time when such purchases or sales are made (provided, however, that nothing herein shall be deemed to constitute a waiver of any rights that a participant might have under the Securities Exchange Act of 1934 or other applicable State securities laws); and (3) for any fluctuations in the market price after purchase or sale of shares of Common Stock.

20. WHO INTERPRETS AND REGULATES THE PLAN?

The Board of Directors of the Corporation reserves the right to interpret and regulate the Plan. The Board of Directors may adopt rules, regulations and procedures to resolve matters not specifically covered by the Plan.

21. MAY THE PLAN BE AMENDED OR DISCONTINUED?

The Board of Directors of the Corporation may suspend, amend, or terminate the Plan at any time upon 30 days' written notice to the participants and to the Agent setting forth the effective date of the suspension, amendment, or termination. The Board of Directors of the Corporation, with the consent of the Agent, may also terminate or amend the Plan at any time effective immediately upon notice to the participants in order to correct any noncompliance of the Plan with any applicable law. Any suspension, amendment, or termination, however, shall not affect any participant's interest in the Plan which has accrued prior to the date of the suspension, amendment, or termination.

In the event of termination of the Plan, the Agent shall issue to each participant, as soon as practicable, certificates for the whole shares credited to his or her account under the Plan and a check in the amount equal to the cash and proceeds from the liquidation of the fractional shares allocated to his or her account.

H:doreen/drip/drip.wpd

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 21st day of February, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and David Crossland, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ David Crossland
David Crossland

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and James M. Dubin, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION
By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ James M. Dubin
James M. Dubin

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Modesto M. Maidique, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Modesto M. Maidique
Modesto M. Maidique

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Richard G. Capen, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Richard G. Capen
Richard G. Capen

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Shari Arison Dorsman, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION
By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Shari Arison Dorsman
Shari Arison Dorsman

EXHIBIT 11

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(In thousands, except per share data)

	For the Years Ended November 30, 1996	1995	1994
Net income	$566,302	$451,091	$381,765
Adjustments to net income for the purpose of computing fully diluted earnings per share:			
Interest reduction from assumed conversion of 4.5% Convertible Debentures	4,661	5,538	5,538
Adjusted net income	$570,963	$456,629	$387,303
Weighted average shares outstanding	290,180	284,220	282,744
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:			
Additional shares issuable upon conversion of 4.5% Convertible Debentures	5,540	6,618	6,618
Adjusted weighted average shares outstanding	295,720	290,838	289,362
Earnings per share:			
Primary	$1.95	$1.59	$1.35
Fully Diluted*	$1.93	$1.57	$1.34

* This exhibit is provided to comply with SEC regulations. In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the convertible debentures are anti-dilutive or result in a less than 3% dilution for the periods presented.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	FOR THE YEARS ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
Income from continuing operations	$566,302	$451,091	$381,765	$318,170	$281,773
Income tax expense	9,045	9,374	10,053	5,497	9,008
Income from continuing operations before income taxes	$575,347	$460,465	$391,818	$323,667	$290,781
Fixed Charges:					
Interest expense	$ 64,092	$ 63,080	$ 51,378	$ 34,325	$ 53,792
Interest portion of rental expense (1)	3,093	2,529	2,575	2,894	3,567
Fixed charges associated with discontinued operations	0	0	928	1,451	1,265
Capitalized interest	25,799	18,762	21,888	24,609	21,682
Total fixed charges	$ 92,984	$ 84,371	$ 76,769	$ 63,279	$ 80,306
Adjustments to Fixed Charges:					
Undistributed Equity in Income From Affiliated Operations	$(43,224)	$ 0	$ 0	$ 0	$ 0
Earnings before fixed charges	$599,308	$526,074	$446,699	$362,337	$349,405
Ratio of earnings to fixed charges	6.4 x	6.2 x	5.8 x	5.7 x	4.4 x

(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 1996	1995
CURRENT ASSETS		
Cash and cash equivalents	$ 111,629	$ 53,365
Short-term investments	12,486	50,395
Accounts receivable	38,109	33,080
Consumable inventories, at average cost	53,281	48,820
Prepaid expenses and other	75,428	70,718
Total current assets	290,933	256,378
PROPERTY AND EQUIPMENT, net	4,099,038	3,414,823
OTHER ASSETS		
Investments in and advances to affiliates	430,330	51,794
Goodwill, less accumulated amortization of $55,274 and $48,292	219,589	226,571
Other assets	61,998	155,921
	$5,101,888	$4,105,487
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 66,369	$ 72,752
Accounts payable	84,748	90,237
Accrued liabilities	126,511	113,483
Customer deposits	352,698	292,606
Dividends payable	32,416	25,632
Total current liabilities	662,742	594,710
LONG-TERM DEBT	1,277,529	1,035,031
CONVERTIBLE NOTES	39,103	115,000
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	91,630	15,873
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 239,733 and 229,839 shares issued and outstanding	2,397	2,298
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; 54,957 shares issued and outstanding	550	550
Paid-in-capital	819,610	594,811
Retained earnings	2,207,781	1,752,140
Other	546	(4,926)
Total shareholders' equity	3,030,884	2,344,873
	$5,101,888	$4,105,487

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 1996	1995	1994
REVENUES	$2,212,572	$1,998,150	$1,806,016
COSTS AND EXPENSES			
Operating expenses	1,241,269	1,131,113	1,028,475
Selling and administrative	274,855	248,566	223,272
Depreciation and amortization	144,987	128,433	110,595
	1,661,111	1,508,112	1,362,342
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	551,461	490,038	443,674
INCOME FROM AFFILIATED OPERATIONS	45,967		

OPERATING INCOME	597,428	490,038	443,674
NONOPERATING INCOME (EXPENSE)			
Interest income	18,597	14,403	8,668
Interest expense, net of capitalized interest	(64,092)	(63,080)	(51,378)
Other income (expense)	23,414	19,104	(9,146)
Income tax expense	(9,045)	(9,374)	(10,053)
	(31,126)	(38,947)	(61,909)
NET INCOME	$ 566,302	$ 451,091	$ 381,765
EARNINGS PER SHARE	$1.95	$1.59	$1.35

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30, 1996	1995	1994
OPERATING ACTIVITIES:			
Net income	$566,302	$451,091	$381,765
Adjustments:			
Depreciation and amortization	144,987	128,433	110,595
Equity in income from affiliates in excess of dividends received	(43,224)		
Loss on sale of Crystal Palace notes receivable	15,835		
Other	3,804	7,681	2,754
Changes in operating assets and liabilities:			
Increase in:			
Receivables	(4,432)	(12,655)	(2,872)
Consumable inventories	(4,461)	(3,698)	(7,877)
Prepaid expenses and other	(4,919)	(20,849)	(1,995)
(Decrease) increase in:			
Accounts payable	(5,489)	3,487	5,376
Accrued liabilities	13,028	(1,385)	20,038
Customer deposits	60,092	35,101	29,352
Net cash provided from operations	741,523	587,206	537,136
INVESTING ACTIVITIES:			
Decrease in short-term investments, net	37,710	19,720	15,249
Additions to property and equipment, net	(901,905)	(485,097)	(603,630)
Proceeds from sale of fixed assets	94,291	1,196	8,841
Proceeds from litigation settlements applied to cost of ships	43,050	19,426	
(Additions to) reductions in investments in and advances to affiliates	(187,015)	11,783	(31,340)
Decrease (increase) in other assets	94,644	(95,108)	20,691
Net cash used for investing activities	(819,225)	(528,080)	(590,189)
FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	3,728	49,032	2,297
Principal payments of long-term debt	(735,246)	(406,600)	(414,381)
Dividends paid	(103,877)	(85,098)	(79,072)
Proceeds from long-term debt	971,361	382,800	538,071
Net cash provided from (used for) financing activities	135,966	(59,866)	46,915
Net increase (decrease) in cash and cash equivalents	58,264	(740)	(6,138)
Cash and cash equivalents at beginning of year	53,365	54,105	60,243
Cash and cash equivalents at end of year	$111,629	$ 53,365	$ 54,105

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS

Carnival Corporation and subsidiaries (the "Company") operate three separate cruise lines under the names Carnival Cruise Lines, Holland America

Line and Windstar Cruises and a tour business, Holland America Westours. Under the Carnival Cruise Lines name, the Company operates eleven cruise ships primarily serving the Caribbean and the Mexican Riviera. Holland America Line operates eight cruise ships serving primarily the Caribbean and Alaska and Windstar Cruises operates three luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships. Holland America Westours markets sight-seeing tours and cruise/tour packages to Alaska. Holland America Westours also operates 16 hotels in Alaska and the Canadian Yukon, two luxury day boats offering tours to the glaciers of Alaska and the Yukon River, over 290 motor coaches used for sight-seeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 12 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks. The Company markets its services primarily in North America.

Additionally, the Company has a 50% equity interest in two cruise operations (Seabourn Cruise Line Limited, "Seabourn", and a joint venture with Hyundai Merchant Marine), a 29.5% interest in Airtours plc ("Airtours"), a large publicly traded air-inclusive integrated tour company headquartered in the United Kingdom, and a 24% interest in a hotel-casino management company (CHC International, Inc., "CHC"). Seabourn operates three luxury cruise vessels to worldwide destinations. The joint venture with Hyundai Merchant Marine is developing an Asian cruise line which is expected to begin operation with one cruise ship in the spring of 1998. Airtours provides holidays for approximately five million people per year primarily from the United Kingdom and Scandinavia and operates 32 hotels, two cruise ships and 31 aircraft. CHC manages hotels and casinos in the United States, Canada and the Caribbean.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

The accompanying financial statements present the consolidated balance sheets, statements of operations and cash flows of the Company. Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. All material intercompany transactions and accounts have been eliminated in consolidation. Certain amounts in prior periods have been reclassified in the financial statements and related notes to conform with the current year's presentation.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents includes investments with original maturities of three months or less and are stated at cost which approximates market. Included in cash and cash equivalents at November 30, 1996 is $73 million of certificates of deposit.

Short-term investments are primarily comprised of marketable debt securities, including U.S. Government and corporate debt securities. These investments are categorized as available for sale and, in accordance with SFAS 115, are stated at their fair value. Unrealized holding gains and losses are included as a component of shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	YEARS
Vessels	25-30
Buildings	20-40
Equipment	2-20
Leasehold improvements	shorter of the term of lease or related asset life

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the average borrowing rate of the Company's long-term debt.

Costs associated with drydocking are capitalized and charged to expense over the lesser of 12 months or the period to the next scheduled drydocking.

The Company reviews long-lived assets, identifiable intangibles, goodwill and reserves for impairment whenever events or changes in

circumstances indicate the carrying amount of the assets may not be fully recoverable.

Investments in Affiliates

The Company accounts for such investments based on its ability to exercise significant influence over financial and operating policies of the investee and/or its relative ownership interest. The Company consolidates affiliates in which it has control or a direct ownership interest of greater than 50%. For affiliates where significant influence exists and/or where the level of ownership is between 20% and 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, the level of ownership interest is less than 20% or where the ability to exercise control or significant influence is temporary, the cost method of accounting is followed.

Starting in 1996, the Company began reporting equity in income from affiliated operations as a separate line in the statements of operations due to its increasing significance following the Company's investment in Airtours (see Note 4). The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or royalty fee income from those affiliates is recorded as "Income from Affiliated Operations" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. Also included in "Investments in and Advances to Affiliates" is goodwill totaling $265 million which is being amortized over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America Line, Windstar Cruises and Holland America Westours, is being amortized using the straight-line method over 40 years.

Revenue Recognition

Customer cruise deposits, which represent unearned revenue, are included in the balance sheet when received and are recognized as cruise revenue upon completion of voyages with durations of ten days or less and on a pro rata basis, computed using the number of days completed during the reporting period, for voyages in excess of ten days. Revenues from tour and related services are recognized at the time the service is performed.

Advertising Expense

The Company capitalizes and amortizes direct-response advertising and expenses other advertising costs as incurred. Advertising expense totaled $109 million in 1996, $98 million in 1995 and $85 million in 1994.

Financial Instruments

The Company's financial instruments include forward foreign currency contracts and interest rate swap transactions held for purposes other than trading. These contracts are entered into to hedge the impact of foreign currency and interest rate fluctuations. Changes in the market value and any discounts or premiums on forward foreign currency contracts which hedge exposures of firm commitments related to the construction of cruise ships are recorded when the related foreign currency payments are made with any resulting gain or loss included in the cost of the vessel. Changes in market value of forward agreements entered into to hedge estimated foreign currency transactions are recognized into income currently. Discounts and premiums related to forward agreements entered into to hedge estimated foreign currency transactions are amortized to income over the life of the agreement. Gains and losses on interest rate swap transactions designated as hedges are recorded as reductions or increases in interest expense over the life of the swap agreement.

Income Taxes

Companies are exempt from U.S. corporate income tax on U.S. source income from international passenger cruise operations if (i) their countries of incorporation exempt shipping operations of U.S. persons from income tax (the "Incorporation Test"), and (ii) they meet the "CFC Test". The Company and its subsidiaries involved in the cruise ship operations meet the Incorporation Test because they are incorporated in countries which provide the required exemption to U.S. persons involved in shipping operations. A company meets the CFC Test if it is a controlled foreign corporation ("CFC"). A CFC is defined by the Internal Revenue Code as a foreign corporation more than 50% of whose stock by voting power or value is owned

or considered as owned by U.S. persons, each of whom owns or is considered to own 10% or more of the corporation's voting power ("10% U.S. Shareholders"). All of the outstanding shares of Class B Common Stock of the Company are owned by The Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board. Stock of the Company representing more than 50% of the total combined voting power of all classes of stock is owned by the B Trust, which is a "United States Person", and thus, the Company meets the definition of a CFC. Accordingly, the Company believes that virtually all of its income (with the exception of its United States source income from the operation of transportation, hotel and tour businesses of HAL) is exempt from United States federal income taxes. The B Trust has entered into an agreement with the Company that is designed to ensure, except under certain limited circumstances, that stock possessing more than 50% of the Company's voting power will be held by ten percent shareholders until at least July 1, 1997. If the Company or the subsidiaries involved in the cruise ship operations were to cease to meet the CFC Test, and no other basis for exemption were available, much of their income would become subject to taxation by the United States at higher than normal corporate tax rates. Because the Company is a CFC, a pro rata share of the passenger cruise operation earnings of the Company is includable in the taxable income of any "10% U.S. Shareholder", as defined above.

Earnings Per Share

Earnings per share computations are based on the weighted average number of shares of Class A and B Common Stock and common equivalent shares (related to stock options) outstanding during each of the years. Total shares used in the computation were 290.2 million, 284.2 million and 282.7 million for fiscal 1996, 1995 and 1994, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	November 30,	
	1996	1995
	(in thousands)	
Vessels	$4,269,403	$3,467,731
Vessels under construction	163,178	289,661
	4,432,581	3,757,392
Land, buildings and improvements	170,466	132,183
Transportation and other equipment	204,776	174,903
Total property and equipment	4,807,823	4,064,478
Less-accumulated depreciation and amortization	(708,785)	(649,655)
	$4,099,038	$3,414,823

Interest costs associated with the construction of vessels and buildings are capitalized during the construction period and amounted to $25.8 million in 1996, $18.8 million in 1995 and $21.9 million in 1994.

NOTE 4 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

In April 1996, the Company acquired a 29.5% equity interest in Airtours for approximately $307 million. In connection with the Airtours transaction, the Company entered into an unsecured five year $200 million multi-currency revolving credit facility ("Multi-currency Revolving Credit Facility") and funded approximately $163 million of the acquisition cost through this facility. To fund the remaining purchase price, the Company issued 5,301,186 shares of its Class A Common Stock valued at approximately $144 million. As of November 30, 1996, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock, was approximately $465 million as compared with the book value of the Company's investment in Airtours of $344 million. The Company is recording its equity in Airtours' results of operations on a two month lag basis.

On December 1, 1995, the Company increased its ownership interest in Seabourn to 50% upon conversion of its $10 million convertible note receivable into an additional 25% interest. The Company also has a $15 million note receivable from Seabourn which is classified as "Investments in and Advances to Affiliates" in the accompanying balance sheets.

During 1994, the Company acquired a 50% interest in CHC, a newly created hotel and casino management company. One of the other shareholders of CHC (the "TCC Principals") is a member of the Company's board of directors. In December 1994, the Company sold a 25.1% interest in CHC to the TCC Principals in exchange for $16 million of 6% notes receivable (the

"TCC Notes"). The TCC Notes contain a put option which the TCC Principals can exercise, requiring the Company to repurchase 25.1% of CHC in exchange for the full principal and interest due under the TCC Notes. If not exercised, the option expires in November 1998. As of November 30, 1996, the carrying value of the Company's CHC investment, including the TCC Notes, is approximately $24 million and is included in "Investments in and Advances to Affiliates" in the accompanying balance sheets. From December 1994 through November 1995, the Company accounted for its investment in CHC using the cost method as the Company viewed its investment as temporary. Commencing December 1, 1995, the Company began accounting for its investment in CHC using the equity method. Further, CHC pays a royalty fee to the Company of 1% of CHC's gross revenues, as adjusted, not to be less than $100,000 per year, for the use of the "Carnival" name. Such fees amounted to approximately $.4 million, $.3 million and $.1 million in fiscal years ended November 30, 1996, 1995 and 1994, respectively. During 1996, the Company loaned CHC $25 million in order to fund a portion of a casino project in Canada. The loan called for interest at a rate of 30% and was repaid in December 1996.

In September 1996, the Company and Hyundai Merchant Marine (the "Joint Venture") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. The Company and Hyundai Merchant Marine have each made a $4.8 million contribution to the initial capital of the Joint Venture. In addition, in November 1996 the Company sold Carnival Cruise Lines' cruise ship Tropicale for approximately $95.5 million cash to the Joint Venture and chartered back the vessel from the Joint Venture until the Joint Venture is ready to begin cruise operations in the Asian market in March 1998. The Joint Venture borrowed the $95.5 million purchase price from a financial institution and the Company and Hyundai Merchant Marine each guaranteed 50% of the obligation. The sale of the vessel resulted in a gain of approximately $58 million which is being deferred and recognized into income over the remaining useful life of the ship. The deferred gain from the sale is classified as "Deferred Income and Other Long-term Liabilities" in the accompanying balance sheets.

Seabourn, CHC and the Joint Venture with Hyundai Merchant Marine are not publicly traded entities, and as such, it is not practicable to estimate the fair value of the Company's investment in these entities due to the lack of information related to the value of their common stock.

Financial information for affiliated companies accounted for by the equity method is as follows (in thousands):

Balance Sheet Data - As of End of Fiscal Year 1996:	
Current assets	$ 998,172
Noncurrent assets	$ 898,239
Current liabilities	$1,013,805
Noncurrent liabilities	$ 533,672
Minority interest	$ 108
Shareholders' equity	$ 348,826
Income Statement Data - For the Fiscal Year Ended in 1996:	
Net sales	$2,877,892
Gross margin	$ 444,009
Net income	$ 106,605

NOTE 5 - LONG-TERM DEBT AND CONVERTIBLE NOTES

Long-term debt consists of the following:

	November 30, 1996	1995
	(in thousands)	
One Billion Dollar Unsecured Revolving Credit Facility Due 2001		$ 185,000
5.39% Commercial Paper Due January 7, 1997	$ 307,298	
Unsecured 5.75% Notes Due March 15, 1998	200,000	200,000
Multi-currency Revolving Credit Facility Due 2001	166,000	
Mortgages and other loans payable bearing interest at rates ranging from 8% to 9.9%, secured by vessels maturing through 1999	140,277	208,078
Unsecured 6.15% Notes Due October 1, 2003	124,953	124,946
Unsecured 7.20% Debentures Due October 1, 2023	124,871	124,867
Unsecured 7.7% Notes Due July 15, 2004	99,913	99,902
Unsecured 7.05% Notes Due May 15, 2005	99,831	99,811
Other loans payable	80,755	65,179
	1,343,898	1,107,783
Less portion due within one year	(66,369)	(72,752)

	$1,277,529	$1,035,031

Property and equipment with a net book value of $668 million at November 30, 1996 is pledged as collateral against the mortgage indebtedness.

In December 1996, the Company amended the terms of its revolving credit facility primarily to combine two facilities into a single one billion dollar unsecured revolving credit facility due 2001 (the "One Billion Dollar Revolver"). The borrowing rate on the One Billion Dollar Revolver is a maximum of LIBOR plus 14 basis points and the facility fee is six basis points.

The Company initiated a commercial paper program in October 1996 which is supported by the One Billion Dollar Revolver. Any funds outstanding under the commercial paper program will reduce the amount available under the One Billion Dollar Revolver. Since the commercial paper program is supported by the One Billion Dollar Revolver, all amounts outstanding under the program have been classified as long-term in the accompanying balance sheets. As of November 30, 1996, the Company had $307 million outstanding under its commercial paper program and $693 million available for borrowing under the One Billion Dollar Revolver.

The Multi-currency Revolving Credit Facility bears interest at LIBOR plus 14 basis points and provides for a facility fee of six basis points on the total facility. As of November 30, 1996, the average interest rate on the outstanding balance under the facility was 5.5% and the Company had an undrawn balance of $34 million under the facility.

The Company has an interest rate swap agreement which converts the fixed rate unsecured 5.75% Notes Due March 15, 1998 (the "$200 Million Notes") to a floating rate LIBOR based loan (see Note 7).

As of November 30, 1996, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

1997	$ 66,369
1998	259,400
1999	48,773
2000	1,895
2001	479,847
Thereafter	487,614
	$1,343,898

The Company's 4-1/2% Convertible Subordinated Notes Due July 1, 1997 (the "Convertible Notes") were convertible into 57.55 shares of the Company's Class A Common Stock per $1,000 of notes. During the year ended November 30, 1996 approximately $76 million of the Convertible Notes converted into approximately 4.4 million shares of the Company's Class A Common Stock. The Convertible Notes remaining outstanding at November 30, 1996 were converted into approximately 2.2 million shares during December 1996.

NOTE 6 - SHAREHOLDERS' EQUITY

The following represents an analysis of the changes in shareholders' equity for the three years ended November 30, 1996:

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
			(in thousands)			
Balance, November 30, 1993	$2,274	$550	$541,194	$1,089,323	$(6,135)	$1,627,206
Net income for the year				381,765		381,765
Cash dividends				(80,499)		(80,499)
Changes in securities valuation allowance					(3,313)	(3,313)
Issuance of stock to employees under stock plans	2		3,753		(1,458)	2,297
Vested portion of common stock under restricted stock plan					1,478	1,478

Balance, November 30, 1994	2,276	550	544,947	1,390,589	(9,428)	1,928,934
Net income for the year				451,091		451,091
Cash dividends				(89,540)		(89,540)
Issuance of common stock	21		46,488			46,509
Changes in securities valuation allowance					2,424	2,424
Issuance of stock to employees under stock plans	1		3,376			3,377
Vested portion of common stock under restricted stock plan					2,078	2,078
Balance, November 30, 1995	2,298	550	594,811	1,752,140	(4,926)	2,344,873
Net income for the year				566,302		566,302
Cash dividends				(110,661)		(110,661)
Changes in securities valuation allowance					(199)	(199)
Foreign currency translation adjustment					4,126	4,126
Issuance of stock upon conversion of Convertible Notes	44		76,250			76,294
Issuance of stock in connection with investment in Airtours	53		144,118			144,171
Issuance of stock to employees under stock plans	2		4,431			4,433
Vested portion of common stock under restricted stock plan					1,545	1,545
Balance, November 30, 1996	$2,397	$550	$819,610	$2,207,781	$ 546	$3,030,884

Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to five votes, except (i) for the election of directors, and (ii) as otherwise provided by law. Annually, the holders of Class A Common Stock, voting as a separate class, are entitled to elect 25% of the directors to be elected. The holders of Class B Common Stock, voting as a separate class, are entitled to elect 75% of the directors to be elected, so long as the number of shares of Class B Common Stock is at least 12-1/2% of the number of outstanding shares of both classes of Common Stock. If the number of outstanding shares of Class B Common Stock falls below 12-1/2%, directors that would have been elected by a separate vote of that class will instead be elected by the holders of both classes of Common Stock, with holders of Class A Common Stock having one vote per share and holders of Class B Common Stock having five votes per share. At the option of the holder of record, each share of Class B Common Stock is convertible at any time into one share of Class A Common Stock.

At November 30, 1996 there were approximately 9.7 million shares of Class A Common Stock reserved for conversion of convertible debt, exercise of stock options, issuance of shares under the employee stock purchase plan, dividend reinvestment plan and restricted stock plans.

During 1996, the Company declared quarterly cash dividends aggregating $.38 per share. In October 1996, the Board of Directors increased the quarterly dividends from $.09 per share to $.11 per share.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Short-term Investments

Short-term investments, classified as available for sale at November 30, 1996 and 1995, consisted of the following debt securities (in thousands):

	Cost	Gross Unrealized Losses	Gross Unrealized Gains	Fair Value

November 30, 1996:				
U. S. Government securities	$ 7,146	$ (679)		$ 6,467
Mortgage backed securities	4,435	(419)	$ 3	4,019
Corporate securities	2,000			2,000
	$13,581	$(1,098)	$ 3	$12,486
November 30, 1995:				
U. S. Government securities	$38,991	$(1,244)	$ 114	$37,861
Mortgage backed securities	10,676	(464)		10,212
Corporate securities	2,322			2,322
	$51,989	$(1,708)	$ 114	$50,395

The contractual maturities of short-term investments at November 30, 1996 and 1995 were as follows (in thousands):

	1996		1995	
	Cost	Fair Value	Cost	Fair Value
Due within one year	$ 2,000	$ 2,000	$27,581	$27,497
Due after one year through five years	5,146	4,771	11,732	11,154
Due after five years through ten years	2,000	1,696	2,000	1,532
Mortgage backed securities	4,435	4,019	10,676	10,212
	$13,581	$12,486	$51,989	$50,395

The gross realized loss from the sale of short-term investments was $1.1 million during the fiscal year ended November 30, 1994 and was charged against earnings. Proceeds from the sale of short-term investments for the years ended November 30, 1996, 1995 and 1994 were approximately $38 million, $20 million and $124 million, respectively. For the purpose of determining gross realized gains and losses, the cost of short-term investments sold is based upon specific identification.

Long-term Debt and Convertible Notes

The fair value of the Company's long-term debt, including the current portion, was approximately $1.363 billion and $1.123 billion at November 30, 1996 and 1995, respectively, which is approximately $19 million and $15 million more than the carrying value at November 30, 1996 and 1995, respectively. The fair value of the long-term debt is slightly more than the carrying amount due to the Company's issuance of fixed rate debt obligations in prior years at interest rates above market rates at November 30, 1996. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues or on the applicable year end rates offered to the Company for debt of similar terms and maturity. At November 30, 1996 and 1995, the carrying amount of the Convertible Notes was approximately $29 million and $53 million, respectively, less than the fair value primarily due to increases in the price of the Company's Class A Common Stock.

Foreign Currency and Interest Rate Swap Agreements

The Company enters into forward foreign currency contracts to reduce its exposures relating to changes in foreign currency rates. These instruments are subject to gain or loss from changes in foreign currency rates; however, any realized gain or loss would generally be offset by gains or losses on the actual foreign currency transaction. The Company also enters into interest rate swap agreements to adjust the relationship between the amount of the Company's fixed and floating rate debt. Certain exposures to credit losses related to counter party nonperformance exist; however, the Company does not anticipate nonperformance by the counter parties as they are primarily large, well-established financial institutions. The fair values of the Company's forward and swap hedging instruments discussed below are based on prices quoted by financial institutions for these or similar instruments, adjusted for maturity differences.

Several of the Company's contracts for the construction of cruise vessels are stated in foreign currencies. The Company entered into forward foreign currency contracts to fix the price of the vessels into U.S. dollars (see Note 9). As of November 30, 1996 and 1995, these forward contracts were in a gain position of approximately $114 million and $42 million, respectively. At the expiration of the forwards, which coincide with the payments related to vessels under construction, any gains or losses will be included in the cost of the vessel. In addition, the Company prices some products in Canadian dollars and entered into foreign currency contracts totaling approximately U.S. $52 million to reduce the impact of changes in exchange rates. The Company also has some expenses in foreign currencies and entered into foreign currency contracts totaling approximately $25

million to reduce the impact of changes in exchange rates. As of November 30, 1996, there were no significant gains or losses related to the Canadian currency transactions or other currency transactions entered into to hedge estimated expenses.

The Company has hedged the interest rate on the $200 Million Notes through the utilization of interest rate swap agreements (see Note 5). As of November 30, 1996 and 1995, the interest rate swaps were in an unrealized loss position of approximately $.9 million and $.7 million, respectively. These swap agreements effectively convert the $200 Million Notes into a floating rate facility.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company utilizes Carnival Air Lines, an airline owned by a trust, the primary beneficiary of which is the Company's Chairman of the Board, to transport a limited number of the Company's cruise passengers. During the fiscal years ended November 30, 1996, 1995 and 1994 approximately $2 million, $3 million and $4 million, respectively, was paid to the airline for transportation services. The Company also earned license fees for the use of the "Carnival" name totaling approximately $.5 million, $.4 million and $.4 million during fiscal years ended November 30, 1996, 1995 and 1994, respectively. The Company also receives license fees from CHC (see Note 4).

A director of the Company is employed by an investment banking firm. The investment banking firm assisted the Company in connection with issuances of notes and Class A Common Stock to the public during the fiscal years ended November 30, 1995 and 1994. The Company paid the investment banking firm approximately $300,000 in underwriting fees in each of fiscal years ended November 30, 1995 and 1994.

A director of the Company is a partner in a law firm. The law firm acted as the Company's primary outside counsel and provided services to the Company in connection with various litigation, corporate and other matters during fiscal years ended November 30, 1996, 1995 and 1994. The Company paid the law firm $1.0 million, $6.2 million and $1.3 million in fiscal years ended November 30, 1996, 1995 and 1994, respectively.

The Company has a consulting agreement with a corporation affiliated with the Company's founder to provide services related to the construction of cruise ships through November 1999. Under the consulting agreement, the Company paid a fee of $500,000 per year plus travel expenses. The Company's founder also utilized an airplane leased by the Company and reimbursed the Company approximately $.3 million in each of the fiscal years ended November 30, 1996 and 1995. The Company's founder also has certain demand and piggy-back registration rights with respect to shares of Class A Common Stock beneficially owned by him. The Company incurred approximately $200,000 in expenses during fiscal 1996 in connection with the registration rights agreement.

The owner of a travel agency located in Seattle, Washington is the wife of the Chief Executive Officer of HAL who is also a director of the Company. The travel agency sells cruises and other similar products, including the Company's products, and receives a commission based on the amount of sales generated. During the years ended November 30, 1996, 1995 and 1994, the travel agency generated revenues for the Company of approximately $7 million, $5 million and $6 million, respectively and received commissions from the Company related to such revenues of approximately $1.2 million, $.8 million and $1 million, respectively.

Pursuant to an agreement between the Company and certain irrevocable trusts, the beneficiaries of which are the children of the Company's founder and certain others, the Company has granted to the trusts certain registration rights with respect to 14,277,028 shares of Class A Common Stock held for investment by the trusts. The Company has agreed to prepare and file with the SEC a registration statement and pay all expenses relating to such registration, except for fees and disbursements of counsel for the trusts, selling costs, underwriting discounts and applicable filing fees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

The following table provides a description of ships currently under contract for construction (in millions, except berth data):

Expected Service	Contract	Number of Lower	Estimated Total	Remaining Cost to be

Vessel	Date	Denomination	Berths	Cost	Paid
Holland America Line:					
Rotterdam VI	10/97	Lire	1,320	$ 270	$ 199
HAL Newbuild	3/99	Lire	1,440	300	286
HAL Newbuild	10/99	Lire	1,440	300	286
Carnival Cruise Lines:					
Elation	3/98	U. S. Dollar	2,040	300	281
Paradise	12/98	U. S. Dollar	2,040	300	283
Carnival Triumph	7/99	Lire	2,640	400	372
Carnival Newbuild*	8/00	U. S. Dollar	2,640	430	430
			13,560	$2,300	$2,137

* On January 30, 1997 the Company entered into an agreement to construct the new vessel. See Note 13 - Subsequent Event for more information.

Contracts denominated in foreign currencies have been fixed into U.S. Dollars through the utilization of forward currency contracts (see Note 7). In connection with the vessels under contract for construction described above, the Company has paid $163 million through November 30, 1996, anticipates paying $270 million in fiscal 1997 and approximately $1,867 million beyond fiscal 1997.

Litigation

In April 1996 and October 1996, four complaints were filed in the Circuit Court of the Eleventh Judicial Circuit, Dade County, Florida, against the Company (the "Florida Actions"). In April 1996, a complaint was filed in the Superior Court of Washington for King County against Holland America Westours (the "Washington Action"). In November 1996, a complaint was filed against the Company in the 18th Judicial District Court, Parish of Iberville, Louisiana (the "Louisiana Action"). These actions (collectively the "Port Charges Complaints"), brought on behalf of purported classes of persons who traveled on a Company ship and paid port charges to the Company, allege that statements made by the Company in advertising and promotional materials concerning port charges were false and misleading.

The Florida Actions allege claims of negligent misrepresentation, unjust enrichment, violation of the Florida Deceptive and Unfair Trade Practices Act, fraud, negligence, breach of fiduciary duties, breach of implied covenants of good faith and fair dealing, fraudulent misrepresentations and/or omission, restitution, conversion, money had and received, resulting trust and constructive trust. The Washington Action alleges claims of negligent misrepresentation, unjust enrichment and violation of the Washington Consumer Protection Act. The Louisiana Action alleges violation of the Louisiana Unfair Trade Practices and Consumer Protection Law, fraud and breach of express contractual obligations. The Company has removed the Louisiana Action to federal court, and a hearing on the Company's motion to dismiss is presently scheduled for August 1997.

In one of the Florida Actions, Sutton v. Carnival, the plaintiffs seek damages "in excess of fifteen thousand dollars, (but less than $50,000 per individual class member)" for each of eight separate grounds for relief. The remaining Port Charges Complaints seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of port charges allegedly in excess of certain charges levied by governmental authorities), attorneys' fees, costs, punitive damages and injunctive relief.

In June and August 1996, respectively, two complaints were filed against both the Company and Holland America Westours in the Superior Court for the State of California, Los Angeles County (the "California Actions") and in January 1997, a complaint was filed against the Company in the Fourth Judicial District Court, Hennepin County, Minnesota (the "Minnesota Action"). These actions (collectively the "Travel Agent Complaints"), brought on behalf of purported classes of all travel agencies who during the past four years (California Actions) or the past six years (Minnesota Action) booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously

defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection with the construction of three of the Company's cruise ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in a cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Operating Leases

Rental expense for all operating leases for the years ended November 30, 1996, 1995 and 1994 was approximately $9.3 million, $7.6 million and $7.7 million, respectively. As of November 30, 1996, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

1997	$ 8,226
1998	6,723
1999	4,582
2000	4,566
2001	3,324
Thereafter	18,511
	$45,932

Guaranty

The Company guaranteed 50% of a $95.5 million obligation incurred by the joint venture with Hyundai Merchant Marine. See Note 4 for additional information.

Recent Events

In December 1996, the Company and Airtours signed a letter of intent to acquire up to 100% of the outstanding equity securities of Costa Crociere SpA, a publicly traded cruise company headquartered in Italy. The cost of acquisition, if all of the outstanding equity securities are acquired, would be approximately $300 million cash with the Company and Airtours each contributing approximately 50% of that amount. The letter of intent provides that the acquisition is conditioned upon the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the controlling shareholders of Costa Crociere SpA, the receipt of all corporate and regulatory and government approvals and other customary conditions found in transactions of this type.

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment currently operates 19 passenger cruise ships and three luxury sailing vessels. Cruise revenues are comprised of sales of tickets and other revenues from on-board activities. A tour business operated by HAL, consisting of 16 hotels, two luxury day boats, over 290 motor coaches and 12 private domed rail cars comprise the assets that generate revenue for the tour segment. The corporate segment is primarily comprised of equity investments and includes the Company's

investments in and advances to affiliates and its portion of the results of operations of affiliates accounted for using the equity method of accounting. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Segment information for the three years ended November 30, 1996 was as follows:

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994
	(in thousands)		
REVENUES			
Cruise	$2,003,458	$1,800,775	$1,623,069
Tour	263,356	241,909	227,613
Intersegment revenues	(54,242)	(44,534)	(44,666)
	$2,212,572	$1,998,150	$1,806,016
GROSS OPERATING PROFIT			
Cruise	$ 913,880	$ 810,736	$ 726,808
Tour	57,423	56,301	50,733
	$ 971,303	$ 867,037	$ 777,541
DEPRECIATION AND AMORTIZATION			
Cruise	$ 135,694	$ 119,381	$ 100,191
Tour	8,317	8,129	9,449
Corporate	976	923	955
	$ 144,987	$ 128,433	$ 110,595
OPERATING INCOME			
Cruise	$ 535,814	$ 470,592	$ 427,256
Tour	21,252	24,168	18,084
Corporate	40,362	(4,722)	(1,666)
	$ 597,428	$ 490,038	$ 443,674
IDENTIFIABLE ASSETS			
Cruise	$4,514,675	$3,910,243	$3,461,190
Tour	150,851	138,313	138,096
Corporate	436,362	56,931	70,537
	$5,101,888	$4,105,487	$3,669,823
CAPITAL EXPENDITURES			
Cruise	$ 841,871	$ 456,920	$ 582,243
Tour	14,964	8,747	9,963
Corporate	1,810		5,006
	$ 858,645	$ 465,667	$ 597,212

NOTE 11 - EMPLOYEE BENEFIT PLANS

Stock Option Plans

The Company has stock option plans, applicable to Class A Common Stock, for certain key employees. The plans are administered by a committee of three directors of the Company (the "Committee") who determine the employees and directors eligible to participate, the number of shares for which options are to be granted and the amounts that any employee or director may exercise within a specified year or years. The maximum number of shares available to be granted as of November 30, 1996 and 1995 was 1,689,000 and 1,774,000, respectively. Under the terms of the plans, the option price per share is established by the Committee as an amount between 50% and 100% of the fair market value of the shares of Class A Common Stock on the date the option is granted. Options may be extended for such periods as may be determined by the Committee but only for so long as the optionee remains an employee of the Company. The status of options in the stock option plans was as follows:

	Price Per Share	Number of Shares Years Ended November 30,		
		1996	1995	1994
Unexercised Options- Beginning of Year	$3.88 - $23.88	2,474,736	2,433,236	730,526
Options Granted	$19.78 - $29.94	90,000	1,564,000	1,764,000
Options Exercised	$3.88 - $24.63	(123,996)	(90,100)	(61,290)
Options Canceled	$14.09 - $22.50	(4,800)	(1,432,400)	
Unexercised Options-				

End of Year	$3.88 - $29.94	2,435,940	2,474,736	2,433,236

Upon the adoption of Statement of Financial Accounting Standards No. 123 in fiscal 1997, "Accounting for Stock-Based Compensation", the Company intends to retain the intrinsic value method of accounting for stock-based compensation which it currently uses.

Restricted Stock Plans

The Company has restricted stock plans under which certain key employees are granted restricted shares of the Company's Class A Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Class A stockholders, subject to certain restriction and forfeiture provisions. Unearned compensation is recorded at the date of award based on the market value of the shares on the date of grant. Unearned compensation is amortized to expense over the vesting period. As of November 30, 1996 there were 1,896,032 shares issued under the plans of which 255,821 remain to be vested.

Defined Contribution Plans

HAL has two defined contribution plans available to substantially all U.S. and Canadian employees. HAL contributes to these plans based on employee contributions and salary levels. Total expense relating to these plans in fiscal year ended November 30, 1996, 1995 and 1994 was approximately $2.4 million, $2.4 million and $2.1 million, respectively.

Defined Benefit Pension Plans

The Company adopted two pension plans (qualified and non-qualified) effective January 1, 1989 which together cover all full-time employees of Carnival Corporation working in the United States, excluding HAL employees. Employees will vest in the pension plans 100% after five years of service, will be eligible to receive benefits at age 65 and, upon completion of 15 years of service, become eligible to receive benefits at age 55. The benefits are based on years of service and the employee's highest average compensation over five consecutive years during the last ten years of employment. Carnival Corporation's funding policy for the qualified plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The weighted average discount rate, 7.5% in 1996 and 1995 and 8.5% in 1994, and a 5.0% rate of increase in future compensation levels were used in determining the projected benefit obligation. The expected long-term rate of return on assets was 8.5%.

Pension costs for the qualified and non-qualified defined benefit plans were approximately $2.2 million, $1.6 million and $2.0 million for the years ended November 30, 1996, 1995 and 1994, respectively.

The funded status of the defined benefit pension plans at November 30, 1996 and 1995 was as follows:

	Qualified (in thousands)		Non-Qualified (in thousands)	
	1996	1995	1996	1995
Accumulated benefit obligation:				
Vested	$5,014	$4,082	$5,376	$4,832
Non-vested	329	346	145	153
	$5,343	$4,428	$5,521	$4,985
Projected benefit obligation	$8,449	$6,933	$8,049	$6,886
Plan assets	(6,737)	(4,821)		
Unfunded accumulated benefits	1,712	2,112	8,049	6,886
Unrecognized prior service cost	(322)	(406)	(174)	(317)
Unrecognized losses	(1,789)	(1,885)	(1,390)	(1,048)
(Prepaid) accrued pension obligation	$ (399)	$ (179)	$6,485	$5,521

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994

	(in thousands)		
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 68,337	$ 62,868	$ 48,501
Income taxes	$ 8,752	$ 8,671	$ 6,871
Noncash investing and financing activities:			
Class A Common Stock issued for various stock plans	$ 1,102	$ 854	$ 1,458
Class A Common Stock issued for conversion of Convertible Notes (see Note 5)	$ 76,294		
Class A Common Stock issued for acquisition of an interest in Airtours (see Note 4)	$144,171		

NOTE 13 - SUBSEQUENT EVENT (Unaudited)

On January 30, 1997, the Company entered into a memorandum of agreement for the construction of a Destiny class cruise ship for the Carnival Cruise Lines fleet for delivery in July 2000. The vessel is expected to cost approximately $430 million.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and of cash flows present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Miami, Florida
January 15, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Carnival Corporation and its subsidiaries (the "Company") earns its cruise revenues primarily from (i) the sale of passenger tickets, which include accommodations, meals, most shipboard activities and in many cases airfare, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL").

For selected segment information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 10 in the accompanying financial statements. The following table presents operations data expressed as a percentage of total revenues and

selected statistical information for the periods indicated:

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	56	57	57
Selling and administrative	12	12	12
Depreciation and amortization	7	6	6
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	25	25	25
INCOME FROM AFFILIATED OPERATIONS	2		
OPERATING INCOME	27	25	25
NONOPERATING INCOME (EXPENSE)	(1)	(2)	(4)
NET INCOME	26%	23%	21%
SELECTED STATISTICAL INFORMATION:			
Passengers carried	1,764,000	1,543,000	1,354,000
Passenger cruise days	10,583,000	9,201,000	8,102,000
Occupancy percentage	107.6%	105.0%	104.0%

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity.

Fixed costs, including depreciation, fuel, insurance and crew costs represent more than one-third of the Company's operating expenses and do not significantly change in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets. The Company's tour revenues are extremely seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

In April 1996 the Company made an investment in Airtours which it records using the equity basis of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are very seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Average capacity is expected to increase approximately 11.7% during fiscal 1997 as a result of the introduction into service of the Inspiration in March 1996, the Veendam in May 1996, the Carnival Destiny in November 1996 and the Rotterdam VI in October 1997. The existing Rotterdam V is scheduled to discontinue service in September 1997.

Fiscal Year Ended November 30, 1996 Compared
To Fiscal Year Ended November 30, 1995

Revenues

The increase in total revenues of $214.4 million, or 10.7%, from 1995 to 1996 was comprised primarily of a $202.7 million, or 11.3%, increase in cruise revenues for the period. The increase in cruise revenues was primarily the result of a 12.2% increase in capacity for the period

resulting from the introduction into service of Carnival's cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996 less the removal from service from the Carnival Cruise Lines fleet of the Festivale in April 1996. Occupancy rates were up 2.5% and gross revenue per passenger cruise day was down 3.3% resulting in a decrease of .9% in gross yield (total revenue per lower berth). Gross revenue per passenger cruise day decreased primarily due to a reduction in the percentage of passengers electing the Company's air program and due to slightly lower pricing in the cruise market. When a passenger elects to purchase his/her own air transportation, rather than use the Company's air program, both the Company's cruise revenues and operating expenses decrease by approximately the same amount. Also affecting cruise revenues in 1995 were lost revenues caused by the shipboard incident described under the section below entitled "Nonoperating Income (Expense)-Fiscal Year Ended November 30, 1995 Compared To Fiscal Year Ended November 30, 1994".

Revenues from the Company's tour operations increased $21.4 million, or 8.9%, to $263.4 million in 1996 from $241.9 million in 1995. The increase was primarily the result of an increase in the tour and transportation revenues due to an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $110.2 million, or 9.7%, from 1995 to 1996. Cruise operating costs increased by $99.5 million, or 10.1%, to $1,089.6 million in 1996 from $990.0 million in 1995, primarily due to additional costs associated with the increased capacity in 1996. Tour operating expenses increased $20.3 million, or 11.0%, from 1995 to 1996 primarily due to an increase in tour passengers.

Selling and administrative costs increased $26.3 million, or 10.6%, primarily due to an 11.6% increase in advertising expenses and an increase in payroll and related costs associated with the increase in capacity during 1996 as compared with 1995.

Depreciation and amortization increased by $16.6 million, or 12.9%, to $145.0 million in 1996 from $128.4 million in 1995 primarily due to the addition of the Imagination, the Inspiration and the Veendam.

Affiliated Operations

During fiscal 1996, the Company recorded $46.0 million of earnings from affiliated operations. A significant portion of such earnings are attributable to the Company's investment in Airtours. The Company acquired its 29.5% interest in Airtours in April 1996 and is recording its share of Airtours' earnings on a two month lag basis. During 1996, the Company's share of earnings for Airtours was recorded for Airtours' six months ended September 30, 1996 which amounted to $35.7 million excluding the Company's capital costs incurred in connection with the investment. Airtours' operations are seasonal and historically have resulted in losses for the first half of its fiscal year. Had the Company recorded its equity in Airtours' earnings for Airtours' entire fiscal year ended September 30, 1996, the Company's share of Airtours' earnings would have been $22.2 million instead of the $35.7 million recorded by the Company in 1996. See Note 4 in the accompanying financial statements for more information regarding the Company's equity investments.

Nonoperating Income (Expense)

Interest income increased $4.2 million primarily due to the Company's holding of 13 percent senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increases in cash balances. Cash balances, up to the closing of the Airtours transaction in April 1996, increased due to United Kingdom regulatory requirements applicable to the Company's tender offer to acquire its interest in Airtours (see Note 4 in the accompanying financial statements for more information related to the Airtours acquisition). Gross interest expense (excluding capitalized interest) increased $8.0 million primarily as a result of additional borrowings required in connection with the Company's investment in Airtours. Capitalized interest increased $7.0 million due to higher investment levels in vessels under construction.

Other income increased to $23.4 million in 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against Wartsila (see Note 9 - Litigation in the accompanying financial statements) less a loss of $15.8 million on the sale of the notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino. Other income of $19.1 million in 1995 is described in the section below entitled "Nonoperating Income (Expense)-Fiscal Year Ended November 30, 1995 Compared To Fiscal Year Ended November 30, 1994".

Fiscal Year Ended November 30, 1995 Compared
To Fiscal Year Ended November 30, 1994

Revenues

The increase in total revenues of $192.1 million from 1994 to 1995 was comprised primarily of a $177.7 million, or 10.9%, increase in cruise revenues for the period. The increase in cruise revenues was primarily the result of a 12.5% increase in capacity for the period resulting from the addition of Carnival's cruise ship Fascination in July 1994, HAL's Ryndam in October 1994, and Carnival's Imagination in July 1995, partially offset by the discontinuation of the FiestaMarina division in September 1994. Occupancy rates were up 1.0% and gross revenue per passenger cruise day was down 2.3% resulting in a decrease of 1.4% in gross yield. Gross revenue per passenger cruise day decreased primarily due to a reduction in the percentage of passengers electing the Company's air program. Also affecting cruise revenues in 1995 and 1994 were lost revenues caused by the incidents described under the section below entitled "Nonoperating Income (Expense)".

Revenues from the Company's tour operations increased $14.3 million, or 6.3%, to $241.9 million in 1995 from $227.6 million in 1994. The increase was primarily the result of an increase in the tour and transportation revenues generated by the Company's tour business and Gray Line of Alaska tour and motorcoach operations.

Costs and Expenses

Operating expenses increased $102.6 million, or 10.0%, from 1994 to 1995. Cruise operating costs increased by $93.8 million, or 10.5%, to $990.0 million in 1995 from $896.3 million in 1994, primarily due to additional costs associated with the increased capacity in 1995. Tour operating expenses increased $8.7 million, or 4.9%, from 1994 to 1995 primarily due to an increase in tour passengers.

Selling and administrative costs increased $25.3 million, or 11.3%, primarily due to a 14.6% increase in advertising expenses and an increase in payroll and related costs during 1995 as compared with the same period of 1994.

Depreciation and amortization increased by $17.8 million, or 16.1%, to $128.4 million in 1995 from $110.6 million in 1994 primarily due to the addition of the Ryndam, the Fascination and the Imagination.

Nonoperating Income (Expense)

Interest income increased $5.7 million primarily due to the recognition of interest income on notes received from the sale of Carnival's Crystal Palace Hotel and Casino and higher investment balances. Interest expense increased to $81.9 million in 1995 from $73.2 million in 1994 primarily as a result of increased average debt levels and higher interest rates on variable rate debt. The increased debt levels were the result of expenditures made in connection with the ongoing construction and delivery of new cruise ships. Capitalized interest decreased to $18.8 million in 1995 from $21.9 million in 1994 due to lower levels of investments in vessels under construction.

Other income increased to $19.1 million in 1995 primarily as a result of a $14.4 million gain from the settlement of litigation with Metra Oy and a gain from the sale of the Company's entire interest in Epirotiki Cruise Line. These gains were partially offset by the loss from the Celebration incident discussed below and certain other non-related, non-recurring items.

In June 1995, a fire, which was quickly extinguished, broke out in the engine control room on Carnival's Celebration. There were no injuries to passengers or crew, however, there was damage to one of the vessel's electrical control panels. The time necessary to complete repairs to the Celebration as a result of this incident caused the cancellation of four one- week cruises. Costs associated with repairs to the ship, passenger handling and various other expenses, net of estimated insurance recoveries, amounted to $3.0 million and were included in other expenses. In addition, the Company estimates the loss of revenue, net of related variable expenses, from the Celebration being out of service reduced operating income and net income by an additional $7.3 million in 1995.

Other expenses of $9.1 million in 1994 were primarily the result of two events. In September 1994, the Company discontinued its FiestaMarina division because of lower than expected passenger occupancy levels which resulted in a charge of $3.2 million to other expenses. In August 1994,

HAL's Nieuw Amsterdam ran aground in Alaska resulting in the cancellation of three one-week cruises. Costs associated with repairs to the ship, passenger handling and various other expenses, net of estimated insurance recoveries, amounted to $6.4 million and were included in other expenses. In addition, the Company estimates the loss of revenue, net of related variable expenses, from the Nieuw Amsterdam being out of service during that three-week period, reduced operating income and net income by an additional $4.5 million in 1994.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $741.5 million of net cash from operations during the year ended November 30, 1996, an increase of 26.3% compared to the corresponding period in 1995. The increase between periods was primarily the result of an increase in net income, an increase in customer deposits resulting from increased capacity and other less significant changes in other working capital accounts.

In April 1996, the Company acquired 29.5% of Airtours for $307 million. The Company paid approximately $163 million of the purchase price in cash and funded the remaining purchase price of approximately $144 million through the issuance of 5,301,186 shares of the Company's Class A Common Stock.

In April 1996, the Company received approximately $81 million in connection with the redemption of the 13% Senior Secured Notes Due 2003 of Kloster Cruise Limited.

During the year ended November 30, 1996, the Company expended approximately $902 million on capital projects, of which $819 million was spent in connection with its ongoing shipbuilding program and $36 million was spent on the expansion of the Company's shore side operations facilities located in Miami, Florida. The remainder was spent on vessel refurbishments, tour assets and other equipment. Amounts expended on the shipbuilding program included final payments related to Carnival Cruise Lines' Inspiration and Carnival Destiny which entered service in March 1996 and late November 1996, respectively, and Holland America Line's Veendam which entered service in May 1996.

The Company made scheduled principal payments totaling approximately $68 million under various individual vessel mortgage loans and repaid the outstanding balance of the one billion dollar revolving credit facility due 2001 (the "One Billion Dollar Revolver") during the year ended November 30, 1996. The Company borrowed $168 million under a $200 Million Multi-currency Revolving Credit Facility Due 2001 (the "$200 Million Multi-currency Revolver") which was used largely to fund the Airtours investment described above. In addition, the Company initiated a commercial paper program during the fourth quarter of fiscal 1996 that is supported by the One Billion Dollar Revolver. A total of $307 million was borrowed under the commercial paper program primarily to fund the final payment on the Carnival Destiny.

Future Commitments

The Company has contracts for the delivery of seven new vessels over the next four years. The Company will pay approximately $270 million during the twelve month period ending November 30, 1997 relating to the construction and delivery of those new cruise ships and approximately $1,867 million beyond November 30, 1997. In addition, the Company has $1.3 billion of long-term debt of which $66 million is due during the twelve month period ending November 30, 1997. The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

In December 1996, the Company and Airtours signed a letter of intent to acquire up to 100% of the outstanding equity securities of Costa Crociere SpA ("Costa"). Costa is a publicly traded cruise company headquartered in Italy. The cost of acquisition, if all of the outstanding equity securities are tendered, would be approximately $300 million cash with the Company and Airtours each contributing approximately 50% of that amount. The letter of intent provides that the acquisition is conditioned upon the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the controlling shareholders of Costa Crociere SpA, the receipt of all corporate and regulatory and government approvals and other customary conditions found in transactions of this type.

Funding Sources

Cash from operations is expected to be the Company's principal source

of capital to fund its debt service requirements, ship construction costs and potential Costa acquisition. In addition, the Company may fund a portion of the construction cost of new ships or the proposed investment in Costa from borrowings under its One Billion Dollar Revolver or commercial paper program and/or through the issuance of long-term debt in the public or private markets. As of November 30, 1996, the Company had $693 million available for borrowing under its One Billion Dollar Revolver and $34 million available under the $200 Million Multi-currency Revolver.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities, the Company believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to $500 million aggregate principal amount of debt or equity securities. At November 30, 1996, a balance of $270 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years ended November 30, 1992 through 1996 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	FISCAL YEAR ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
	(in thousands, except per share data)				
INCOME STATEMENT DATA:					
Total revenues	$2,212,572	$1,998,150	$1,806,016	$1,556,919	$1,473,614
Operating income before income from affiliated operations	$ 551,461	$ 490,038	$ 443,674	$ 347,666	$ 324,896
Operating income	$ 597,428	$ 490,038	$ 443,674	$ 347,666	$ 324,896
Net income	$ 566,302	$ 451,091	$ 381,765	$ 318,170	$ 276,584
Earnings per share (1)	$1.95	$1.59	$1.35	$1.13	$ .98
Dividends declared per share (1)	$.380	$.315	$.285	$.280	$.280
Passenger cruise days	10,583	9,201	8,102	7,003	6,766
Percent of total capacity(2)	107.6%	105.0%	104.0%	105.3%	105.3%

	AS OF NOVEMBER 30,				
	1996	1995	1994	1993	1992
	(in thousands)				
BALANCE SHEET DATA:					
Total assets	$5,101,888	$4,105,487	$3,669,823	$3,218,920	$2,645,607
Long-term debt and convertible notes	$1,316,632	$1,150,031	$1,161,904	$1,031,221	$ 776,600
Total shareholders' equity	$3,030,884	$2,344,873	$1,928,934	$1,627,206	$1,384,845

- ----------

(1) All per share amounts have been adjusted to reflect a two-for-one stock split effective November 30, 1994.

(2) In accordance with cruise industry practice, total capacity is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR CAPITAL STOCK

The following table sets forth for the periods indicated the high and low market prices for the Class A Common Stock on the New York Stock Exchange:

	SALES PRICE	
	HIGH	LOW
Fiscal Year ended November 30, 1996:		
First Quarter	$29.000	$22.750
Second Quarter	$30.125	$26.125
Third Quarter	$31.500	$24.500
Fourth Quarter	$31.875	$27.375
Fiscal Year ended November 30, 1995:		
First Quarter	$23.750	$19.125
Second Quarter	$26.625	$22.125
Third Quarter	$24.250	$20.375
Fourth Quarter	$27.125	$20.625

As of January 17, 1997, there were approximately 3,740 holders of record of the Company's Class A Common Stock. All of the issued and outstanding shares of Class B Common Stock are held by The Micky Arison 1994 "B" Trust, a United States Trust, whose primary beneficiary is Micky Arison, the Chairman of the Board of the Company. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for the year ended November 30, 1996 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$448,788	$516,836	$771,989	$474,959
Gross profit	$185,092	$214,292	$375,794	$196,125
Operating income before income from affiliated operations	$ 80,975	$110,230	$267,155	$ 93,101
Operating income	$ 80,972	$110,396	$279,948	$126,112
Net income	$ 77,065	$106,283	$268,131	$114,823
Earnings per share	$.27	$.37	$.92	$.39

Quarterly financial results for the year ended November 30, 1995 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$419,820	$452,826	$672,598	$452,906
Gross profit	$172,591	$186,879	$320,463	$187,104
Operating income	$ 76,912	$ 96,268	$224,120	$ 92,738
Net income	$ 67,552	$ 89,769	$209,542	$ 84,228
Earnings per share	$.24	$.32	$.74	$.30

FORWARD-LOOKING STATEMENTS

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the reform act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations (especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less

experience; delivery of new vessels on schedule and at the contracted price; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in Federal Maritime Commission surety and guaranty arrangements).

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (No. 33-50947, No. 33-53136 and No.33-48756) of Carnival Corporation of our report dated January 15, 1997 appearing on page 37 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ PRICE WATERHOUSE LLP

PRICE WATERHOUSE LLP
February 25, 1997

5
1,000

YEAR	
NOV-30-1996	
NOV-30-1996	
	111,629
	12,486
	38,109
	0
	53,281
	290,933
	4,807,823
	708,785
	5,101,888
	662,742
	1,316,632
	2,947
	0
	0
	3,027,937
	5,101,888
	0
	2,212,572
	0
	1,241,269
	0
	0
	89,891
	575,347
	9,045
	566,302
	0
	0
	0
	566,302
	1.95
	1.93