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

FORM 10-K

(Mark One)

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

For the fiscal year ended November 30, 2013 or

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

For the transition period from ______ to ______

Commission file number: 001-9610	Commission file number: 001-15136
Carnival Corporation	Carnival plc
(Exact name of registrant as specified in its charter)	(Exact name of registrant as specified in its charter)
Republic of Panama	England and Wales
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
59-1562976	98-0357772
(I.R.S. Employer Identification No.)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom
(Address of principal executive offices and zip code)	(Address of principal executive offices and zip code)
(305) 599-2600	011 44 20 7940 5381
(Registrant's telephone number, including area code)	(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:
Title of each class	Title of each class
Common Stock ($0.01 par value)	Ordinary Shares each represented by American Depositary Shares ($1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust
Name of each exchange on which registered	Name of each exchange on which registered
New York Stock Exchange, Inc.	New York Stock Exchange, Inc.

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or small reporting companies. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filers	☑	Accelerated Filers	☐
Non-Accelerated Filers	☐	Smaller Reporting Companies	☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $12.8 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 22, 2014, Carnival Corporation had outstanding 592,239,644 shares of its Common Stock, $0.01 par value.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $6.2 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 22, 2014, Carnival plc had outstanding 215,712,872 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 592,239,644 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

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CARNIVAL CORPORATION & PLC
FORM 10-K
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

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DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2013 annual report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in Exhibit 13 and is incorporated by reference into this joint 2013 Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

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

Portions of the Registrants' 2014 joint definitive Proxy Statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

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

PART I

Item 1. Business.

A. Overview

I. Summary

Carnival Corporation was incorporated in Panama in 1972 and Carnival plc was incorporated in England and Wales in 2000. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. See Note 3, "DLC Arrangement" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as "Carnival Corporation & plc," "our," "us" and "we."

We are the largest cruise company with a global market share of 46% and are among the most profitable and financially strong leisure travel companies in the world with a market capitalization of $32 billion at January 22, 2014. We operate 101 cruise ships within a portfolio of ten leading cruise brands that sell cruise products and services in all the world's major vacation markets. We are also a leading provider of vacations to all major cruise destinations throughout the world (see Part I, Item I, Business. A. "Cruise Programs"). A description of the principal vacation regions where we source substantially all of our guests and our brands that market primarily to these vacationers is discussed in Part I, Item1. Business. B. "Cruise Business – North America" and "Cruise Business – Europe, Australia & Asia."

II. Mission and Related Strategies

Our mission is to take the world on vacation and deliver exceptional experiences that appeal to a large variety of consumers, all at an outstanding value. We believe our multi-brand strategy is essential to achieving our mission and maintaining our leadership positions. Our ten unique brands with worldwide sourcing of guests and diverse itinerary options allow us to expand our offerings to our ever increasing past guest customer base, while continuing to grow our business through the acquisition of new guests in established and emerging markets. Our success also depends on our ability to understand our guests' needs and consistently exceed their expectations by providing them with a wide variety of exceptional vacation experiences. We strive to capture a greater share of consumers' spending on vacations by providing extraordinary cruise products and services, all at an outstanding value.

In conjunction with our mission we are committed to:

- Protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, illness and loss. Our uncompromising commitment to the safety of our guests and crew is paramount to the success of our business. We continue to focus on improving existing, and implementing new, safety measures onboard all of our ships.
- Protecting the environment, including the marine environment in which our vessels sail and the communities in which we operate.
- Fully complying with, or exceeding, all legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business activities.
- Assigning health, environment, safety, security and sustainability matters the same priority as other critical business matters.

Our primary financial goals are to profitably grow our cruise business thus increasing our return on invested capital, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund all of our capital investments. Over time, we expect to have higher levels of free cash flow, which we intend to return to shareholders in the form of additional dividends and opportune share buybacks. We are also committed to maintaining our strong investment grade credit ratings, which are among the highest in the leisure travel industry.

We are building new innovative ships and continue to invest in our existing ships to strengthen the leadership position of each of our brands and to achieve our mission and primary financial goals. Our newbuilding program is the primary platform for our capacity growth. In 2013, we continued to enhance our fleet with the debut of Princess Cruises' 3,560-passenger *Royal Princess* and AIDA Cruises' 2,194-passenger *AIDAstella*. We currently have eight cruise ships scheduled to enter service between May 2014 and June 2016, some of which will replace existing capacity from the possible sales of older, smaller or less efficient ships. We strategically time the introduction of additional ships into our brands to allow ample time for those lines to further grow their guest base and absorb the new capacity. In addition, we will continue to focus on increasing our fleets' onboard revenues by adding new innovative products and services for our guests to enjoy.

Based on our current ship orders and announced ship withdrawals, our capacity growth rate is expected to be 4%, compounded annually through 2016. Our rate of growth has slowed in the more established regions of North America and Western Europe.

We are committed to a measured pace of newbuilds to achieve an optimal balance of supply and demand to maximize our profitability in these established regions. In addition, we believe that we have significant opportunities to grow our presence in the emerging Asian cruise region and will continue to redeploy some of our existing ships to that region. In 2013, we more than doubled our presence in China and launched our first season of cruises originating from Japan. In 2013, we also opened ten sales offices throughout Asia to support our continued expansion plans in this important emerging cruise region.

Each of our major brands has its own operating team, which helps create an ownership culture that is an important driver of our performance. We believe this approach results in delivering products and services that are tailored to specific geographic areas and lifestyles, which allows us to penetrate each geographic area more effectively. With over 100 ships and more than 10 million guests, we have a scale advantage in the cruise industry and we are aggressively seeking opportunities to use it to drive top-line improvements and obtain economies of scale and synergies by utilizing our purchasing power and implementing cross-brand initiatives aimed at cost containment, such as common reservation systems, shared data centers and shared port facilities.

We recently realigned our leadership team and changed our work processes and our incentive structures to enable our brands to more efficiently collaborate and coordinate among each other, which will help us to further optimize our operations. Our leadership team has identified and will continue to identify opportunities to use our scale to drive initiatives to increase our revenues and optimize our cost structure with the goal of improving our return on invested capital. In addition, we have heightened our focus on the guest experience and further exceeding guest expectations.

Some of our most important cross-brand initiatives have been aimed at further improving our safety training, continuing to enhance our fleet to further increase our guest and crew safety and comfort, further reducing our fuel consumption and limiting the financial impact of low sulfur fuel usage requirements while achieving regulatory environmental objectives. In addition, we have streamlined certain support functions to gain efficiencies and achieve cost savings. In 2013, we furthered our environmental efforts through the successful testing of a new exhaust gas cleaning “scrubber” technology and plan to install scrubbers on most of our ships. In addition to exceeding stricter air emission standards, this technology will help mitigate higher fuel costs on these ships. As 2014 progresses, we will continue to implement a number of strategic initiatives designed to fuel our earnings power, drive cash flow and improve return on invested capital over time.

In 2012 and 2013, we had voyage disruptions that drew public attention to the safety and reliability of our products and services. Although the frequency of our incidents relative to our size is below the cruise industry average, the negative publicity we received significantly impacted the reputation and, accordingly, the demand for two of our largest brands, Costa Cruises (“Costa”) and Carnival Cruise Lines. We have, and continue to, take steps to help ensure that our cruise products and services are safe and reliable and that in the rare event of a ship incident, our guests and crew are comfortably returned to port. Safety of our guests and crew is our utmost concern and key to our continuing success. These incidents, in combination with the uncertain global economic conditions significantly impacted our results in 2012 and 2013. However, we are confident that our business will continue to recover over the next few years.

In order to achieve our financial goals, we are also committed to rebuilding the image and reputation of Costa and Carnival Cruise Lines by regaining the confidence of their guests and travel agents. The reputation of Costa has significantly improved during 2013 and we expect this improvement to continue in the future. In 2013, Costa did return to profitability, excluding the impact of ship impairment charges related to two of its smaller vessels, and we expect to see an increase in Costa’s profitability in 2014 despite softer economies in Southern Europe.

After successfully up righting *Costa Concordia* in 2013, we are working with the insurers, local authorities and industry leading salvage experts to remove the ship from the coast of Italy in 2014 while minimizing any environmental impact from the 2012 ship incident. As of January 22, 2014, we have settled 94% and 75% of the crew and guest claims, respectively. Substantially all of the ship removal costs and the costs of these and future claims will be covered by insurance.

As of January 22, 2014 according to national market research data Carnival Cruise Lines, which is our largest cruise brand, has recovered more than 75% of the loss in its brand perception and more than 80% of the loss in its brand consideration among first-time cruisers, while its brand consideration among past cruisers has exceeded pre-incident levels. Having already implemented several strategies to enhance its operations and strengthen its public perception, we believe that over time the brand will continue to recover its reputation and increase its profitability. Earlier this year, Carnival Cruise Lines announced an estimated $300 million vessel enhancement program, which is part of a corporate-wide program that will take place over the next several years and is expected to cost as much as $700 million, to improve emergency power capabilities, to introduce new or enhanced fire safety technology and to increase the level of operating redundancies across its entire fleet.

In addition to the operational enhancements, Carnival Cruise Lines has launched a new travel agent outreach program designed to strengthen relationships by opening the lines of communication and implementing changes based on travel agent feedback. The most important goal of this program is to let travel agents know that Carnival Cruise Lines appreciates, needs and relies on them and values their insight and support. As part of the program, Carnival Cruise Lines has implemented a number of initiatives, including a simplified pricing structure, enhanced travel agent website capabilities and new group promotions. Further, they have launched a new nationwide advertising campaign to stimulate consumer interest by sharing memorable vacation moments from past guests. Carnival Cruise Lines has also introduced a new industry-leading vacation guarantee, whereby guests will receive a 110% refund of their cruise fare plus return travel arrangements if they are not satisfied with their cruise for any reason and provide notification within the first 24 hours of the voyage. We believe that Carnival Cruise Lines will successfully implement these and other strategies and programs, along with a number of innovative product enhancement initiatives, which will lead to continuing improvement in its reputation, which in turn will drive additional guest demand and increase profitability.

III. Cruise Programs

Our 101 ships sail to all of the world's major cruise destinations and the percentage of our passenger capacity deployed in each of these regions is as follows:

Region	2014	2013	2012
Caribbean	35%	33%	35%
Europe	29	31	29
Asia/Australia	12	10	8
Alaska	5	6	6
Other	19	20	22
	100%	100%	100%

B. Cruise Business

I. Overview

a. Summary

The multi-night cruise industry has grown significantly but still remains relatively small compared to the wider global vacation industry, which includes a large variety of land-based vacation alternatives around the world. For example, there were only about 240,000 cabins in the global cruise industry at November 30, 2013, which is less than two percent of the number of worldwide hotel rooms. Within the global vacation industry, cruise companies compete for the discretionary income spent by vacationers. A 2013 Nielsen Global Consumer Confidence Survey found that after providing for savings and living expenses, the number one global spending priority is for vacations. As a result of these and other favorable cruise industry characteristics, we believe that the cruise industry has the opportunity to capture a greater share of consumers' spending.

b. Favorable Characteristics of the Cruise Industry

1. Exceptional Value Proposition

We believe that the cost of a cruise vacation represents an exceptional value in comparison to alternative land-based vacations. Cruising provides many relatively unique benefits, such as transportation to various destinations while also providing accommodations, a generous diversity of food choices and a selection of daily entertainment options for one all-inclusive, competitive price. To make cruising even more cost effective and more easily accessible to our guests, we offer a number of drive-to homeports, which enables many cruise guests to reduce their overall vacation costs by eliminating or reducing air and other transportation costs.

2. Relatively Low Penetration Levels

Based on industry data, the 2013 annual penetration rates when computed based on the number of annual cruise guests as a percentage of the total population are as follows:

- 3.4% for North America (a),
- 2.9% for Australia,
- 2.8% for the United Kingdom ("UK") and
- 1.4% for continental Europe (Germany, Italy, France, Spain and Portugal).

(a) For the purpose of the penetration rate calculation, North America is only comprised of the United States of America ("U.S.") and Canada.

Based on industry data or our internal estimates, approximately 20% of the U.S. population and lower percentages of European and Australian populations have ever taken a cruise. In addition, Europeans and Australians have significantly more vacation days a year than North Americans, which presents opportunities for increases in these regions' penetration levels compared to North America.

Cruising is at an earlier stage of development and has lower penetration rates in emerging markets within Asia. There are an increasing number of relatively lower penetrated markets where economic growth has raised discretionary income levels and thus fueled an increasing demand for vacations, including cruising.

3. Wide Appeal

Cruising appeals to a broad range of ages and income levels. The average age of a cruise guest varies by brand and ranges from approximately 40 years to 60 years across the contemporary, premium and luxury cruise categories. Cruising provides something for every generation, from kids' clubs to an array of onboard entertainment provided to teens and adults. Cruising also offers transportation to a variety of destinations and a diverse range of ship types and sizes, as well as price points, to attract guests with varying tastes and from most income levels. To attract more first time cruisers, the duration of some cruises has been shortened, which has lowered the purchase price and thus broadened the appeal for cruising. Our brands have multiple pricing levels that vary by cruise line, by category of cabin, by ship, by season, by duration and by itinerary.

4. Positive Demographics

The average age of populations in established cruise regions is increasing. Between 2013 and 2023, the number of people in the cruise business' primary age group of 45 years and older is expected to grow by 17 million, or 12%, in the U.S. and Canada and 15 million, or 10%, in the major Western European countries. We believe the cruise industry is well-positioned to take advantage of these favorable age demographics in its major markets.

Many emerging international markets are experiencing growing economies and a rapid growth in middle-class consumers. As their earnings power and disposable income increase, these middle-class consumers are becoming more eager to purchase entertainment, travel and discretionary products and services. This demand growth provides the cruise business the opportunity to expand its reach in these markets.

5. Ship Mobility

The mobility of cruise ships enables them to move between regions in order to maximize their profitability. Accordingly, cruise companies can redeploy their ships to other more profitable regions as guests' tastes change and if economic or other conditions warrant.

6. High Guest Satisfaction Rates

Cruise guests tend to rate their overall satisfaction with a cruise vacation higher than comparable land-based hotel and resort vacations. According to industry surveys, the cruise experience consistently exceeds expectations of repeat and first-time cruisers on a wide range of important vacation attributes. Cruising continues to receive high guest satisfaction rates because of the unique vacation experiences it offers, including visiting multiple destinations without having to pack and unpack, all-inclusive product offerings and state-of-the-art cruise ships with entertainment, relaxation and fun, all at an outstanding value.

7. Favorable Supply Versus Demand Balance

Over the last several years cruise operators have slowed their passenger capacity growth compared to historical levels. Furthermore, smaller, older or less efficient cruise ships will continue to be retired from service as they near the end of their economic lives or no longer provide sufficient cash flows. Over time we expect demand to accelerate as we rebuild our Carnival Cruise Lines and Costa brands, global economic conditions improve and emerging markets continue to develop. We believe this favorable supply versus demand balance will have a positive impact on our ability to profitably grow our cruise business.

c. Global Cruise Industry

Cruising offers a broad range of products and services to suit vacationing guests of many ages, backgrounds and interests. Cruise brands can be broadly classified as offering contemporary, premium and luxury cruise experiences. The contemporary experience typically includes cruises that last seven days or less, have a more casual ambiance and are less expensive than premium or luxury cruises. The premium experience typically includes cruises that last from seven to 14 days and appeal to the more experienced cruise guest who is usually more affluent and older. Premium cruises emphasize quality, comfort, style, more destination-focused itineraries and the average pricing is normally higher than contemporary cruises. The luxury experience is usually characterized by smaller vessel size, very high standards of accommodation and service, higher prices and exotic itineraries to ports that are inaccessible to larger ships. We have product and service offerings in each of these three broad classifications. Notwithstanding these classifications, there generally is overlap and competition among all cruise products and services.

The passenger capacities that have been or are expected to be marketed are as follows:

Fiscal Year	Passenger Capacity (weighted-average) Global Cruise Industry	Carnival Corporation & plc
2007	359,000	150,000
2008	377,000	162,000
2009	397,000	174,000
2010	423,000	186,000
2011	443,000	195,000
2012	455,000	200,000
2013	470,000	205,000
2014 (a)	482,000	210,000
2015 (a)	503,000	220,000
2016 (a)	525,000	228,000

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

- The global cruise industry and our passenger capacity have increased at compound annual growth rates of 4.9% and 5.9%, respectively, from 2007 to 2012.
- The global cruise industry and our compound annual passenger capacity growth rates are currently expected to be 3.6% and 3.3%, respectively, from 2012 to 2016.

The number of cruise guests carried are as follows:

	Cruise Guests			
	Global Cruise Industry			Carnival Corporation & plc
Year (a)	North America	Europe, Australia, Asia and Other	Total	Total
2007	10,450,000	5,500,000	15,950,000	7,672,000
2008	10,290,000	6,000,000	16,290,000	8,183,000
2009	10,400,000	7,190,000	17,590,000	8,519,000
2010	11,000,000	8,070,000	19,070,000	9,147,000
2011	11,440,000	9,050,000	20,490,000	9,559,000
2012	11,640,000	9,180,000	20,820,000	9,829,000
2013 (b)	11,790,000	9,750,000	21,540,000	10,061,000

(a) The estimates of the total guests carried for 2007 through 2012 were obtained from G.P. Wild (International) Limited, an independent cruise research company, and are based upon where the guests were sourced and not the cruise brands on which they sailed.
(b) The estimates of the total guests carried for 2013 are based on internally developed global guests' growth rates.

- The number of cruise guests carried in the global cruise industry and by us have increased at compound annual growth rates of 5.5% and 5.1% from 2007 to 2012, respectively, and 3.5% and 2.4% from 2012 to 2013, respectively.
- The North America regions' cruise guests have increased at a compound annual growth rate of 2.2% from 2007 to 2012 and 1.3% from 2012 to 2013.
- The Europe, Australia, Asia and Other regions' cruise guests have increased at a compound annual growth rate of 10.8% from 2007 to 2012 and 6.2% from 2012 to 2013.

As we continue to expand our global presence, our revenues generated from guests sourced from outside the U.S. have grown to 56% in 2013, up from 46% in 2007.

II. Segment Information

Each of our ten cruise brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia ("EAA") reportable cruise segments based on the similarity of their economic and other characteristics.

As of January 22, 2014, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships	Primary Markets (b)
North America				
Carnival Cruise Lines	62,356	30%	24	North America
Princess Cruises ("Princess")	40,502	20	17	North America
Holland America Line	23,540	11	15	North America
Seabourn	1,988	1	6	North America
North America Cruise Brands	128,386	62	62	
EAA				
Costa	32,136	16	14	Italy, France and Germany
AIDA Cruises ("AIDA")	18,636	9	10	Germany
P&O Cruises (UK)	14,736	7	7	UK
Cunard	6,672	3	3	UK and North America
P&O Cruises (Australia)	4,804	2	3	Australia
Ibero Cruises ("Ibero")	2,932	1	2	Spain and Argentina
EAA Cruise Brands	79,916	38	39	
	208,302	100%	101	

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

(b) Represents the primary regions or countries from where guests are sourced.

As of January 22, 2014, we had signed agreements with two shipyards providing for the construction of eight cruise ships, with two to be delivered in 2014, two in 2015 and four in 2016. These additions are expected to increase our passenger capacity by more than 24,700 lower berths. Our North America cruise brands have four ships with almost 10,800 lower berths scheduled to enter service by June 2016 and our EAA cruise brands have four ships with more than 13,900 lower berths scheduled to enter service by March 2016. It is possible that some of our smaller, older or less efficient ships may be sold, chartered or retired during the next few years. See Part I, Item 1. Business. B. "Cruise Business – Ships Under Contract for Construction" and Note 6, "Commitments" and Note 10, "Fair Value Measurements, Derivative Instruments and Hedging Activities" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional ship commitment information.

We also have a Cruise Support segment that includes our cruise port and related facilities located in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Roatán, Honduras; and Puerto Plata, Dominican Republic (currently under development), which are or will be, operated for the benefit of our cruise brands. Cruise Support also includes other corporate-wide services that are provided for the benefit of our cruise brands.

In addition to our cruise operations, we own Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Our tour company owns and operates 11 hotels or lodges, over 300 motorcoaches and 20 glass-domed railcars. This tour company and one cruise ship, which we own and charter-out under a long-term lease, comprise our Tour and Other segment.

See Note 11, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional segment and geographic information.

III. North America

Almost 55% of the cruise guests in the world are sourced from the North American region, where cruising is a mainstream alternative to land-based vacations. Approximately 11.6 million North American-sourced guests took multi-night cruise vacations in 2012, and we estimate that 11.8 million guests cruised in 2013. According to an internally developed survey, nearly 75% of Americans listed travel as their top lifetime goal. As a result of this and other favorable characteristics of the cruise industry, we expect increased demand in the cruise segment of the North America vacation market.

The most popular location visited by North America-sourced cruise guests in 2013 was the Caribbean (including The Bahamas), followed by other locations, such as the Mediterranean Sea, Alaska, Northern Europe, Mexican Riviera, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, such as South and Central America, the South Pacific Islands, Australia, the Far East and India.

Carnival Cruise Lines, Princess, Holland America Line and Seabourn source their guests primarily from North America. Cunard also sources a large portion of its guests from North America.

CARNIVAL CRUISE LINES

Carnival Cruise Lines is a leader in contemporary cruising and operates 24 ships designed to provide fun and memorable vacation experiences at an outstanding value. Founded in 1972, Carnival Cruise Lines is one of the most recognizable brands in the cruise industry and carried 4.3 million guests in 2013, the most of any individual cruise brand. Carnival Cruise Lines identifies their target customers as “The Spirited” or those who like to live life to the fullest, look at the glass as half full, feel comfortable in their own skin, make their own fun and are open to considering a cruise. Their cruises have a broad appeal to families, couples, singles and seniors and have carried more than 700,000 children in 2013. Carnival Cruise Lines’ 25th ship, the 3,972-passenger *Carnival Vista*, is scheduled to enter service in April 2016, which will grow the brand’s existing passenger capacity by 6%.

Carnival Cruise Lines offers cruises generally from three to eight days in length with almost all of its ships departing from 12 convenient U.S. home ports located along the Eastern seaboard and the Gulf and West Coasts. Carnival Cruise Lines is the leading provider of year-round cruises in The Bahamas, Caribbean and Mexico and also operates seasonal cruises in New England and Canada, Alaska, Hawaii, and the Panama Canal.

The brand’s focus continues to be on improving their product and services with innovations that appeal to new consumers, as well as past guests. In 2013, Carnival Cruise Lines continued the rollout of its fleet wide Fun Ship® 2.0 product enhancement initiative, which represents an initial investment of $500 million. Fun Ship 2.0 is transforming the line’s guest experience through innovative dining, bar and entertainment concepts, as well as partnerships with popular celebrities and brands. Entertainer George Lopez is the brand’s creative director for comedy and is enhancing the line’s fleet wide comedy clubs; Food Network star Guy Fieri has developed an onboard burger restaurant called Guy’s Burger Joint; leading video game manufacturer EA SPORTS helped create the first-ever EA SPORTS Bars at sea; and through a partnership with toy and game leader Hasbro, Inc. the line has created Hasbro, The Game Show, with larger-than-life adaptations of Hasbro’s iconic games. The many groundbreaking features of Fun Ship 2.0 are best reflected in *Carnival Breeze* and *Carnival Sunshine*. As of January 22, 2014, eight of Carnival Cruise Lines’ ships have some Fun Ship 2.0 features, with additional vessels scheduled to receive upgrades over the next few years.

Fun Ship 2.0 played a central role in the refurbishment of the *Carnival Destiny*, which was renamed *Carnival Sunshine* following a groundbreaking 75 day makeover that was completed in May 2013 and was the line’s largest ship transformation project. The refurbishment added all of the Fun Ship 2.0 innovations, as well as one-of-a-kind amenities such as a three-level Serenity adults-only retreat, the brand’s first full-service Asian restaurant called Ji Ji Asian Kitchen and new food and beverage concepts such as Havana Bar, ShakeSpot and JavaBlue Cafe.

Furthermore, Carnival Cruise Lines recently entered into an exclusive partnership with Dr. Seuss Enterprises to create the new Carnival Seuss at Sea program, which will bring the beloved children’s brand and favorite characters to the line’s entire fleet. Seuss at Sea will begin rolling out aboard *Carnival Splendor* in February 2014 with implementation across the full fleet by 2015, as well as the new *Carnival Vista*. The brand has also recently introduced American Table and American Feast, which are new dining concepts in the main dining rooms designed to evoke a more contemporary restaurant experience with an emphasis on exceptional American cuisine, with updated menus, place settings, and serving and presentation styles, as well as expanded cocktail and wine lists.

On January 22, 2014, Carnival Cruise Lines announced Carnival LIVE™ – a new onboard offering that brings the best live music entertainment to the seas. The Carnival LIVE™ Concert Series features a diverse roster of popular, well known music artists who will play a series of onboard concerts for its guests at select ports-of-call. The Carnival LIVE™ initiative also includes enhancements to Carnival Cruise Lines’ onboard lounge band experience, which is designed to provide guests with a very high caliber of music entertainment.

Carnival Cruise Lines sources a majority of its guests from North America but also sources some of its guests from Australia. See Part 1, Item 1. Business. B. “Cruise Business – Australia” for additional discussion of Carnival Cruise Lines’ operations in Australia.

PRINCESS

Princess, whose brand name was originally made famous by the *Love Boat* television show, has been providing cruises since 1965. Princess is the world's largest premium cruise line based on passenger capacity and operates a fleet of 17 ships. Princess offers 125 unique itineraries to more than 310 destinations, with cruises generally from seven to 14 days and two world cruises over 100 days. In 2013, Princess introduced a new range of three and four day cruises in order to provide customers an opportunity to experience the Princess products and services on shorter voyages.

In June 2013, her Royal Highness The Duchess of Cambridge named *Royal Princess*, the newest addition to the fleet. In addition, *Royal Princess*' sister ship, *Regal Princess*, is scheduled to enter service in May 2014. These new ships each have a 3,560-passenger capacity, the largest in its fleet, and continue the evolution of the Princess products and services. These two newbuilds offer a variety of new features, including a unique over-the-water SeaWalk, which is a top-deck, glass-bottom walkway extending more than 28 feet beyond the ship's side. With the addition of *Regal Princess* in 2014, Princess' existing passenger capacity will grow by 9%.

Voted "Best Itinerary Design" in the 2013 *Travel Weekly Readers Choice Award*, Princess is a leading cruise line in international and exotic destinations, including Europe, Australia, Asia, the Panama Canal, Hawaii and South America. Princess will have five ships sailing in 2014 throughout Europe between the months of April and December, including the inaugural season of *Regal Princess*. Princess is also a leading cruise line in Alaska and in 2014 will continue to dedicate seven ships to sailing in this area between the months of May and September. Some of Princess' Caribbean cruise offerings feature a private island destination that Princess leases and operates, known as Princess Cays®, which is located on the island of Eleuthera in The Bahamas.

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

In January 2014, Princess introduced a new multi-media marketing campaign designed to redefine its brand and differentiate it from other cruise line competitors. The campaign positions Princess as being uniquely qualified to provide its guests with meaningful travel and life experiences, both in destinations and onboard, so that they will "Come Back New" from their Princess vacation. In addition, we continue to enhance our travel agent support with the Princess Academy educational program, voted *Best Travel Agent Educational Program* by Travel Weekly. More than 50,000 travel agents around the world have learned about Princess' product and service offerings and destinations through this program, making it one of the largest and most comprehensive travel industry training programs in the world.

Princess sources primarily all of its guests from North America but also sources more than a quarter of its guests from Australia and the UK. In addition, in recent years Princess has been growing its passenger sourcing from Asia. See Part I, Item 1. Business. B. "Cruise Business – Australia" and "Cruise Business – Asia" for additional discussion of Princess' operations in these regions.

HOLLAND AMERICA LINE

Holland America Line, which celebrated its 140th year anniversary in 2013, operates a fleet of 15 premium mid-sized ships. Holland America Line offers more than 500 cruises to over 400 ports in almost 100 countries and territories on all seven continents, including Antarctica. While the majority of cruises are from seven to 21 days, Holland America Line also offers four longer, exotic Grand Voyages up to 113 days, including a Grand World Voyage. Holland America Line is also a leading cruise line in Alaska and in 2014 will continue to dedicate seven ships to sailing in this area between the months of May and September. Europe also continues to be a key destination in 2014 with seven ships sailing there between the months of March and November, including *Rotterdam*, which is home ported year-round in Amsterdam, the Netherlands. In the Caribbean, most of Holland America Line's ships visit its private island in The Bahamas, Half Moon Cay. Holland America Line has one new 2,660-passenger capacity ship scheduled to enter service in February 2016, which will grow its existing passenger capacity by 11%.

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

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All of Holland America Line's ships have Culinary Arts Centers presented by *Food & Wine* magazine, where guests enjoy cooking demonstrations, private cooking lessons, wine tastings and lifestyle seminars, as well as cuisine from the recipes of an esteemed Culinary Council including David Burke, Jacques Torres, Elizabeth Falkner, Jonnie Boer and Master Chef Rudi Sodamin. In addition, the Digital Workshop in collaboration with Microsoft® offers complimentary photo and video editing classes. Guests will find specialty coffees, an extensive library, music listening stations and internet access in the Explorations Café® in partnership with The New York Times®. The Greenhouse Spa and Salon has extensive wellness and beauty treatments, fitness classes and exercise equipment. Other marquee partnerships bring guests unique onboard experiences such as B.B. King's Blues Club and Dancing with the Stars at Sea, featuring theme cruises, dance lessons and guest dance competitions.

SEABOURN

Seabourn provides ultra-luxury cruising vacations on smaller ships that focus on personalized service and guest recognition, spacious all-suite accommodations, award-winning gourmet dining and unique experiences. It was voted the "Best-Small Ship Cruise Line" by readers of *Travel + Leisure* for the past five years and *Condé Nast Traveler* for the last four years. Seabourn offers travelers a compelling value proposition that includes complimentary open bars throughout the ship, fine wines during lunch and dinner and gratuities that are neither required nor expected. Seabourn pampers its guests with value-added extras such as Massage Moments℠ on deck and Caviar in the Surf℠ beach parties. Seabourn's ships cruise to destinations throughout the world, including Europe, South Africa, Asia, the South Pacific Islands, Australia, the Americas and Antarctica, with cruises generally from seven to 14 days, with some of longer length. In addition, Seabourn has introduced Extended Explorations, which is a novel way for travelers to enjoy longer cruises, with the added luxury of a wide range of choices regarding where and when they sail. The new, linked itineraries allow guests to deeply explore more extensive regions of the world on voyages ranging from 28 to 116 days.

Seabourn currently operates one 458-passenger capacity ship, two 450-passenger capacity ships and three 210-passenger capacity ships. The three larger ships offer more categories of luxury suites, more dining alternatives and 11,400 square-foot spa facilities that are among the largest on any ultra-luxury vessel. All of the Seabourn ships have a service ratio of nearly one staff member per guest and an intimate, sociable atmosphere that has been the hallmark of the Seabourn lifestyle since it began its operations in 1988. Seabourn has one new 604-passenger capacity ship scheduled to enter service in June 2016, which will replace the capacity of its three original smaller ships that were sold in 2013 and will be leaving its fleet by May 2015.

IV. Europe, Australia & Asia

a. Europe

We believe that Europe is the largest leisure travel vacation region in the world. However, cruising in Europe has achieved a much lower level of penetration than in North America and represents a relatively small percentage of the European vacation markets. Approximately 6.2 million European-sourced guests took multi-night cruise vacations in 2012 compared to 11.6 million North American-sourced guests. Additionally, we estimate that 6.5 million European-sourced guests cruised in 2013. Because of the relatively low penetration rates and other favorable characteristics of the cruise industry, we expect increased demand in the cruise segments of the European vacation markets.

The most popular location visited by European-sourced cruise guests in 2013 was the Mediterranean Sea, followed by other locations such as the Atlantic Isles (including the Canary Islands and Madeira), Northern Europe (including Scandinavia and the Baltic Sea), the Caribbean, Bermuda, the Arabian Gulf and Indian Ocean, the Far East, South America, New York, the Black Sea, New England and Canada.

1. United Kingdom

The UK provides the largest number of cruise guests sourced in Europe. Approximately 1.7 million UK-sourced guests took a multi-night cruise vacation in 2012, and we estimate that 1.8 million guests cruised in 2013. Cruising in the UK is an established alternative to land-based vacations. P&O Cruises (UK) sources substantially all its guests from the UK. Cunard sources more than half of its guests from the UK but also sources principally all of its other guests from North America, Germany and Australia.

P&O CRUISES (UK)

P&O Cruises (UK) is the leading and most recognized cruise brand in the UK and can trace its roots back 175 years to the formation of the Peninsular Steam Navigation Company. Today, P&O Cruises (UK) is dedicated to providing the vacation of a lifetime to its largely British guests and operates a fleet of seven premium ships that vary in size from 700 to 3,100 lower berths. Three of its ships offer vacations exclusively for adults, while the other ships are well-suited for families. P&O Cruises (UK) has one new 3,647-passenger capacity ship, *Britannia*, scheduled to enter service in March 2015, which will grow its existing passenger capacity by 25%. *Britannia* will be the largest cruise ship built exclusively for the British market.

P&O Cruises (UK)'s ships visit over 200 destinations worldwide, with cruises generally from seven to 15 days, with a number of longer voyages, including three world cruises of over 80 days in 2014. In the summer, cruises generally depart from Southampton, England to the Mediterranean Sea, Scandinavia and the Baltic Sea, New England and Canada, the Atlantic Isles and the Caribbean. Beginning in the summer of 2014, *Ventura* will offer a new cruise program for its seven or 14 day voyages departing from Venice and Savona, Italy. In the winter of 2014, P&O Cruises (UK) offers cruises in the Caribbean, cruises departing from Southampton, England primarily to the Mediterranean Sea and the Canary Islands and world cruises.

P&O Cruises (UK)'s fleet reflects the tastes and trends of contemporary Britain in dining, entertainment, service and ambiance. This is enhanced through partnerships with British celebrity chefs Marco Pierre White, Atul Kochhar and Olly Smith, together with popular television programs, such as the British Broadcasting Corporation's *Strictly Come Dancing*. P&O Cruises (UK) provides an authentic, quality cruise experience and has an enviable reputation for trust and reliability, highlighted by high levels of customer loyalty.

CUNARD

Cunard, which was launched in 1840, operates three premium/luxury ships, *Queen Elizabeth*, *Queen Mary 2* and *Queen Victoria* and has one of the youngest fleets in the cruise business. During 2014, Cunard ships will principally sail a variety of seasonal itineraries in Northern Europe, the Mediterranean Sea and New England and Canada, as well as their iconic transatlantic voyages on *Queen Mary 2*. Most of Cunard's cruises are from seven to 14 days with three world cruises of over 105 days.

Cunard is an international cruise line that offers guests a unique experience that celebrates its British heritage. Cunard provides guests with the opportunity to relive the golden age of ocean travel featuring sophisticated five-star dining, luxurious accommodations and award-winning White Star Service. In addition, Cunard ships spotlight uniquely British shipboard amenities, such as libraries, traditional British pubs and theaters. Cunard ships also feature the Queen's Grill and Princess Grill categories, which are renowned for their extensive suites and intimate dining rooms. Cunard enjoys an enviable association with the British Royal Family. Her Majesty the Queen is Godmother to both *Queen Elizabeth* and *Queen Mary 2*. Together, these features further distinguish this historic brand from all others and have made Cunard ships the Most Famous Ocean Liners In The World℠.

2. Continental Europe

The main countries in continental Europe for sourcing cruise guests are Germany, Italy, France and Spain. Together, almost 3.5 million cruise guests were sourced from these countries for multi-night cruise vacations in 2012 and we estimate that approximately 3.6 million guests cruised in 2013. The German cruise industry reached more than 1.6 million guests in 2013 and is the second largest source market in Europe, after the UK. The Italian cruise industry is the third largest in Europe with 870,000 guests in 2013. The Spanish and French cruise industries are the fourth and fifth largest in Europe with 600,000 guests and 500,000 guests in 2013, respectively.

The primary sources for Costa's guests are from Italy, France and Germany, although it also sources a significant number of guests from China, Brazil and Argentina. AIDA sources substantially all of its guests from Germany and Ibero currently sources principally all of its guests from Spain and Argentina.

COSTA

Costa is Europe's largest cruise line based on guests carried and passenger capacity. It is also the number one cruise line in Italy and France and a leading cruise line in Germany. Costa has been providing cruises for 66 years and operates a fleet of 14 contemporary ships. Costa has one new 3,708-passenger capacity ship, *Costa Diadema*, scheduled to enter service in October 2014, which will grow its existing passenger capacity by 12%. In Germany, where we also own and operate AIDA, Costa offers a more traditional cruise product and services catering to an older age demographic, which differentiates its product offerings from AIDA.

Costa's 1.6 million guests in 2013 were sourced from over 200 countries. Costa calls on 250 ports around the world, with 150 different itineraries, with cruises generally from seven to 11 days. In the summer, Costa deploys its ships in the Mediterranean and Northern Europe areas. In the winter, Costa deploys its ships in Brazil and Argentina, the Mediterranean Sea, the Caribbean and the Arabian Gulf. See Part I, Item 1. Business. B. "Cruise Business – Asia" for additional discussion of Costa's operations in Asia.

During 2013, Costa expanded its international advertising campaign to support its sales activities. The campaign expresses Costa's brand position by perfectly combining "Sea, Ship, and Shore" in a new kind of holiday. Travelling on a Costa ship is seen as a personal journey, full of scents, taste sensations, scenery, places, cultures and the excitement of new destinations. The itinerary sets the cruise vacation apart not merely as a line connecting multiple destinations, but rather as a common theme linking the many new experiences awaiting discovery. Costa's website has also been enhanced to facilitate access to Costa's social media channels, such as "Costa Cruise Tips" where past guests can share their experiences and give recommendations and tips on its ships and destinations.

Costa's ships represent the best of Italy by offering beautiful Italian art, unique interior decorations with superb Italian mosaics, precious Murano chandeliers, fine Italian wines, excellent Mediterranean food selections and unique shops that carry well-known Italian fashion brands. Costa attracts international guests due to its multi-lingual service and is considered in Europe to be a top vacation provider. Costa is also known for offering innovative itineraries that combine the excitement of new destinations with pampering onboard service and ambiance. The spectacular Samsara spa wellness center includes a dedicated restaurant and cabins with direct access to the spa.

In November 2013, Costa announced the beginning of a new style of cruising onboard two of its smaller ships with the advent of Costa's neoCollection. The neoCollection cruises are an invitation to make the most of every minute and enjoy the holiday in a more leisurely way. This is a new type of Costa cruise experience that is tailored to suit individual tastes and allows each guest to go at their own pace, both onboard and ashore, making it an ideal vacation for couples and groups of friends. The cruise itineraries are exclusive with longer port calls and sailings to destinations inaccessible to larger cruise ships. The neoCollection cruises will offer a range of options, such as specially designed shore excursions for small groups and fine food and wine options based on the authentic cuisine of the regions visited. The neoCollection cruises will debut in February 2014 and offer 12 day itineraries to the most attractive destinations in the Mediterranean Sea during spring and summer, as well as 13 and 15 day cruises in Northern Europe during summer.

AIDA

AIDA, which began operating in 1996, is the leader and most recognized cruise brand in the German cruise industry. Germany is our fastest growing European market and AIDA is our fastest growing cruise brand. AIDA has taken delivery of seven ships in the past seven years including the 2013 delivery of *AIDAstella* and now operates ten contemporary ships. AIDA has one new ship scheduled to enter service in March 2015 and another one in March 2016, which together will grow its existing passenger capacity by 35%.

AIDA's two newbuilds are a new design, larger than AIDA's current generation of vessels and combine an advanced technological platform with innovative guest features. These 3,286-passenger capacity ships will also further develop AIDA's hallmark "Theatrium" and "Brauhaus" micro-brewery features. In 2013, AIDA refreshed its brand image to underline its leadership in the German speaking vacation market and highlighted its product's individuality, which is "Unique. Every time."

AIDA offers its guests cruises generally from five to 14 days, while calling on approximately 185 ports. In the summer, AIDA ships sail in the North Sea, the Baltic Sea, the Mediterranean Sea, the Black Sea and New England and Canada. In the winter, AIDA ships sail in the Caribbean, Central America, South America, Southeast Asia, the Atlantic Isles, the Western Mediterranean Sea and the Arabian Gulf.

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

IBERO

Ibero began operations in Spain in 2003. Ibero's two contemporary ships are especially tailored for Spanish-speaking guests, which includes a Spanish-speaking crew as well as Mediterranean and Spanish-style food and entertainment. One of Ibero's ships offers year-round Mediterranean Sea sailings ranging from seven to 11 days. Its other ship sails in the Mediterranean Sea from spring until fall while in the winter season its areas of operations are Argentina and Brazil.

b. Australia

Approximately 700,000 Australian and New Zealand guests took multi-night cruise vacations in 2012, and we estimate that 760,000 guests cruised in 2013. Of these 2013 guests, 72% sailed on Carnival Corporation & plc branded vessels. Cruising in Australia is an established alternative to land-based vacations. However, due to the favorable characteristics of the cruise industry, we expect increased demand in the cruise segment of the Australian vacation market. In 2014, we have dedicated six ships year round and three ships on a seasonal basis to serve this market through our P&O Cruises (Australia), Princess and Carnival Cruise Lines brands. Some of our other brands also source guests from Australia and New Zealand but to a lesser extent. Carnival Cruise Lines and Princess are primarily marketed in North America, so we consider them North America cruise brands for our cruise segment reporting, even though some of their ships are marketed principally to Australians and New Zealanders during certain deployments.

P&O CRUISES (AUSTRALIA)

P&O Cruises (Australia) is the leading Australian cruise line, recognized by nine out of ten Australians as the brand synonymous with cruising. With close to 260,000 guests annually, P&O Cruises (Australia) carried almost 35% of all Australia and New Zealand cruise guests on its three contemporary ships in 2013. Its ships offer cruises generally from three day themed seabreaks to ten day explorer trips for guests of all ages and have broad appeal to families, friends and couples.

P&O Cruises (Australia) sails to more South Pacific Island destinations than any other cruise line, which enables guests to discover the islands of the South Pacific from New Caledonia to Fiji. In 2013, remote idyllic parts of Papua New Guinea were also added to their itineraries. P&O Cruises (Australia) also offers year round itineraries to Australia's magnificent coast line and New Zealand.

With almost 80 years of cruising experience, P&O Cruises (Australia) provides a quintessential holiday experience for Australians and New Zealanders. The onboard atmosphere is laid back with a focus on great food, friendly service and exciting entertainment. In 2013, P&O Cruises (Australia) launched P&OEdge™, one of the most comprehensive adventure programs on the high seas. The P&OEdge™ program gives its guests the opportunity to climb, swing, race and jump their way to parts of the ship never seen before by guests. The activities, which include repelling, ziplining, tight-rope balancing, Segway obstacle courses, rock wall climbing and many more, have been specifically designed to make use of the ship's existing architecture to create one of the largest adventure parks at sea.

PRINCESS

In 2014, Princess will deploy two premium ships on a year-round basis and another two on a seasonal basis from Australia. During 2014, Princess will have the largest Australian and New Zealand passenger capacity deployment of any cruise brand. Princess' ships visit the South Pacific Islands, Australia, New Zealand and Asia and the cruises generally are from 11 to 17 days, with one world cruise of over 100 days.

CARNIVAL CRUISE LINES

In 2014, Carnival Cruise Lines will deploy one year-round ship and one seasonally-based ship from Australia. These ships offer cruises from eight to 12 days to the South Pacific Islands and New Zealand.

c. Asia

Although in the early stages of development, we believe the cruise segment of the Asian vacation markets has significant long-term potential for growth. Accordingly, we view Asia as an important part of our global strategy and remain committed to capacity growth focused on the emerging vacation markets in this region. Over the past two years, we have increased our presence in the region by opening 12 sales and marketing offices in six Asian countries and establishing a corporate office in Singapore.

1. China

We began sourcing guests from China in 2006. We source most of our Chinese guests from major cities, such as Shanghai, Beijing and Guangdong, which have a combined population of approximately 150 million people. Over the past decade China has been, by far, the world’s fastest growing tourism source market. China’s consumer expenditures on travel abroad reached over $100 billion in 2012, making it the number one tourism source market in the world based on spending, according to the United Nations World Tourism Organization. Tourism is one of the most rapidly growing sectors in the Chinese economy as Chinese discretionary income has increased at a compound average annual growth rate of over 10% over the past five years. More than 94 million Chinese tourists are expected to have travelled abroad in 2013. We believe the cruise segment of the Chinese vacation market has significant long-term growth potential given its early stage of development, the large and growing middle-class population, the easing of travel restrictions and expansion of international tourist travel. We serve this market substantially through our Costa and Princess brands although some of our other brands also source guests from China.

COSTA

Costa began its China operations in 2006 and was the first international cruise line to home port a ship there. Costa operates two contemporary ships from China that are primarily marketed to the Chinese and surrounding vacation markets. The second ship was deployed to China in May 2013 and more than doubled Costa’s capacity. These ships offer a unique product by providing a blend of both Italian-style hospitality, design, shopping experience and cuisine, as well as catering to Chinese-speaking guests’desires for local cuisine and entertainment, gaming options and well-known luxury brands in their retail shops.

Costa offers its guests cruises generally from four to seven days. One of its ships will offer cruises to South Korea year round. Costa’s other ship will also sail from China to South Korea from the spring through the fall months. During the winter months, it will sail from Singapore calling on ports in Malaysia and Thailand and from Hong Kong calling on ports in mainland China, Vietnam and the Philippines.

PRINCESS

In 2014, Princess will enter the cruise segment of the Chinese vacation market with its four-month deployment of the 2,678-passenger capacity *Sapphire Princess* on cruises departing from Shanghai. *Sapphire Princess* will bring a new international premium cruise experience to the Chinese vacation market with an onboard product that is customized to meet the needs of its Chinese guests. The 2014 China season will feature itineraries ranging from three to seven days and includes calls at several South Korean ports.

From fall 2014 to spring 2015, Princess will bring *Sapphire Princess* to Singapore in the largest deployment ever by a premium cruise line in the Southeast Asia region. *Sapphire Princess* will feature 15 cruises from three to 11 days, visiting seven countries and 16 ports including some of this region’s major cities such as Bangkok, Ho Chi Minh City and Kuala Lumpur, along with smaller, off-the-beaten path resort destinations including Penang, Ko Samui and Langkawai. Guests will be sourced from Singapore and throughout Asia, in addition to other international markets including Australia, North America and the UK.

2. Japan

Japan has the world’s eleventh largest population with 127 million people and fifth largest economy at $4.6 trillion. In addition, Japan has numerous highly developed ports-of-call with sight-seeing attractions, shopping, shoreside transportation and infrastructure making them one of the more attractive destinations in the Asia region. We believe the cruise segment of the Japanese vacation market has significant long-term growth potential given its early stage of development, relatively large market, with 25% of its population over 65 years old, developed economy and a relatively large number of interesting ports-of-call. We serve this market substantially all through Princess although some of our other brands also source guests from Japan.

PRINCESS

In April 2013, Princess entered the cruise segment of the Japanese vacation market with its three-month deployment of the 2,022-passenger capacity *Sun Princess* on cruises that departed from home ports in Yokohama and Kobe, Japan. This ship offers Princess' international products and services with Japanese touches to appeal to the tastes of its Japanese guests. In 2014, Princess will expand its Japanese deployments to two ships. One ship will offer cruises departing from Kobe and Otaru, Japan from April to August and the other ship will offer cruises departing from Yokohama, Japan from April to October. These 2014 cruises will range from seven to nine days. The two ships will visit Japan, South Korea, Taiwan and Russia.

V. Ships Under Contract for Construction

As of January 22, 2014, summary information of our ships under contract for construction is as follows (a):

Cruise Brands and Ships	Expected Service Date (b)	Passenger Capacity
North America		
Carnival Cruise Lines		
Carnival Vista	4/16	3,972
Holland America Line		
Newbuild	2/16	2,660
Princess		
Regal Princess	5/14	3,560
Seabourn		
Newbuild	6/16	604
North America Cruise Brands		10,796
EAA		
AIDA		
AIDAprima	3/15	3,286
Newbuild	3/16	3,286
Costa		
Costa Diadema	10/14	3,708
P&O Cruises (UK)		
Britannia	3/15	3,647
EAA Cruise Brands		13,927
		24,723

(a) Our ship construction agreements cannot be cancelled by either party without cause, and such cancellation will subject the defaulting party to contractual liquidated damages.

(b) The expected service date is the month that the ship is currently expected to begin its first revenue generating cruise. All of our ship construction contracts except AIDA's are with Fincantieri in Italy. Our AIDA ship construction contracts are with Mitsubishi Heavy Industries in Japan.

VI. Cruise Ports and Destination Developments

Our cruise brands provide guests with unique vacation experiences and additional home and transit ports through the development and management of new or enhanced cruise port facilities. Our involvement is usually in cooperation with governmental entities and typically includes providing development and management expertise and financial commitments that are connected to long-term port usage and preferential berthing agreements. However, sometimes we provide direct financial support or develop the port infrastructure ourselves, including the development and operation of mixed-use commercial properties.

During 2013, we were in various stages of involvement with the development, enhancement and/or financing of government-owned and operated cruise port facilities in Galveston, Texas; Miami, Florida; New York City, New York; Port Everglades, Florida; San Juan, Puerto Rico and St. Maarten, Kingdom of the Netherlands. We also operate leased or owned port facilities or have interests in joint ventures that operate leased or owned port facilities in Barcelona, Spain; Civitavecchia, Naples, Savona and Trieste, Italy; Hamburg, Germany; Juneau, Alaska; Long Beach, California and Marseilles, France for the benefit of our cruise brands.

We also operate leased or owned port facilities that we have developed as destinations in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands and Roatán, Honduras, as well as private island destinations in The Bahamas primarily for the benefit of our North America cruise brands. We are also developing a port facility destination in Puerto Plata, Dominican Republic, known as Amber Cove, that is expected to be operational in 2015. These destinations offer a variety of features, including shore excursions, cultural and historic exhibits, water sports, beaches, duty-free shopping and a variety of themed-dining options. These features come together to make each of these ports-of-call an all-encompassing unique vacation experience.

VII. Cruise Ship Repair Facility

We own a 40% interest in Grand Bahamas Shipyard Ltd. ("GBSL"), which is the largest cruise ship dry-dock repair facility in the world, to support our ship repair and maintenance programs. We utilize this facility, as well as other ship repair facilities, for our dry-dockings. This repair facility, located in Freeport, Grand Bahamas, has three dry-docks and can accommodate almost all of our ships. As a result, our North America brand ships based in the Caribbean primarily use this facility given its proximity to their home ports. During 2013, we had 13 ships serviced at this facility. In addition, unaffiliated cruise ships and other types of ships, such as cargo and oil and gas tankers, were serviced at this facility. GBSL generated total revenues of over $60 million in 2013, with a large portion being derived from work on our cruise ships.

Royal Caribbean Cruises Ltd. ("RCCL"), our largest cruise competitor, also owns a 40% interest in GBSL and an unaffiliated entity owned by Grand Bahamas Port Authority owns the remaining 20%. We account for our investment in GBSL using the equity method, with our share of income or loss recorded in other nonoperating income or expense. Our total net investment in, including notes receivable from GBSL was $71 million at November 30, 2013. GBSL had an aggregate of $102 million of outstanding debt to RCCL and us at November 30, 2013.

VIII. Cruise Pricing and Payment Terms

Each of our cruise brands publishes prices for the upcoming seasons primarily through the internet, although published materials such as brochures and direct mailings are also used. Our brands have multiple pricing levels that vary by cruise line, by category of cabin, by ship, by season, by duration and by itinerary. Cruise prices frequently change in a dynamic pricing environment. Some cruise prices are reduced through special promotions and early booking, past guest recognition and other programs. Conversely, some cruise prices are increased due to higher demand.

Our bookings are generally taken several months in advance of the cruise departure date. Typically, the longer the cruise itinerary the further in advance the bookings are made. This lead time allows us to manage our prices in relation to demand for available cabins through the use of advanced revenue management capabilities and other initiatives, with the strategy of filling our ships while achieving the highest possible overall net revenue yields. In addition, we have the ability to change ship itineraries and cruise durations over time to maximize our net revenue yields. See "Key Performance Non-GAAP Financial Indicators" in our Management Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 to this Form 10-K for a discussion of net revenue yields.

The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment such as the use of, or admission to, a wide variety of activities and facilities including nightclubs, lounges, bars, theatrical shows, movies, comedy and music acts, parties, supervised youth programs, swimming pools, water slides, water parks, whirlpools, saunas, a health club, a jogging track, basketball, table tennis, sun decks, libraries, cooking demonstrations and a planetarium. Our brands' payment terms generally require that a guest pay a deposit to confirm their reservation and pay the balance due before the departure date. In addition, some of our European brands extend certain of their travel agents and tour operators with credit that allow them to pay us a certain period of time after they collect cruise ticket payments from our guests but typically prior to sailing.

Our guests are subject to a cancellation fee if they cancel their cruise within a pre-defined period before sailing, unless they purchase a vacation protection premium for the ability to obtain a refund. We include this cancellation fee income in cruise passenger ticket revenues upon cancellation. Guests who pay a vacation protection premium will receive all or a portion of their deposit value back in cash or in the form of a future cruise credit, in accordance with the terms of the programs. We include this vacation protection premium in other cruise revenues.

As a convenience to our guests, we offer to arrange air transportation to and from airports near the ship's home port. When a guest elects to purchase air transportation from us, both our revenues and expenses generally increase by approximately the same amount. Air transportation prices typically vary by gateway, ticket class, destination and other ticket restrictions. In 2013, approximately 10% of our guests purchased air transportation from us. In order to increase the level of our air transportation services, certain of our brands offer an air program that includes competitive air prices (for both restricted/non-refundable and flexible fares) and provides our guests with next port protection, which enables them to get to the next appropriate cruise port at no additional air cost if they miss their original port embarkation due to airline delays or other airline service disruptions. In addition, for some of our European brands' cruise itineraries we charter aircraft to facilitate our guests' travel to distant locations. We also offer ground transfers from and to the airport near the ship's home port as part of our transfer programs. When a guest elects to purchase these transfer services these revenues are included in cruise passenger ticket revenues.

IX. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. In 2013, we earned 23% of our revenues from onboard and other revenue activities and services not included in the cruise ticket price including substantially all liquor and some non-alcoholic beverage sales, casino gaming, shore excursions, gift shop sales, photo sales, full service spas, communication services, a wide variety of dining options, art sales and laundry services. Our brands are always working on innovative ways to enhance our guests' onboard experience and increasing our onboard revenues, such as offering all-inclusive beverage packages and prepaid gift cards. We use various marketing and promotional tools and are supported by point-of-sale systems permitting "cashless" transactions for the sale of these onboard and other products and services. As a convenience to our guests, all our brands allow their guests to pre-book, and in some cases pre-pay, certain of their onboard and other revenue-producing activities in advance of the cruise.

We offer a variety of shore excursions at each ship's ports-of-call that include general sightseeing, cultural tours, adventure outings and local boat rides and beach experiences. We typically utilize local operators who provide shore excursions with guides who speak the same languages as most of our shore excursion guests. For our sailings to destinations in Alaska, shore excursions are operated by Holland America Princess Alaska Tours or provided by local operators. We also offer revenue-producing activities on the private islands and port destinations that we operate that include beach bars and restaurants, water sports, sky lifts, cabana rentals and a surf rider attraction.

Our casinos are all owned and operated directly by us and are equipped according to the needs of the individual brands, ships and itineraries. We offer a wide variety of slot and gaming machines and a diverse mix of both traditional and specialty table games designed to meet the needs of our guests. The casinos are only open when our ships are at sea in international waters or when otherwise permitted by law.

In conjunction with our cruise vacations, many of our cruise brands sell pre-and post-cruise land packages of one to four days that include guided tours, hotel accommodations and related transportation services. In Alaska and the Canadian Yukon, we utilize, to a large extent, our own hotel and transportation assets. The land portion of these Alaska and Yukon vacations vary in length from three to 13 days.

X. Sales Relationships

We sell our cruises mainly through travel agents, including retail, online, and home-based agents, as well as wholesalers, general sales agents and tour operators that serve our guests in their local markets. Travel agents are an integral part of our long-term cruise distribution network and are critical to our success. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands. Our travel agent relationships are generally not exclusive and travel agents generally receive a base commission, plus the potential of additional commissions based on the achievement of pre-defined sales volumes. Most travel agents also sell cruises and other vacations provided by our competitors. We utilize local sales teams to motivate travel agents to support our products and services with competitive sales and pricing policies and joint marketing and advertising programs. We also employ a wide variety of trade marketing techniques, including websites, training seminars and videos, to familiarize agents with our cruise brands and their products and services. Substantially all of our cruise brands offer interactive online and other education courses for travel professionals who want to continue learning about the cruise industry and how to effectively sell our cruise products and services. During fiscal 2013, no controlled group of travel agencies accounted for 10% or more of our revenues.

We are a customer service driven company and continue to invest in our service organization to assist travel agents and guests. We believe that our support systems and infrastructure are among the strongest in the vacation industry. Our investment in customer service includes the development of employees, processes and systems. We continually improve our systems within the reservations and customer relationship management functions, emphasizing the continuing support and training of the travel agency community, while simultaneously developing greater contact and interaction with our guest base.

All of our brands have developed internet booking engines to allow travel agents to book our cruises. We also support travel agent booking capabilities through global distribution systems. We estimate that almost 75% of our bookings from travel agents are made electronically.

All of our cruise brands have their own consumer websites that provide access to information about their products and services to users and enable their guests to quickly and easily book cruises and other products and services online. These sites interface with their social networks, blogs and other social media sites. We also employ vacation planners who support our direct sales initiatives by offering our guests cruise planning expertise and other services.

XI. Marketing Activities

Guest feedback and research is a critically important element in the development of our overall marketing and business strategies. We measure and evaluate key drivers of guest loyalty and satisfaction that provide valuable insights about the cruise experience. We regularly initiate customer research studies among guests, travel agents, tour operators and others to assess the impact of various programs and to solicit feedback to help make business decisions.

Each of our brands has comprehensive marketing and advertising programs to promote their products and services to vacationers and travel agents in their source markets. Each brand's marketing activities are designed to reach a local market in the local language. The principal mediums used for marketing and advertising are television, magazine, online, social media, direct mail, e-mail, brand websites, radio and outdoor billboards.

We continue to expand our marketing efforts to attract new guests online by leveraging the reach and impact of digital marketing and social media, such as Facebook, Twitter, YouTube, Blog, Google+, Flickr, Instagram and Pinterest. This helps us cultivate guests as fans of our brands, ships, itineraries and onboard products and services. In 2013, we had almost 7.5 million "Likes" on Facebook for all our brands. We also have blogs hosted by ship captains, cruise and entertainment directors, executive pursers and special guests. We use Twitter to enhance our customer service and as part of our public relations strategies to inform the press, popular bloggers, fans and brand advocates of new developments and breaking news stories.

All of our cruise brands offer past guest recognition programs that reward repeat guests with special incentives such as reduced fares, gifts, onboard activity discounts, expedited ship embarkation and disembarkation and special onboard activities. In addition, some of our brands offer private-label credit cards to their guests, which accumulate award points for them to redeem for our products and services, and also provide other loyalty benefits. We earn revenue from the credit card providers based principally on new card issuances and the volume of purchases through these credit cards that is included in our other revenues. Our cruise brands continue to offer new enhancements and benefits to their past guest recognition programs.

XII. Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

XIII. Competition

We compete with land-based vacation alternatives throughout the world, such as hotels, resorts (including all-inclusive resorts), theme parks, organized tours, casinos and vacation ownership properties. Our principal cruise competitors are RCCL, Norwegian Cruise Line and MSC Cruises. RCCL owns Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, CDF Croisieres de France and Pullmantur. RCCL and TUI AG, the leading German tour operator, jointly own TUI Cruises, a German cruise competitor. Over 80% of all 2013 global cruise guests sailed with these competitors and us.

XIV. Governmental Regulations

a. Maritime Regulations

1. General

Our ships are regulated by various international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements, we could be fined or otherwise sanctioned by regulators. We are committed to complying with, or exceeding, all relevant maritime requirements.

Our ships are registered, or flagged, in The Bahamas, Bermuda, Italy, Malta, the Netherlands, Panama, Portugal and the UK, which are also referred to as Flag States. They are regulated by these Flag States through international conventions that govern health, environmental, safety and security matters in relation to our guests, crew and ships. Representatives of each Flag State conduct periodic inspections, surveys and audits to verify compliance with these requirements. In addition, we are subject to the decrees, directives, regulations and requirements of the European Union ("EU"), the U.S. and more than 500 other international ports that our ships visit every year.

Our ships are also subject to periodic class surveys, including dry-docking inspections, by ship classification societies to verify that our ships have been maintained in accordance with the rules of the classification societies and that recommended repairs have been satisfactorily completed. Class certification is one of the necessary documents required for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. Dry-dock frequency is a statutory requirement mandated by the International Convention for the Safety of Life at Sea ("SOLAS"). Our ships dry-dock once or twice every five years, depending on the age of the ship. Dry-docking, which requires that the ship be temporarily taken out-of-service, typically lasts for one or more weeks depending on the amount of work performed. Significant dry-dock work includes hull inspection and related activities, such as scraping, pressure cleaning and bottom painting and maintenance of steering equipment, propulsion engines, stabilizers, thruster equipment and ballast tanks. While the ship is out of the water in dry-dock, we also perform other repairs and maintenance and ship improvement work. To the extent practical, each ship's crew including the hotel staff remain with the ship during the dry-dock period and assist in performing repair and maintenance work or participate in occupation, safety or other training.

As noted above, our ships are subject to inspection by the port regulatory authorities, which are also referred to as Port State Control, in the various countries that they visit. Such inspections include verification of compliance with the maritime safety, security, environmental, customs, immigration, health and labor requirements applicable to each port, as well as with international requirements. Many countries have joined together to form regional port regulatory authorities. Agreements have been signed covering Europe and the North Atlantic, Asia and the Pacific, Caribbean, West and Central Africa, the Black Sea region, the Mediterranean Sea, the Indian Ocean and other areas. In U.S. ports, these authorities include the U.S. Coast Guard and U.S. Customs and Border Protection and in Canada, the Canadian Coast Guard. In Italian ports these authorities include the Italian Coast Guard, Maritime Health and the State Police. In UK ports, these authorities include the UK Maritime & Coastguard Agency, the Department for Transport's Transport Security team, otherwise known as TRANSEC, and the Port Health Authority.

Although not required by regulations, we voluntarily publish Sustainability Reports that address governance, commitments, stakeholder engagement, environmental, labor, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which can be viewed at www.carnivalcorp.com and www.carnivalplc.com, were developed in accordance with the Sustainability Reporting Guidelines established by the Global Reporting Initiative, the global standard for reporting on environmental, social and governance policies, practices and performance.

In 2006, our Boards of Directors established board-level Health, Environment, Safety & Security Committees ("HESS Committees"), which are currently each comprised of three independent directors. The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor our health, safety, security and sustainability-related policies, programs and initiatives at sea and ashore and compliance with related legal and regulatory requirements. The HESS Committees and our management team reviews all significant risks or exposures and associated mitigating actions. We continue to be committed to implementing practical measures to manage identified risks effectively. To ensure that we are compliant with these requirements and that these areas of our business operate in an efficient manner we continue to, among other things:

- Provide regular health, environmental, safety and security support, training, guidance and information to guests, employees and others working on our behalf,
- Develop and implement effective and verifiable management systems to realize our health, environmental, safety and security commitments,
- Perform regular shoreside and shipboard audits and take prompt action when deficiencies are identified,
- Report and investigate all health, environmental, safety and security incidents and take appropriate action to prevent recurrence,
- Identify those employees responsible for managing health, safety, environment, security and sustainability programs and ensure that there are clear lines of accountability and
- Identify the aspects of our business that impact the environment and continue to take appropriate action to minimize that impact.

We believe maritime safety, security, environmental, sustainability, health and labor issues will continue to be areas of focus by relevant government authorities where our cruise ships operate and, accordingly, we will likely be subject to increasing compliance costs in the future.

2. Maritime Safety Regulations

The International Maritime Organization ("IMO"), a specialized agency of the United Nations, has adopted safety standards as part of SOLAS, which apply to all of our ships. Among other things, SOLAS establishes requirements for vessel design, structural features, construction and materials, refurbishment standards, life-saving and other equipment, fire protection and detection, safe management and operation and security in order to help ensure guest and crew safety and security. All of our crew undergo regular safety training that meets or exceeds all international maritime regulations. SOLAS requirements are periodically revised and apply to ships under construction as well as to existing ships.

SOLAS requires implementation of the International Safety Management Code ("ISM Code"), which provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code is mandatory for passenger vessel operators. Under the ISM Code, vessel operators are required to develop a Safety Management System ("SMS") that includes, among other things, the adoption of a safety and environmental protection policies setting forth instructions and procedures for operating vessels safely and describing procedures for responding to emergencies and protecting the environment. The ISM Code also requires that vessel operators obtain a Document of Compliance ("DOC") as well as a Safety Management Certificate ("SMC") for each vessel they operate. These documents are issued by the vessel's Flag State and evidence our compliance with the SMS. Such DOCs and SMCs must be verified or renewed periodically in accordance with the ISM Code. All of our shoreside and shipboard operations and ships are regularly audited by the national authorities and maintain the required certificates of compliance in accordance with the ISM Code.

In December 2012, we completed a comprehensive audit and review of our safety and emergency response policies and procedures in consultation with third-party safety experts. This wide-ranging review reinforced our commitment to the safety of our guests and crew and recommended the:

- Expansion and acceleration of training of our bridge and engine room officers in maritime related best practices at our training facilities in Almere, the Netherlands and Rostock, Germany, which opened in 2009 and 2011, respectively,
- Expansion of our existing oversight function to monitor bridge operations, modified policies across all the health, environment, safety and security disciplines and created a process for continuous improvement in the safety of our operations,
- Restructuring of our existing health, environment, safety and security audit function and
- Further standardization of our detailed bridge and engine resource management procedures on all of our ships.

As members of the Cruise Lines International Association ("CLIA"), the global cruise business trade association, we have agreed to and are implementing policies that were identified as part of CLIA's Cruise Industry Operational Safety Review. These policies include passenger muster, passage planning, personnel access to the bridge, excess life jackets, recording the nationality of passengers, common elements of musters and emergency instructions, lifeboat loading for training purposes, harmonization of bridge procedures, location of lifejacket storage and securing heavy objects. Further details on the above policies can be found on the CLIA website at www.cruising.org/regulatory/cruise-industry-policies/cruise-industry-operational-safety-review.

3. Maritime Security Regulations

Our ships are subject to various security requirements. These requirements include the International Ship and Port Facility Security Code, which is part of SOLAS, the U.S. Maritime Transportation Security Act of 2002, which addresses port and waterway security and the U.S. Cruise Vessel Security and Safety Act, which applies to all of our ships that embark or disembark passengers in the U.S. These regulations require that, among other things, we implement specific security measures, including onboard installation of a ship security alert system, conduct vessel security assessments, identify and deter security threats, conduct training, drills and exercises and develop security plans that may include guest, vehicle and baggage screening procedures, security patrols, establishment of restricted areas, personnel identification procedures, access control measures and installation of surveillance equipment. We are in compliance with these maritime security regulations.

4. Maritime Environmental Regulations

We are subject to numerous international, national, state and local environmental laws, regulations and treaties that govern, among other things, air emissions, waste discharges, water management and disposal, and the storage, handling, use and disposal of hazardous substances such as chemicals, solvents and paints. In addition to the existing legal requirements, we are committed to helping to preserve the environment and, in particular, the health of the world's oceans as the success of our business is dependent on them. We have made, and will continue to make, capital and other expenditures to comply with environmental laws, regulations and treaties.

Our environmental efforts are focused on, among other things, reducing emissions such as greenhouse gases ("GHGs") (for example, carbon dioxide ("CO_2") or carbon dioxide equivalents ("CO_2e")), sulfur oxide ("SOx") and nitrogen oxide ("NOx"). These emissions result from the combustion of the marine fuels consumed by our ships, which accounts for substantially all of our total GHG and other emissions. Further, reducing fuel consumption continues to be one of our most important cross-brand initiatives, which has and will continue to help reduce emissions and mitigate the impact of high fuel prices. We have and will continue to implement our energy-saving strategy through our environmental management systems. This strategy includes installing some of the best available energy reduction technologies on our ships, such as propulsion and cooling systems, and evaluating alternative fuels and emission reduction technologies. In addition, we are designing more energy efficient ships that will enter our fleet in the future, while continuing to reduce the fuel consumption of our existing fleet.

We measure our ability to use direct energy efficiently by calculating the amount of primary source energy we consume. We have achieved a 21% cumulative reduction in unit fuel consumption since 2007 and look to further manage and reduce our fuel consumption costs in the future. We control our GHG and other emissions by managing our energy consumption. Our ship fuel consumption and emission rates and our total ship fuel GHG emissions are as follows:

Measure	Units	2013	2012	2008	Percentage Change Since 2012	Percentage Change Since 2008
Ship Fuel Consumption Rate	Grams Fuel/ALB-KM (a)	89	92	104	(3.3%)	(14.4%)
Ship Fuel GHG Emission Rate	Grams CO_2e/ALB-KM (b)	280	289	327	(3.1%)	(14.4%)
SOx Emission Rate	Kg SOx/NM (c)	(e)	13.6	16.1	(e)	(15.5%) (e)
NOx Emission Rate	Kg NOx/NM (c)	(e)	22.8	24.8	(e)	(8.1%) (e)
Total Ship Fuel GHG Emissions (in millions)	Tonnes CO_2e (d)	10,285	10,562	10,002	(2.6%)	2.8%

(a) We measure and report the fuel consumption rate in terms of grams of fuel per available lower berth kilometer ("ALB-KM"). This indicator enables us to make meaningful fuel consumption comparisons that take into account changes in fleet size, itineraries and passenger capacity.

(b) We measure and report the fuel GHG emission rate in terms of grams of CO_2e per ALB-KM. This indicator enables us to make meaningful GHG emission reduction comparisons that take into account changes in fleet size, itineraries and passenger capacity.

(c) We measure emission rates in terms of total kilograms ("Kg") of emissions per nautical mile ("NM"). Using an emission rate normalized by distance travelled allows us to compare our pollutant reduction efforts over the reporting periods.

(d) GHG emission data collection and calculations were performed in accordance with our GHG Inventory Management Plan, the Greenhouse Gas Protocol and ISO 14064-3:2006.

(e) Information for 2013 is not available as of January 29, 2014. Percentage reduction presented is from 2008 to 2012.

i. International Regulations

The principal international convention governing marine pollution prevention and response is the IMO's International Convention for the Prevention of Pollution from Ships ("MARPOL"). MARPOL includes requirements designed to prevent and minimize both accidental and operational pollution by oil, sewage, garbage and air emissions. To further these objectives, MARPOL sets forth specific requirements related to vessel operations, equipment, recordkeeping and reporting that are designed to prevent and minimize pollution. All of our ships must carry an International Oil Pollution Prevention Certificate, an International Sewage Pollution Prevention Certificate, an International Air Pollution Prevention Certificate and a Garbage Management Plan. The ship's Flag State issues these certificates, which evidence their compliance with the MARPOL regulations regarding prevention of pollution by oil, sewage, garbage and air emissions. Certain jurisdictions have not adopted MARPOL but have established various national, regional or local laws and regulations to address these issues.

As noted above, MARPOL governs the prevention of pollution by oil from operational measures, as well as from accidental discharges. MARPOL requires that discharges of machinery space bilge water pass through pollution prevention equipment that separates oil from the water and monitors the discharge to ensure that the effluent does not exceed 15 parts per million of oil. Our ships must have oily water separators with oil content monitors installed and must maintain a record of certain engine room operations in an Oil Record Book. MARPOL also requires that our ships have Shipboard Oil Pollution Emergency Plans.

MARPOL also governs the discharge of sewage from ships and contains regulations regarding the ships' equipment and systems for the control of sewage discharge, the provision of facilities at ports and terminals for the reception of sewage and requirements for survey and certification. The MARPOL amendment making the Baltic Sea a "Special Area" where sewage discharges from passenger ships are restricted entered into force on January 1, 2013. However, this amendment will only take effect upon notification of the existence of adequate reception facilities from countries whose coastlines border the Baltic Sea Special Area. The date these amendments will take effect is uncertain as the underlying requirements have not yet been finalized. These new requirements may affect our operations unless suitable port waste facilities are available or new technologies for onboard waste treatment are developed. The cost of complying with these new requirements is not determinable at this time.

MARPOL also governs the discharge of garbage from ships and requires a Garbage Management Plan and a Garbage Record Book. New regulations addressing garbage management went into effect on January 1, 2013. The most significant change in the new regulations is the prohibition on the discharge of all garbage unless the discharge is expressly provided for under the regulations. The cost of offloading garbage increased in 2013 as a result of these new requirements.

Furthermore, MARPOL addresses air emissions from vessels, establishes requirements for the prevention of air pollution from ships to reduce emissions of SOx, NOx and particulate matter. It also contains restrictions on the use of ozone depleting substances ("ODS") and requires the recording of ODS use, equipment containing ODS, the emission of ODS and the disposal of equipment containing ODS from ships. Finally, additional MARPOL requirements are discussed below in Section iv. "Low Sulfur Fuel Regulations."

As a means of managing our environmental compliance, we adhere to standards set by the International Organization for Standardization ("ISO"), an international standard-setting body, which produces worldwide industrial and commercial standards. Our environmental management systems and ships are certified in accordance with ISO 14001, the environmental management standard that was developed to help organizations manage the environmental impacts of their processes, products and services. By presenting a structured approach to setting environmental objectives and targets, ISO 14001 provides a framework for any organization to apply these broad conceptual tools to their own processes.

ii. U.S. Federal and State Regulations

The Act to Prevent Pollution from Ships, authorizes the implementation of MARPOL in the U.S. and imposes numerous requirements on our ships, as discussed above. Administrative, civil and criminal penalties may be assessed for violations.

The Oil Pollution Act of 1990 ("OPA 90") established a comprehensive federal liability regime, as well as prevention and response requirements, relating to discharges of oil in U.S. waters. The major requirements include demonstrating financial responsibility up to the liability limits and having oil spill response plans in place. We have Certificates of Financial Responsibility that demonstrate our ability to meet the maximum amount of OPA 90 related liability that our ships could be subject to for removal costs and damages, such as from an oil spill or a release of a hazardous substance. Under OPA 90, owners or operators of vessels operating in U.S. waters must file vessel response plans with the U.S. Coast Guard and must operate in compliance with these plans. Our vessel response plans have been submitted to the U.S. Coast Guard and we operate in accordance with our plans. As OPA 90 expressly allows coastal states to impose liabilities and requirements beyond those imposed under federal law, many U.S. states have enacted laws more stringent than OPA 90. Some of these state laws impose unlimited liability for oil spills and contain more stringent financial responsibility and contingency planning requirements, of which we are in compliance.

The Clean Water Act ("CWA") and other laws and regulations provide the U.S. Environmental Protection Agency ("EPA") with the authority to regulate commercial vessels' incidental discharges of ballast water, bilge water, gray water, anti-fouling paints and other substances during normal operations within the U.S. three mile territorial sea and inland waters.

Pursuant to the CWA authority, the U.S. National Pollutant Discharge Elimination System was designed to minimize pollution within U.S. territorial waters. For our affected ships, all of the requirements are laid out in the Vessel General Permit ("VGP"), which is an EPA requirement. The VGP establishes effluent limits for 26 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, the VGP includes requirements for inspections, monitoring, reporting and record-keeping.

Our operations generate and require the transportation and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act. In general, vessel owners are required to determine if their wastes are hazardous, comply with certain standards for the proper management of hazardous wastes and use hazardous waste manifests for shipments to disposal facilities.

In 1996, the U.S. National Invasive Species Act ("NISA") was enacted in response to growing reports of harmful organisms being released into U.S. waters through ballast water taken on by vessels in foreign waters. The U.S. Coast Guard adopted regulations under NISA in July 2004 that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water onboard the vessel or by using environmentally sound ballast water treatment methods approved by the U.S. Coast Guard.

The U.S. Coast Guard issued a final rule, which went into effect in June 2012, establishing standards for the allowable concentration of living organisms in ballast water discharged in U.S. waters and requiring the phase-in of U.S. Coast Guard approved ballast water management systems. The standards are equivalent to those in the IMO convention. In most cases, affected vessels will be required to install and operate a ballast water management system that has been approved by the U.S. Coast Guard. A vessel's compliance date varies based upon the date of construction and ballast water capacity. New ships constructed on or after December 1, 2013 must comply with these standards on delivery. Existing ships must comply by their first dry-dock after January 1, 2014 or 2016, depending on the ships' ballast water capacity. However, as of January 22, 2014, no ballast water management systems have been approved by the U.S. Coast Guard and, accordingly, they are granting exemptions from this rule.

Most U.S. states that border navigable waterways or sea coasts have also enacted environmental regulations that impose strict liability for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law and in some cases have no statutory limits of liability.

The state of Alaska enacted legislation that prohibits certain discharges in designated Alaskan waters and sets effluent limits on others. Further, the state requires that certain discharges be reported and monitored to verify compliance with the standards established by the legislation. Both the state and federal environmental regimes in Alaska are more stringent than the U.S. federal requirements with regard to discharge from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters.

iii. EU Regulations

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

The European Commission's ("EC") strategy is to reduce atmospheric emissions from seagoing ships. The EC strategy seeks to implement SOx Emission Control Areas set out in MARPOL, as discussed below. In addition, the EC goes beyond the IMO by requiring the use of low sulfur (less than 0.1%) marine gas oil while in EU ports.

iv. Low Sulfur Fuel Regulations

MARPOL Annex VI, which addresses air emissions from vessels, requires the use of low sulfur fuel worldwide in both auxiliary and main propulsion diesel engines on ships. Annex VI also specifies requirements for Emission Control Areas ("ECAs") with stricter limitations on sulfur emissions in these areas. Ships operating in the Baltic Sea ECA, the North Sea/English Channel ECA and the North American ECA are required to use fuel with a sulfur content of no more than 1% or use alternative emission reduction methods rather than the current 3.5% global limit. Beginning in January 2014, the area that extends approximately 50 miles off the coasts of Puerto Rico and the U.S. Virgin Islands has also become an ECA ("U.S. Caribbean ECA"), but we do not believe this will result in a significant impact on our fuel costs. From January 2015 and thereafter, the fuel sulfur content limit in ECAs will be further reduced to 0.1% ("2015 ECA").

The MARPOL global limit on fuel sulfur content outside of ECAs will be reduced to 0.5% on and after January 2020. The 0.5% global standard will be subject to an IMO review by 2018 to determine the availability of fuel oil to comply with this standard, taking into account the global fuel oil market supply and demand, an analysis of trends in fuel oil markets and any other relevant issues. If the IMO determines that there is insufficient fuel to comply with the 0.5% standard in January 2020, then this requirement will be delayed to January 2025, at the latest. However, the European Union Parliament and Council have set 2020 as the final date for the 0.5% fuel sulfur limit to enter force, regardless of the 2018 IMO review results. This European Union Sulfur Directive will cover European Union Member State territorial waters that are within 12 nautical miles of their coastline.

In conjunction with an affiliate we have and will continue to develop and test scrubber designs that we believe will reduce the sulfur emission levels of our higher sulfur bunker fuel to or below the levels required under the current and 2015 ECAs. Furthermore, we have received an exemption for 32 ships that regularly sail within the North American and U.S. Caribbean ECA that will delay the requirements to comply with the 2015 ECA limits through agreed upon dates ending in 2016. We expect to install scrubbers on most of our ships between 2014 and 2016. As a result of installing these scrubbers, we believe the cost of complying with the 2015 ECA sulfur emission requirement will not be significant to our results of operations.

In regards to the 2020 MARPOL global requirements outside of ECAs, we currently plan on installing additional scrubbers on our ships between 2017 and 2019 in order to comply with these requirements. We expect that as a result of installing these scrubbers, the cost of complying with the 2020 MARPOL global requirements will also not be significant to our results of operations.

Beyond scrubber technology, as part of our emission abatement program, we have continued our work with local port authorities and/or the EPA to help promote the development of shore power connections in Juneau, Alaska; Long Beach, Los Angeles, San Francisco and San Diego, California; Seattle, Washington and Vancouver, British Columbia and have equipped 21 ships with shore power technology. We expect to work with other port authorities in the future to implement additional shore power connections. This technology enables our ships to use power from the local electricity provider rather than running their engines while in port to power their onboard services, and thus reducing our air emissions. Similarly, in an effort to continue our commitment to sustainability and to playing a leading role in matters of environmental protection in the cruise ship industry, AIDA launched a pilot project using a liquefied natural gas ("LNG") hybrid barge for ecologically friendly and flexible power supply as an alternative to shore power, while its ships are moored in the port of Hamburg, Germany.

In the long-term, the cost impacts of achieving progressively lower sulfur emission requirements may be further mitigated by the favorable impact of future changes in the supply and demand balance for marine and other fuels, future developments of and investments in improved sulfur emission abatement technologies, the use of alternative lower cost and lower emission fuels, such as LNG at sea and in port, and our continued efforts to improve the overall fuel efficiency across our fleet. Since 2007, we have achieved a 21% cumulative reduction in unit fuel consumption by focusing on the following:

- efficiency improvements in the areas of hull coatings
- improved engine performance
- more efficient air conditioning
- more efficient LED lighting
- more advanced engine designs
- more efficient propeller designs
- more efficient pumps and ventilation
- new itineraries
- reduction in ship speeds
- increased energy use awareness and training

v. Greenhouse Gas Emissions

We have voluntarily set a reduction target of 20% from our 2005 baseline of CO_2 emission rate from shipboard operations by 2015. We have already reached a reduction of almost 19%. We have established objectives, targets and plans within their respective ISO 14001 environmental management systems to reduce fuel consumption rates and resulting CO_2 emission rates.

We voluntarily participated in the Carbon Disclosure Project ("CDP"), which provides visibility of companies' carbon footprints and activities regarding carbon emissions. The CDP rates companies on the depth and scope of their disclosures and the quality of their reporting. Our submission included details of our most recently compiled emissions data and reduction efforts, along with our completion of an independent, third-party verification of our GHG emissions inventory.

In January 2013, the IMO approved measures to reduce emissions of GHGs from international shipping by adopting technical and operational measures for all ships. The technical measures apply to the design of new vessels, and the operational reduction measures apply to all vessels. We are in compliance with these measures.

5. Maritime Health Regulations

We are committed to providing a healthy environment for all of our guests and crew. We collaborate with public health inspection programs throughout the world, such as the Centers for Disease Control and Prevention in the U.S., the SHIPSAN Project in the EU and the National Health Surveillance Agency in Brazil to ensure that development of these programs leads to enhanced health and hygiene onboard our ships.

Through our collaborative efforts, we work with the authorities to develop and revise guidelines, review plans and conduct on-site inspections for all newbuilds and significant existing ship renovations. In addition, we continue to maintain our ships by meeting, and often exceeding, applicable public health guidelines and requirements, complying with inspections, reporting communicable illnesses and conducting regular crew training and guest education programs.

6. Maritime Labor Regulations

In 2006, the International Labor Organization, an agency of the United Nations that develops and oversees international labor standards, adopted a Consolidated Maritime Labor Convention ("MLC 2006"). MLC 2006 contains a comprehensive set of global standards and includes a broad range of requirements, such as the definition of a seafarer, minimum age of seafarers, medical certificates, recruitment practices, training, repatriation, food, recreational facilities, health and welfare, hours of work and rest, accommodations, wages and entitlements. In August 2013, MLC 2006 became effective in certain countries in which we operate and we are in compliance.

The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW"), as amended, establishes minimum standards relating to training, including security training, certification and watchkeeping for our seafarers. We are compliant with the requirements of STCW.

b. Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission ("FMC"). Public Law 89-777, which is administered by the FMC, requires all our cruise brands that call on U.S. ports and embark or disembark guests in U.S. ports to establish financial responsibility for their liability to passengers for nonperformance of transportation, for personal injury and for loss of life. The FMC's regulations require that a cruise line demonstrate its financial responsibility for nonperformance of transportation through a guarantee, escrow arrangement, surety bond or insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period, up to a maximum coverage level of $15 million and will be increasing to $30 million by April 2015.

In order to comply with this requirement, we have an aggregate of $75 million of guarantees provided by some of our insurers. Based on the increase mentioned above, our guarantee will increase to $150 million by April 2015. Our Protection and Indemnity coverages are used to establish our financial responsibility for personal injury and loss of life.

In some cases in the UK, Europe and Australia, we are required to obtain licenses from and post bonds with various organizations in connection with the conduct of our business and/or our ability to meet our liabilities in the event of nonperformance of obligations to consumers. The most significant requirement relates to ABTA, formally known as the Association of British Travel Agents, which requires us to maintain approximately $140 million of sterling-denominated bonds to cover certain of our brands' UK customer deposits. We are also required to pay to the UK Civil Aviation Authority a non-refundable £2.50 fee per guest when we arrange a flight as part of a cruise vacation.

In the other major countries where we source our guests, we are also required to establish financial responsibility, such as obtaining a guarantee from a reputable insurance company to ensure that, in case of insolvency, our guests will be refunded their deposits and repatriated without additional cost if insolvency occurs after a cruise starts.

c. Regulations for Guests with Disabilities

Regulations regarding ship accessibility standards are expected to be issued in the U.S. in the future. While we believe our vessels have been designed and outfitted to accommodate our disabled guests, we cannot at this time accurately predict whether we will be required to make material modifications or incur significant additional expenses in response to these expected regulations.

C. Employees

Our shoreside operations have an average of 9,700 full-time and 4,500 part-time/seasonal employees. We also employ an average of 78,500 crew members, including officers, onboard the 101 ships we currently operate. Holland America Princess Alaska Tours increases its work force during the late spring and summer months in connection with the Alaskan cruise season, which seasonal employees are included above. We have entered into agreements with unions covering certain employees on our ships and in our hotel and transportation operations. We consider our employee and union relations to be strong. The percentages of our shipboard and shoreside employees that are represented by collective bargaining agreements are 30% and 12%, respectively.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. The remaining crew positions are sourced from around the world, with the largest contingent from the Philippines, Indonesia and India. We utilize a limited number of manning agencies to help locate and hire most of our shipboard employees. The sourcing diversity of our crew, the majority of which are employed on a gratuity-based wage structure, is also a significant contributing factor to the attractiveness of our cruise business model.

Our cruise brands are committed to providing appropriate hotel and marine-related training to ensure that our shipboard crew, including officers, have the knowledge and skills to properly perform their jobs. We have a maritime training program for shipboard officers that includes two maritime training facilities with one located in Almere, the Netherlands, known as the Center for Simulator Maritime Training ("CSMART"), and the other in Rostock, Germany, known as CSMART Rostock. Our mission is to be a leader in delivering high quality professional maritime training. Participants receive a superior maritime training experience that fosters critical thinking, problem solving, ethical decision making and confidence. CSMART offers two full mission bridge simulators, six part-task bridge simulators and the ability to simulate fixed propeller and azipod simulation. CSMART Rostock offers one full mission bridge simulator and one part-task bridge simulator. On the engineering side, CSMART offers two full mission engine control rooms with four machinery outstations and 16 part-task engine room simulators. CSMART Rostock offers one part-task engine room simulator. The CSMART facility also features large instructional classrooms, meeting rooms and a catering facility. We have enhanced our Health, Environment, Safety and Security Management System risk assessment and management capabilities by implementing shipboard quality assurance initiatives that will further strengthen bridge and engine control room resource management training and operational performance. We have also established the European Cruise Academy in Rostock, Germany, which offers advanced training certificates in the maritime sciences primarily related to the cruise business.

D. Suppliers

Our largest non-payroll operating expenditures are for fuel, food and beverages, travel agency services, port facility utilization, repairs and maintenance including dry-docking, air transportation services, advertising and marketing, hotel and restaurant products and supplies and communication services. Our largest capital investments are for the construction of new ships and improvements to existing ships, including our vessel enhancement program and scrubber installations.

Although we utilize a select number of suppliers for most of our food and beverages, communication services, air transportation services and hotel and restaurant products and supplies, most of these products and services are available from multiple sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility services at some of our ports-of-call from a limited number of maritime suppliers. Almost 50% of our fuel purchases are provided by five suppliers.

We perform our major dry-dock and ship improvement work at dry-dock facilities in The Bahamas, Europe, the U.S., Canada, Singapore and Australia. At January 22, 2014, we have agreements in place for the construction of eight cruise ships with two shipyards. We also purchase repair, maintenance and refurbishment items from a limited number of maritime suppliers. We believe there are sufficient dry-dock and shipbuilding facilities and related suppliers to meet our anticipated repair, maintenance, ship improvement and newbuild requirements.

E. Insurance

I. General

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

II. Protection and Indemnity ("P&I") Coverages

Liabilities, costs and expenses for illness and injury to crew, guest injury, pollution and other third party claims in connection with our cruise activities are covered by our P&I clubs, which are mutual indemnity associations owned by ship owners.

We are members of the Standard Steamship Owners' Protection and Indemnity Association (Europe) Ltd. and The Steamship Mutual Underwriting Association (Bermuda) Limited P&I clubs. The P&I clubs that we participate in are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the "IG"). The IG insures directly, and through broad and established reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the P&I clubs' rules and the limits of coverage are determined by the IG.

III. Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships for reasonable amounts as determined by management. The coverage for hull and machinery is provided by large and well-established international marine insurers. Most insurers make it a condition for insurance coverage that a ship be certified as "in class" by a classification society that is a member of the International Association of Classification Societies ("IACS"). All of our ships have been certified within the last twelve months to be in class by an IACS member.

IV. War Risk Insurance

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

V. Other Insurance

We maintain property insurance covering our shoreside assets and casualty insurance covering liabilities to third parties arising from our hotel and transportation businesses, shore excursion operations and shoreside operations, including our port and related commercial facilities. We also maintain workers compensation, directors and officer's liability and other insurance coverages.

F. Trademarks and Other Intellectual Property

We own and have registered or licensed numerous trademarks and domain names, which we believe are widely recognized and have considerable value. These intangible assets enable us to distinguish our cruise products and services, ships and programs from those of our competitors. Our trademarks include the trade names of our cruise brands, each of which we believe is a widely-recognized brand in the cruise industry, as well as our ship names and a wide variety of cruise products and services. We have entered into licenses, including a license to use the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruising and related activities. We also have a license to use the "*Love Boat*" name and related marks. See Note 11, "Fair Value Measurements, Derivatives Instruments and Hedging Activities" to our Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates – Asset Impairments" in Exhibit 13 to this Form 10-K for additional discussion of our trademarks.

G. Taxation

A summary of our principal taxes and exemptions in the jurisdictions where our primary businesses are located is as follows:

I. U.S. Income Tax

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

Our North American cruise ship businesses and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on its itinerary, any particular ship may generate income from sources within the U.S. We believe that our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income and branch profit taxes.

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

a. Application of Section 883 of the Internal Revenue Code

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. (an "equivalent exemption jurisdiction") and (ii) the foreign corporation meets a defined publicly-traded test. Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly-traded corporation under the regulations. Accordingly, substantially all of Carnival Corporation's income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list items that the Internal Revenue Service ("IRS") does not consider to be incidental to ship operations. Among the items identified as not incidental is income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

b. Exemption Under Applicable Income Tax Treaties

We believe that the U.S. source transportation income earned by Carnival plc and its Italian resident subsidiary currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

c. U.S. State Income Tax

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

II. UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax regime through 2023. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

For a company to be eligible for the regime, it must be subject to UK corporation tax and, among other matters, operate qualifying ships that are strategically and commercially managed in the UK. Companies within UK tonnage tax are also subject to a seafarer training requirement.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the Australian market are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

III. Italian Income Tax

Costa, AIDA and Ibero have elected to enter the Italian tonnage tax regime through 2014 and can reapply for an additional ten-year period beginning 2015. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of approximately 6% under the Italian International shipping tax regime since all of their ships are Italian registered.

IV. Portuguese, Spanish and German Income Tax

Both of Ibero's ships are registered in Portugal. Provided certain local employment requirements are satisfied, most of Ibero's income that is not considered to be shipping profits for Italian tonnage tax purposes is subject to Portuguese income tax at effective rates of 5% through 2020. After 2020, such income will be subject to the normal Portuguese tax rate.

Ibero's Spanish operations are minimal and, therefore, its Spanish income taxes are minimal.

Substantially all of AIDA's earnings are exempt from German corporation tax by virtue of the Italy/Germany income tax treaty.

V. Brazilian, Chinese and Japanese Income and Other Taxes

From November through March, Costa and Ibero operate directly and charter certain of their ships for operation in Brazil to Brazilian subsidiaries. The subsidiaries' earnings are subject to Brazilian resident income tax, and we believe that payments passengers and these subsidiaries make to Costa and Ibero are exempt from Brazilian income tax under Brazilian domestic law and the Italy/Brazil income tax treaty.

Substantially all of Costa's income from its international operations in China is exempt from Chinese corporation tax by virtue of the Italy/China Maritime tax treaty.

The Princess cruise ships operated internationally by Carnival plc for the Asian markets are exempt from Chinese and Japanese income taxes by virtue of tax treaties between these countries and the United Kingdom.

VI. Other

In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes and/or fees based on guest counts, ship tonnage, passenger capacity or some other measure.

H. Website Access to Carnival Corporation & plc SEC Reports

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

Item 1A. Risk Factors.

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

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

Demand for cruises is in part dependent on the underlying perceived or actual economic condition of the countries from which cruise companies source their guests. Adverse changes in the perceived or actual economic climate, such as higher unemployment and underemployment rates; declines in income levels; securities, real estate and other market declines and volatility; increasing taxation; higher fuel prices and healthcare costs; more restrictive credit markets; higher interest rates and changes in governmental regulations, could reduce our potential vacationers' discretionary incomes, net worth or their consumer confidence. Consequently, this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price reductions which, in turn, could reduce the profitability of our business. These ticket price reductions may result in a less affluent guest base, which along with decreases in discretionary income or consumer confidence could also result in lower onboard revenues that could also have a negative effect on our net revenue yields and profitability. Given the mobility of our ships, we can mitigate some of this risk by redeploying our ships to more profitable regions as guests' tastes change and if economic or other conditions warrant.

- *Increases in fuel prices may adversely affect our operations, financial condition and liquidity.*

Economic, market and political conditions around the world, such as fuel demand, regulatory requirements, supply disruptions and related infrastructure needs, make it difficult to predict the future price and availability of fuel. Fuel costs accounted for 21%, 23% and 21% of our cruise operating expenses in 2013, 2012 and 2011, respectively. Future increases in the global price of fuel would increase the cost of our cruise ship operations as well as some of our other expenses, such as crew travel, freight and commodity prices. We may be unable to implement additional fuel conservation initiatives and other best practices or increase ticket prices and collect fuel supplements, which would help to fully or partially offset these fuel price increases. See risks relating to environmental laws and regulations, continuing financial viability of air service providers and failures to keep pace with technology below for additional information regarding our fuel risks.

To mitigate a portion of our economic risk attributable to potential fuel price increases, we have established a fuel derivatives program. To date under this program, we have bought Brent crude oil ("Brent") call options and sold Brent put options, collectively referred to as zero cost collars, that established ceiling and floor prices. These derivatives are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. In addition, there can be no assurance that our fuel derivatives program will provide a sufficient level of protection against increases in fuel prices or that our counterparties will be able to perform, such as in the case of a counterparty bankruptcy. The zero cost collars will reduce our benefit if Brent prices drop below the floor. Also, the fuel derivative contracts may create significant volatility in our U.S. GAAP earnings due to volatility in fuel prices over the contracts' terms. Furthermore, volatility in fuel prices could have a material adverse effect on our operations, financial condition and liquidity. We may be able to mitigate some of the risk of fuel price increases by continuing to reduce our fuel consumption. Furthermore, we expect to install scrubbers on most of our ships between 2014 and 2019. As a result of installing these scrubbers, we believe the cost of complying with more stringent emission regulations will not be significant to our results of operations.

Finally, we believe that our land-based vacation competitors' operating costs are less affected by fuel price increases than cruise companies. Accordingly, fuel price increases may adversely impact cruise companies more than their land-based competitors.

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

The operation of cruise ships, hotels, land tours, port and related commercial facilities and shore excursions involve the risk of incidents, including those caused by the improper operation of our ships, motorcoaches and trains; guest and crew illnesses, such as from the spread of contagious diseases; mechanical failures; fires and collisions; repair delays; groundings; navigational errors; oil spills and other maritime and environmental mishaps; missing passengers and other incidents at sea or while in port or on land, which may cause injury and death, guest and crew discomfort and the alteration of itineraries or cancellation of a cruise or series of cruises or tours. Although we place guest and crew safety as the highest priority in all our operations, our ships have been involved in accidents and other incidents in the past. We may experience similar or other incidents in the future, even though we have and will implement policies, procedures and best practices to limit their future occurrence. These types of incidents may bring into question guest and crew health, safety, security and satisfaction and may adversely affect our brand reputation and demand for the brand, and cruising in general, and may affect our sales and profitability, may result in additional costs to our business, litigation against us and increasing government or other regulatory oversight. It is possible that the initiatives we implement to increase our net revenue yields as a result of our 2012 and 2013 ship incidents may not be effective, and our pricing and profitability may not return to pre-incident or higher levels.

In particular, our ability to effectively and efficiently operate shipboard and shoreside activities may be impacted by widespread public health issues/illnesses or health warnings resulting in, among other things, reduced demand for cruises and cruise cancellations and employee absenteeism that could have an adverse effect on our sales and profitability. We have implemented crew training and ship cleaning protocols to limit the spread of contagious diseases, but such actions may not be sufficient to fully mitigate this risk. For example, a severe outbreak of the influenza virus or some other pandemic could, among other things, disrupt our ability to embark/disembark passengers and crew, disrupt air travel to and from ports, increase costs for prevention and treatment and adversely affect our supply chain. This could also adversely impact cruise demand in areas unaffected by such an outbreak.

In addition, as mentioned above, our ships are subject to the risks of mechanical failures and accidents, for which we have had to incur repair and equipment replacement expenditures. If these occur in the future, we may be unable to procure spare parts or new equipment when needed or make repairs without incurring significant expenditures or suspension of service. However, we do maintain an inventory of certain strategic spare parts to help mitigate this risk. A significant performance deficiency or problem on any one or more of our ships could have an adverse effect on our financial condition and results of operations.

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

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

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

- *The international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel could adversely affect the demand for cruises and could harm our future sales and profitability.*

Demand for cruises and other vacation options has been and is expected to continue to be affected by the public's attitude towards the safety and security of travel. Factors including, but not limited to, past acts of terrorism, threats of additional terrorist attacks, drug-related violence in Mexico, pirate attacks and vessel seizures off the east and west coasts of Africa, national government travel advisories, political instability in North Africa, the Middle East and elsewhere and general concerns over the safety and security aspects of traveling have had a significant adverse impact on demand and pricing in the travel and vacation industry in the past and may have an adverse impact in the future. Decreases in demand may lead to price reductions, which in turn would reduce our profitability. These types of events could also impact our ability to source qualified crew from throughout the world at competitive costs and, therefore, increase our shipboard crew costs. We have implemented various safety and security policies, procedures and best practices to help mitigate this risk, but it is still possible that they could occur.

- *Negative publicity concerning the cruise business in general or us in particular, including any adverse environmental impacts of cruising, could impact the demand for cruises, affect our reputation and harm our future sales and profitability.*

Incidents involving cruise ships, in particular our cruise ships, and media coverage thereof, as well as adverse media publicity concerning the cruise vacation industry in general, or unusual weather patterns or other natural disasters or disruptions, such as hurricanes and earthquakes, could impact demand for our cruises. In addition, any events which impact the travel industry more generally may negatively impact guests' ability or desire to travel to or from our ships or interrupt our ability to obtain services and goods from key vendors in our supply chain. Any of the foregoing could have an adverse impact on our result of operations and on the cruise business performance.

Maintaining a good reputation is critical to our business. Reports and media coverage of ship incidents at sea or while in port, including missing guests, improper conduct by our employees, guests or agents, crimes, dissatisfied guests, crew and guest illnesses, such as incidents of stomach flu, parasitic outbreaks or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity, which could lead to a negative perception regarding the safety of our ships and the satisfaction of our guests. In addition, negative publicity regarding adverse environmental impacts of cruising, such as climate change and oil spills, could diminish our reputation. The considerable expansion in the use of social media over recent years has increased the ways in which our reputation can be impacted, and the speed with which it can occur. Anything that damages our reputation, whether or not justified, could have an adverse impact on demand, which could lead to price reductions and a reduction in our sales and profitability. We leverage the reach and impact of digital marketing and social media, such as Facebook, Twitter, YouTube, Blog, Google+, Flickr, Instagram and Pinterest to provide accurate information to the media, popular bloggers, fans and brand advocates to mitigate some of the risk of negative publicity.

- *Litigation, enforcement actions, fines or penalties could adversely impact our financial condition or results of operations and damage our reputation.*

Our business is subject to various international laws and regulations that could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. In addition, improper conduct by our employees or agents could damage our reputation and lead to litigation or legal proceedings that could result in significant awards or settlements to plaintiffs and civil or criminal penalties, including substantial monetary fines. Such events could lead to an adverse impact on our financial condition or results of operations, if not mitigated by our insurance coverage.

As a result of any ship or other incidents, litigation claims, enforcement actions and regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding area, may be asserted or brought against various parties including us and/or our cruise brands. The time and attention of our management may also be diverted in defending such claims, actions and investigations. We may also incur costs both in defending against any claims, actions and investigations and for any judgments, fines, civil or criminal penalties if such claims, actions or investigations are adversely determined and not covered by our insurance policies.

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

Some of our operating costs including, but not limited to, food, payroll, port costs, repairs and maintenance, security and other commodity-based items are subject to increases because of market forces, economic or political instability or other circumstances beyond our control. In addition, interest rates, currency exchange rate fluctuations and our ability to obtain debt or equity financing are dependent on many economic, market and political factors. Increases in operating or financing costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our guests and such increases may adversely impact our liquidity and credit ratings.

It is possible that jurisdictions or ports-of-call that we regularly visit may also decide to assess new taxes or fees or change existing taxes or fees specifically targeted to the cruise industry, its employees and guests, including, but not limited to, value added taxes on cruise tickets and onboard revenues and changes in the scope of income that is includable within tonnage tax regimes, which could increase our operating costs and could decrease the demand for cruises and ultimately decrease our net revenue yields and net income.

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

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise business and its environmental impact. Various agencies and regulatory organizations have enacted or are considering new regulations or policies, such as stricter emission limits to reduce GHG effects, which could adversely impact the cruise industry.

The IMO has amended the MARPOL regulations to reduce emissions from ships. As described in “Maritime Environmental Regulations” as referenced below, these changes will result in reductions in ship SOx emissions by requiring progressive reductions in the sulfur content in fuel or the use of abatement technologies. These limits will be further reduced in designated ECAs, including ECAs that have been or could be proposed in other prime cruising areas, such as around Australia, Hong Kong, Japan, the Mediterranean Sea and Mexico. As a result of these amendments, we have elected to install scrubbers on most of our ships, which we believe will enable our SOx emissions to meet the MARPOL current and probable future requirements without the use of low sulfur fuel, in all material respects. However, if this type of technology is not widely used within the shipping industry it is possible that there could be limited availability of high sulfur fuels because of low demand and the cost of such fuel may increase. The increase in fuel prices caused by these regulations may impact our other expenses including, but not limited to, freight and commodity prices and may have an adverse impact on our profitability.

In 2012, initiatives to limit GHG emissions were introduced in Australia and are being considered in several European countries. Similarly, numerous bills related to climate change have been introduced in the U.S. Congress, which could adversely impact our business. For example, while not all are likely to become law, there are indications that additional climate change related mandates could be forthcoming, and they may significantly impact our costs, including, among other things, increasing fuel prices, including new taxes on bunker fuel, establishment of costly emissions trading schemes and increasing newbuild and operational costs.

Environmental laws and regulations or liabilities arising from past or future releases of, or exposure to, hazardous substances or vessel discharges, including ballast water and waste disposal, could materially increase our cost of compliance or otherwise adversely affect our business, results of operations and financial condition. See Part I, Item 1. Business. B. “Cruise Business-Governmental Regulations—Maritime Regulations” for additional information regarding these risks.

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

We are subject to various international, national, state and local laws, regulations, treaties and employee union agreements related to, among other things, persons with disabilities, employment, health, safety and security. Failure to comply with these laws and regulations could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. These issues are, and we believe will continue to be, an area of focus by the relevant authorities throughout the world. Accordingly, new legislation, regulations or treaties, or changes thereto, could impact our operations and would likely subject us to increased compliance costs in the future. In addition, training of crew may become more time consuming and may increase our operating costs due to increasing regulatory and other requirements.

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

We believe that substantially all of the income earned by Carnival Corporation, Carnival plc and their ship owning or operating subsidiaries qualifies for taxation based on ship tonnage and are exempt from taxation or are otherwise subject to minimal taxes in the jurisdictions where the entities are incorporated or do business.

We believe that Panama and the jurisdictions where the ship owning and operating subsidiaries of Carnival Corporation are formed are equivalent exemption jurisdictions for purposes of Section 883 of the Internal Revenue Code. The laws of Panama and the other jurisdictions where our ships are owned or operated are subject to change and, in the future, may no longer qualify as equivalent exemption jurisdictions.

The IRS interpretation of Section 883 could differ materially from ours. In addition, provisions of the Internal Revenue Code, including Section 883, are subject to legislative change at any time. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares. Accordingly, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries whose tax exemption is based on Section 883 could lose this exemption.

There is no authority that directly addresses the effect, if any, of a DLC arrangement on the availability of benefits under treaties and, accordingly, their application to our operations is not free from doubt. The applicable treaties may be revoked by either applicable country, replaced or modified with new agreements that treat income from international operation of ships differently than the agreements currently in force or may be interpreted by one of its countries differently from us.

If we did not qualify for tonnage tax, exemption, treaties or minimal taxes, or if the laws that provide for these tax systems were changed, we would have significantly higher income tax expense. In many jurisdictions, the benefit of tonnage tax or preferential tax regimes would be replaced with taxation at normal statutory rates. In the absence of Section 883 or an applicable income tax treaty in the U.S., we would be subject to the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code. In combination, these provisions would result in the taxation of our U.S. source shipping income, net of applicable deductions, at a current federal corporate income tax rate of up to 35%, state income tax rates would vary and our net after-tax income would be potentially subject to a further branch profits tax of 30%.

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

As budgetary constraints continue to adversely impact the jurisdictions in which we operate, or for other reasons, increases in income tax regulations affecting our operations may be imposed. We continue to monitor global administrative, legislative and judicial tax related developments and evaluate a variety of possible courses of action based upon such developments. However, there is no assurance that such actions, if taken, will successfully mitigate adverse income tax consequences.

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

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

As of November 30, 2013, we had entered into foreign currency zero cost collars for a portion of the cost in U.S. dollars and sterling of two of our euro-denominated shipbuilding contracts. However, if the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency zero cost collars related to the shipyard’s shipbuilding contract payments would still have to be honored. This might require us to realize a loss on existing foreign currency zero cost collars without an offsetting gain on our foreign currency denominated shipbuilding contract payments, thus resulting in an adverse effect on our financial results.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands’ or the shipyards’ functional currency is expected to be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our desire to order new cruise ships. In addition, the prices of various commodities that are used in the construction of ships, such as steel, can be subject to volatile price changes and, accordingly, the cost of future newbuilds may increase, which could have an adverse impact on our profitability.

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

- *Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations could adversely affect our net revenue yields and net income.*

We believe that attractive, convenient and safe port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The continuing availability of these types of ports on terms that are favorable or consistent with our expectations, including the port facilities where our guests embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints (particularly during the Caribbean winter months and Mediterranean summer months), security, safety and environmental concerns, adverse weather conditions and other natural disasters, financial limitations on port development, political instability, exclusivity arrangements that ports may have with our competitors, port operator consolidation, local governmental regulations, such as those recently enacted that will limit cruise ship operations in the highly popular port of Venice, Italy and fees and local community concerns about both port development and other adverse impacts on their communities from additional tourists. In order to mitigate this risk, among other things, we work with port authorities and others to educate them on the benefits derived from cruising as well as taking actions to address their concerns, if appropriate. The inability to continue to utilize, maintain, rebuild, if necessary, and increase the number of ports that our ships call on could adversely affect our net revenue yields and net income.

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

Primarily all of our guests book their cruises through independent travel agents, including wholesalers, general sales agents and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Our competitors may offer higher commissions and incentives and thus adversely impact our business. Significant disruptions, contractions or consolidations to our travel agent distribution system, such as those caused by a reduction in travel and related commission income as a result of an economic slowdown could have an adverse effect on our sales and profitability. In addition, we currently extend credit to certain of our larger European travel agents and tour operators and, accordingly, if such agents and operators cannot repay their debts to us, it will adversely impact our cash flows and operations. However, we have entered into agreements with certain of our larger European travel agents and tour operators to mitigate this risk.

Many of our guests and substantially all our crew depend on scheduled or chartered commercial airline services to transport them to or from the airports near the ports where our cruises embark and disembark. Changes or disruptions in commercial or chartered airline services as a result of strikes, labor unrest, financial instability or viability, adverse weather conditions, airport delays, consolidation of carriers, or other events or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests and crew to or from our cruise ships and increase our costs which would, in turn, have an adverse effect on our results of operations. In addition, increases in the prices of airfares due to, among other things, rising fuel prices and airline consolidations would increase the overall vacation price to our guests and may adversely affect demand for our cruises, as well as increase our airfare for our crew.

Travel agents may face increased pressure from our competitors, particularly in the North America market, to sell and market these competitor cruises exclusively. If such exclusive arrangements were introduced, there can be no assurance that we will be able to find alternative distribution channels to ensure our customer base would not be affected.

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

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

Our ability to increase revenues and control costs, as well as our ability to serve guests most effectively depends in part on the reliability of our sophisticated technologies and system networks. We use communications, information technology and other systems to manage our inventory of cabins held for sale and set pricing in order to maximize our revenue yields and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, causing operational disruptions and other cyber-related risks could adversely impact our guest services and satisfaction, employee relationships, business plans and our reputation. In addition, the operation and maintenance of these systems is in some cases dependent on third-party technologies and service providers for which there is no certainty of uninterrupted availability. While we have and continue to invest in technologies and other security initiatives and disaster recovery plans to mitigate these risks, these measures cannot completely insulate us from disruptions that could result in adverse effects on our operations and decreases in our net income. These potential disruptions and cyber attacks could negatively affect costs, customer demand and pricing for our cruises.

Our Corporate and cruise brands' principal offices are located in Australia, Germany, Italy, the UK and the U.S. Although we have developed disaster recovery and similar contingency plans, actual or threatened natural disasters (for example, hurricanes, earthquakes, floods, fires, tornados, tsunamis, typhoons and volcanic eruptions) or similar events in these locations may have a material impact on our business continuity, reputation and results of operations.

- *A failure to keep pace with developments in technology could impair our operations or competitive position.*

Our business continues to demand the use of sophisticated systems and technology. These systems and technologies may require refinement, updating and replacement with more advanced systems in the future. If we are unable to do so on a timely basis or within reasonable cost parameters, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology, and a failure to do so could result in materially higher than anticipated costs and could materially impair our operating results.

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

We face significant competition from other cruise brands on the basis of cruise pricing, travel agent preference and the types and sizes of ships and cabins, services and destinations being offered by them to cruise guests. We try to differentiate ourselves from our cruise competitors by offering a wide variety of brands, itineraries, products and services to our guests, but the acceptance of each offering is not certain and consumers' preferences are always subject to change. It is possible that our programs to motivate previous guests to cruise with us again may not be successful and they may elect not to cruise with us again. In addition, we may choose to enhance our older ships with innovative amenities and improvements in order for those ships to be more competitive with other cruise ships. Alternatively, without these investments these older ships may become less competitive, which could result in lower profitability and ship impairment charges. The used cruise ship market is small. Accordingly, if we need to dispose of a ship, we cannot be assured of finding a viable buyer to purchase it at a price that meets our expectations, which could result in ship impairment charges and losses on ship disposals.

In addition, we operate in the wider vacation industry and cruising is only one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to vacation operators that provide other travel and leisure options, including, but not limited to, hotels, resorts, theme parks, packaged holidays and tours, casino operators and vacation ownership properties.

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

- *Overcapacity in the cruise ship and land-based vacation industry could have a negative impact on our net revenue yields and increase operating costs. As a result, we may experience ship, goodwill and trademark asset impairments, which could adversely affect profitability.*

Although cruising capacity has grown at a slower pace in recent years, we expect it to continue to increase over the next few years. The wider vacation industry may also face increases in land-based vacation capacity, which may impact us as well. We typically aim to fill our new capacity at favorable revenue yields despite the new competing cruise and land-based capacity growth. Also, to the extent that we or our competitors deploy ships to a particular itinerary and the resulting capacity in that region exceeds the demand, we may lower pricing and profitability may be lower than anticipated. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected, including the impairment of the value of our ships, goodwill and trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew, including officers, at competitive rates and, therefore, increase our shipboard employee costs. To partially mitigate this risk, we strategically time the introduction of new ships into our brands to allow ample time to further grow their guest base and absorb our new capacity.

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

We rely upon the ability, expertise, judgment, discretion, integrity and good faith of our senior management team. Our success is also dependent upon our personnel and our ability to recruit and train high quality employees. We must continue to recruit, retain and motivate management and other employees to enable us to maintain our current business and support our projected growth. The loss of services of any of our key management could have a material adverse effect on our business. We are not protected by life insurance covering any of our personnel. We do not have employment agreements with our officers, except for our President and Chief Executive Officer and the Chief Executive Officer of Costa.

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

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

- *The impact of disruptions in the global financial markets or other events may negatively affect the ability of our counterparties and others to perform their obligations to us and thus, adversely affect our financial position and results of operations.*

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

For example, the last severe economic downturn, including failures of banks and financial service companies and the related liquidity crisis, disrupted the capital and credit markets. Additional economic concerns from some of the countries in the EU continue to strain the financial markets both in the U.S. and internationally. A recurrence of these disruptions could cause our counterparties and others to breach their obligations to us under our contracts with them, which may have a negative impact on our cash flows, including our ability to meet our obligations, results of operations and financial condition. As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. We seek to minimize credit risk exposure by normally conducting business with large, well established financial and other institutions and by diversifying our counterparties.

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

We believe that our cruise branding has contributed significantly to the success of our business and that restoring, maintaining and enhancing our branding is critical to expanding our brands' customer bases. Our inability to restore consumers' confidence in our Carnival Cruise Lines or Costa brands would have an adverse impact on our long-term profitability. In addition, the ability of our brands to successfully target different segments of the vacation markets in which they operate enables them to strengthen their business. Failure to protect our brands from infringers could have a material adverse effect on our business and results of operations.

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

Our international operations are subject to additional risks including, but not limited to, adverse changes in foreign countries' political systems, social unrest, restrictions and taxes on the withdrawal of foreign investment and earnings and other payments by subsidiaries, government policies against the vacation or maritime industries, local cabotage requirements, anti-bribery laws or regulations, investment restrictions or requirements, diminished ability to legally enforce our intellectual property and contractual rights in foreign countries and commercial instability caused by corruption. In addition, our international operations may also be subject to adverse changes in foreign exchange restrictions, and changes in or application of foreign taxation structures including duties and value-added taxes. Also, if a significant country leaves the euro currency system it is possible that this could have a significant impact on our operations. If we are unable to address these risks adequately, our financial position and results of operations could be adversely affected.

Operating internationally also exposes us to numerous and sometimes conflicting legal and regulatory requirements. In many parts of the world, including countries in which we operate, practices in the local business communities might not conform to international business standards. We may not be successful in ensuring that our employees and other representatives stationed throughout the world properly adhere to our policies or applicable laws or regulations. Failure to adhere to our policies or applicable laws or regulations could result in penalties, sanctions, damage to our reputation and related costs, which in turn could negatively affect our results of operations and cash flows.

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

As we expand our global presence it requires, among other things, significant levels of investments. We may not recover our investments in these markets, and we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion may not produce the returns that we had expected, which could adversely impact the growth of our business. In order to partially mitigate this risk before we expand our presence in a new region, we, among other things, research and analyze the region's characteristics and other attributes in order to determine if such an expansion is reasonable without taking undue risks.

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

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for substantially all the insurable risks we face in order to minimize the cost of our insurance policies. Accordingly, we are not protected against all risks, such as loss of use of a ship, which could result in an unexpected decrease in our revenue in the event of an incident. We attempt to mitigate our risks that are not covered by insurance, although we cannot be certain such processes and procedures will be successful. Further, significant incidents could result in higher insurance premiums commencing on the policy renewal dates or the inability to obtain coverage.

We may also be subject to additional premium costs based not only on our own claims record but also on the claims records of all other members of the P&I associations through which we receive indemnity coverage for tort liability. We are also subject to additional P&I premium assessments for various reasons including, but not limited to, investment or underwriting shortfalls experienced by our P&I clubs. In addition, if we or other ship-owners sustain significant losses, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Finally, we cannot be certain that affordable and viable direct insurance and reinsurance markets will be available to us in the future.

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

We earn revenues, pay expenses, purchase and own assets and incur liabilities in currencies other than the U.S. dollar; most significantly, the euro, sterling and Australian and Canadian dollars. We derived 56%, 54% and 56% of our revenues from passengers sourced from countries outside of the U.S. in 2013, 2012 and 2011, respectively. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. We report currency transactions in the functional currencies of our reporting units, excluding fuel which is always transacted and reported in U.S. dollars regardless of the functional currency of the reporting unit. Furthermore, we convert significant amount of these currencies into U.S. dollar. Therefore, the strengthening of the U.S. dollar against our other major currencies, will adversely affect our U.S. dollar financial results and will reduce the U.S. dollar amount received upon conversion of these currencies into U.S. dollars. We partially mitigate some of our newbuild currency exchange rate risk by purchasing currency derivative instruments.

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

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

Our access to and the cost of financing will depend on, among other things, conditions in the global financing markets, the availability of sufficient amounts of financing and the maintenance of our investment grade long-term senior unsecured credit ratings. If our long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, our access to and cost of debt financing may be negatively impacted. Further, the terms of future debt agreements could include more restrictive covenants, which may restrict our business operations.

Our ability to maintain our credit facilities may also be impacted by material changes in our ownership. More specifically, we may be required to prepay our debt facilities if a person or group of persons acting in concert gain control of Carnival Corporation & plc, other than the Arison family, including Micky Arison, our Chairman of the Boards of Directors.

- *The DLC arrangement involves risks not associated with the more common ways of combining the operations of two companies and these risks may have an adverse effect on the economic performance of the companies and their respective share prices.*

The DLC arrangement is a relatively uncommon way of combining the management and operations of two companies and it involves different issues and risks from those associated with the other more common ways of impacting a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In our DLC arrangement, the combination is effected primarily by means of contracts between Carnival Corporation and Carnival plc and not by operation of a statute or court order. The legal effect of these contractual rights may be different from the legal effect of a merger or amalgamation under statute or court order, and there may be difficulties in enforcing these contractual rights. Shareholders and creditors of either company might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the express provisions and intentions we included in such contracts. In addition, shareholders and creditors of other companies might successfully challenge other DLC arrangements and establish legal precedents that could increase the risk of a successful challenge to our DLC arrangement.

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

Carnival Corporation's corporate affairs are governed by its Third Amended and Restated Articles of Incorporation ("Articles") and Third Amended and Restated By-Laws ("By-Laws") and by the laws of Panama. Carnival plc is governed by its Articles of Association and by the laws of England and Wales. The contracts that control the relationship between Carnival Corporation and Carnival plc under the DLC arrangement are governed by the laws of Panama, the Isle of Man and the Cayman Islands. The laws of Panama, England and Wales, the Isle of Man and the Cayman Islands may differ in some respects from the laws in the U.S. Thus, our public shareholders may have more difficulty in protecting their interest with respect to actions by management, directors and controlling shareholders than would otherwise be the case for a U.S. shareholder in a U.S. Corporation or a UK shareholder in a UK Corporation.

- *A small group of shareholders owns a significant portion of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.*

As of January 22, 2014, a small group of shareholders consisting of some members of the Arison family, including Micky Arison, beneficially owned approximately 26% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least significantly influence, the outcome of certain shareholder votes and, therefore, the corporate actions requiring such votes.

- *Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests.*

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

Specifically, Carnival Corporation's Articles contain provisions that prevent third parties, other than the Arison family and trusts established for their benefit, from acquiring beneficial ownership of more than 4.9% of outstanding Carnival Corporation shares without the consent of its Board of Directors and provide for the lapse of rights, and sale, of any shares acquired in excess of that limit. The effect of these provisions may preclude third parties from seeking to acquire a controlling interest in us in transactions that shareholders might consider to be in their best interests and may prevent them from receiving a premium above market price for their shares.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the business in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate" and similar expressions of future intent or the negative of such terms.

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

Certain of the risks we are exposed to are identified in this Item 1A. "Risk Factors." This item contains important cautionary statements and a discussion of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are not known.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this Form 10-K, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of January 22, 2014, the Carnival Corporation and Carnival plc headquarters and our larger shoreside locations are as follows:

Entity/Brand	Location	Square Footage	Own/Lease
Carnival Corporation headquarters and Carnival Cruise Lines	Miami, FL U.S.A.	463,000/12,000	Own/Lease
Princess	Santa Clarita, CA U.S.A.	303,000	Lease
Holland America Line, Holland America Princess Alaska Tours and Seabourn	Seattle, WA U.S.A.	244,000	Lease
Costa	Genoa, Italy	220,000/27,000	Own/Lease
P&O Cruises (UK) and Cunard	Southampton, England	150,000	Lease
AIDA	Rostock, Germany	141,000/95,000	Own/Lease
P&O Cruises (Australia)	Sydney, NSW Australia	65,000	Lease
Carnival plc headquarters	London, England	9,000	Lease

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

Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cays®, respectively, are briefly described in Part I, Item 1. Business. B. "Cruise Business." The hotel properties owned and operated by Holland America Princess Alaska Tours and the cruise ship that we own and charter-out under a long-term bareboat charter agreement are also briefly described in Part I, Item 1. Business. B. "Cruise Business."

Information about our cruise ships, including the number each of our cruise brands operates, their passenger capacity and their primary regions or countries from which they source their guests, as well as information regarding our cruise ships under construction may be found under Part I, Item 1. Business. B. "Cruise Business," and Note 6, "Commitments" and Note 11, "Fair Value Measurements, Derivative Instruments and Hedging Activities" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Also, information about maritime regulations and issues that may affect our cruise ships can be found in Part I. Item 1. Business. B. "Cruise Business – Maritime Regulations."

Our cruise ships in operation, headquarters, ports, private islands and other shoreside facilities, including Holland America Princess Alaska Tours' properties are all well maintained and in good condition. We evaluate our needs periodically and obtain additional facilities when deemed necessary. We believe that our facilities are adequate for our current needs.

Item 3. Legal Proceedings.

On June 25, 2012, an action was filed in the United States District Court for the Central District of California naming as defendants Carnival Corporation, Costa Crociere S.p.A., Micky Arison, Howard Frank, Arnold Donald, Joseph Farcus, and Joseph Farcus, Architect, P.A. (Sandoval v. Carnival Corporation). The defendants have been served with the action, although the plaintiffs voluntarily dismissed claims against Costa Crociere S.p.A. The action was filed by two plaintiffs in connection with the 2012 Ship Incident. The plaintiffs allege claims for design defect, negligent training and operations and gross negligence. On March 21, 2013, the defendants filed a motion to dismiss the plaintiffs' claims to Italy based on the *forum non conveniens* doctrine. The defendants also filed a motion for summary judgment on May 23, 2013. On December 31, 2013, the court denied both motions without prejudice to re-file. The court ordered plaintiffs to file a third amended complaint refining their causes of action by January 10, 2014. On January 10, 2014, the plaintiffs filed a third amended complaint against Carnival Corporation only. The complaint alleges negligence, gross negligence and *res ipsa loquitur*. The defendant has until January 29, 2014 to answer the complaint or file a new motion to dismiss.

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On July 5, 2012, two actions were filed in the Circuit Court serving Miami-Dade County, Florida naming as defendants Carnival Corporation, Carnival Corporation & plc, Costa Cruise Lines, Inc., Costa Crociere S.p.A. and Joseph Farcus P.A. (Scimone v. Carnival Corp. and Abeid-Saba v. Carnival Corp). The defendants have been served with the action. The plaintiffs filed the actions in connection with the 2012 Ship Incident. The plaintiffs allege claims for negligence, product liability, professional negligence and intentional tort. The complaints seek economic and compensatory damages, attorneys' fees, costs and interest. The plaintiffs state they will amend their complaints to state a claim for punitive damages. The defendants removed the cases to the United States District Court for the Southern District of Florida and moved to dismiss the plaintiffs' claims to Italy based on *forum non conveniens* and the forum selection clauses in certain of the plaintiffs' Passage Ticket Contracts. The plaintiffs filed motions to remand the cases back to state court. On February 15, 2013, the federal court granted the motions to remand, which were affirmed by the U.S. Court of Appeals for the Eleventh Circuit on July 1, 2013. On July 19, 2013, the state court assigned to hear Abeid-Saba granted the defendants' motion to dismiss all the plaintiffs' claims to Italy based on the *forum non conveniens* doctrine. The same day, the state court assigned to hear Scimone granted the defendants' motion to dismiss all of the foreign plaintiffs' claims to Italy based on the *forum non conveniens* doctrine; however, the motion was denied as to the 17 plaintiffs who are U.S. citizens. The plaintiffs have filed notices of appeal of the dismissal of the orders in both cases. In Scimone, the defendants have filed a notice of appeal from the denial of its motion to dismiss the claims of the U.S. plaintiffs. A motion to dismiss the claims of the U.S. plaintiffs in Scimone based on forum selection clauses in the Passage Ticket Contracts was heard on December 5, 2013 and a ruling is pending.

On January 9, 2013, an action was filed in the Circuit Court serving Miami-Dade County naming as defendants Carnival Corporation, Carnival plc, Costa Crociere S.p.A. and Costa Cruise Lines, Inc. (Gual v. Carnival Corp.). The defendants were served on June 20, 2013. The plaintiffs, consisting of ten Spanish citizens, filed the action in connection with the 2012 Ship Incident. The plaintiffs allege claims are for maritime negligence, negligent hiring, supervision and retention, negligent training, gross negligence, intentional tortious conduct, intentional infliction of emotional distress, wrongful death under Florida law and breach of contract.

The UK Maritime & Coastguard Agency and the U.S. Department of Justice are investigating allegations that *Caribbean Princess* breached international pollution laws. We are cooperating with the investigations, including conducting our own internal investigation into the matter.

Item 4. Mine Safety Disclosures.

None.

Executive Officers of the Registrants

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

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

Name	Age	Years of Service (a)	Title
Micky Arison	64	42	Chairman of the Boards of Directors
David Bernstein	56	15	Chief Financial Officer
Alan B. Buckelew	65	36	Chief Operations Officer
Gerald R. Cahill	62	19	President and Chief Executive Officer of Carnival Cruise Lines
David Dingle	56	35	Chief Executive Officer of Carnival UK
Arnold W. Donald	59	13	President and Chief Executive Officer and Director
Larry Freedman	62	15	Chief Accounting Officer and Controller
Stein Kruse	55	14	Chief Executive Officer of Holland America Group
Josh Leibowitz	42	- (b)	Chief Strategy Officer
Arnaldo Perez	53	21	General Counsel and Secretary
Michael Thamm	50	20	Chief Executive Officer of Costa Crociere S.p.A

(a) Years of service with us or Carnival plc predecessor companies.
(b) Less than one year.

Business Experience of Executive Officers

Micky Arison has been Chairman of the Boards of Directors since 1990 and a Director since 1987. He was Chief Executive Officer from 1979 to July 2013.

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

Alan B. Buckelew has been Chief Operations Officer since December 2013. From 2007 to November 2013, he was Chief Executive Officer of Princess. He was President of Princess from 2004 to November 2013. From 2004 to 2007, he was also Chief Operating Officer of Cunard.

Gerald R. Cahill has been President and Chief Executive Officer of Carnival Cruise Lines since 2007. From 1998 to 2007, he was Chief Financial and Accounting Officer.

David Dingle has been Chief Executive Officer of Carnival UK since 2007. In this capacity, he has full operating responsibility for the UK brands, P&O Cruises (UK) and Cunard. From 2003 to 2007, he was Managing Director of Carnival UK and P&O Cruises (UK). From 2000 to 2003, he was Managing Director of P&O Cruises (UK).

Arnold W. Donald has been President and Chief Executive Officer since July 2013. He has been a Director since 2001. He is also a Principal of AWDPLC LLC, a private investment company. From 2010 to 2012, he was President and Chief Executive Officer of The Executive Leadership Counsel, a professional network of African-American executives of major U.S. companies. He served as President and Chief Executive Officer of the Juvenile Diabetes Research Foundation International from 2006 to 2008.

Larry Freedman has been Chief Accounting Officer since 2007 and Controller since 1998.

Josh Leibowitz has been Chief Strategy Office since October 2013 where he oversees strategic sourcing, cross-brand marketing and corporate strategy. From 2001 to October 2013, Mr. Leibowitz was employed by McKinsey & Co., an international consulting firm, where he ultimately served as Managing Partner of the Miami office.

Stein Kruse has been the Chief Executive Officer of Holland America Group since December 2013. In this capacity, he has full operating responsibility for Holland America Line, Princess, Seabourn and Holland America Princess Alaska Tours. From 2004 to November 2013, he was President and Chief Executive Officer of Holland America Line.

Arnaldo Perez has been General Counsel and Secretary since 1995.

Michael Thamm has been Chief Executive Officer of Costa Crociere S.p.A. since 2012. In this capacity, Mr. Thamm also has full operating responsibility for AIDA and Ibero. From 2004 to 2012, he was President of AIDA.

PART II

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

A. Market Information

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

B. Holders

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

C. Dividends

Carnival Corporation and Carnival plc declared quarterly cash dividends on all of their common stock and ordinary shares as follows:

	Quarters Ended			
	February 28/29	May 31	August 31	November 30
2013	$ 0.25	$ 0.25	$ 0.25	$ 0.25
2012	$ 0.25	$ 0.25	$ 0.25	$ 0.75(a)
2011	$ 0.25	$ 0.25	$ 0.25	$ 0.25

(a) Includes the regular quarterly dividend of $0.25 per share and a special dividend of $0.50 per share.

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

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

D. Securities Authorized for Issuance under Equity Compensation Plans

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

E. Performance Graph

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

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

I. Repurchase Authorizations

In September 2007, our Boards of Directors authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the “Repurchase Program”). In January 2013, the Boards of Directors increased the remaining $165 million under the Repurchase Program back to $1 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During the three months ended November 30, 2013, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program has been $975 million.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described below. At January 22, 2014, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock.

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2014 annual general meeting or October 16, 2014. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently.

II. Stock Swap Programs

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

In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to issue and sell shares of Carnival Corporation common stock through a sales agent, from time to time at prevailing market prices in ordinary brokers’ transactions, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in October 2008, Carnival Corporation was authorized to issue and sell up to 19.2 million shares of its common stock in the U.S. market and had 18.1 million shares remaining at January 22, 2014. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act.

In the event Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may elect to sell existing ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited through a sales agent, from time to time at prevailing market prices in ordinary brokers’ transactions, and use the sale proceeds to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in January 2013, Carnival Corporation or Carnival Investments Limited was authorized to sell up to 32.8 million Carnival plc ordinary shares in the UK market and had 32.0 million shares remaining at January 22, 2014. Any sales of Carnival plc ordinary shares have been or will be registered under the Securities Act.

Item 6. Selected Financial Data.

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information required by Item 7A. Quantitative and Qualitative Disclosures About Market Risk, is shown in Management's Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 and is incorporated by reference into this Form 10-K.

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP, dated January 29, 2014, and the Selected Quarterly Financial Data (Unaudited) are shown in Exhibit 13 and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our President and Chief Executive Officer and our Chief Financial Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2013, that they are effective as described above.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 1992 Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2013.

PricewaterhouseCoopers LLP, the independent registered certified public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2013 as stated in their report, which is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

C. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2013 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Securities Exchange Act of 1934, as amended, we are required to provide disclosures as set forth below.

On October 17, 2012, Costa Crociere S.p.A. ("Costa"), an Italian subsidiary of Carnival plc, entered into a general sales agent agreement with Boutimar Travel Co. Ltd ("Boutimar"), an Iranian corporation. The agreement with Boutimar, which was entered into contrary to our compliance policy, was terminated on January 27, 2014 immediately upon discovery. None of the guests who purchased Costa's cruises through Boutimar were on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Office of Foreign Assets Control. The aggregate cruise ticket payments received by Costa from these Iranian guests were approximately $215,000, net of $31,000 of retained commissions.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a code of ethics that applies to our President and Chief Executive Officer, Chief Operations Officer and senior financial officers, including the Chief Financial Officer, Chief Accounting Officer and Controller, and other persons performing similar functions. Our code of ethics applies to all our other employees as well. This code of ethics is posted on our website, which is located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding any amendments to, or waivers from, any provisions of this code of ethics by posting such information on our website, at the addresses specified above. Information contained in our website, whether currently posted or posted in the future, is not part of this document or the documents incorporated by reference in this document.

The additional information required by Item 10 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2013 fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Form 10-K.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2013 fiscal year.

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

A. Securities Authorized for Issuance under Equity Compensation Plans

I. Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2013.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))
Equity compensation plans approved by security holders	5,220,591(a)	$ 49.03	14,984,074(b)(c)
Equity compensation plans not approved by security holders	-	-	-
	5,220,591	$ 49.03	14,984,074

(a) Includes outstanding options to purchase Carnival Corporation common stock under the Carnival Corporation 2002 Stock Plan and Carnival Corporation 2001 Outside Director Stock Plan. Also includes 454,865 restricted share units outstanding under the Carnival Corporation 2002 Stock Plan and 1,583,261 restricted share units outstanding under the Carnival Corporation 2011 Stock Plan.

(b) Includes Carnival Corporation common stock available for issuance as of November 30, 2013 as follows: 2,321,806 under the Carnival Corporation Employee Stock Purchase Plan, which includes 33,365 shares subject to purchase during the current purchase period and 12,457,873 under the Carnival Corporation 2011 Stock Plan.

(c) In addition to options, the Carnival Corporation 2011 Stock Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

II. Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2013.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights (a)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))
Equity compensation plans approved by security holders	1,592,401(b)	$ 45.71	18,040,259(c)
Equity compensation plans not approved by security holders	-	-	-
	1,592,401	$ 45.71	18,040,259

(a) Converted from sterling, if applicable, using the November 29, 2013 exchange rate of $1.63:£1.
(b) Includes outstanding options to purchase Carnival plc ordinary shares under the Carnival plc Executive Share Option Plan and Carnival plc 2005 Employee Share Plan. Also includes 852,694 restricted share units outstanding under the Carnival plc 2005 Employee Share Plan.
(c) In addition to options, the Carnival plc 2005 Employee Share Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

The additional information required by Item 12 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2013 fiscal year.

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

The information required by Items 13 and 14 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2013 fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

/s/ Arnold W. Donald
President and Chief Executive Officer and Director
January 29, 2014

CARNIVAL PLC

/s/ Arnold W. Donald
President and Chief Executive Officer and Director
January 29, 2014

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

CARNIVAL CORPORATION

/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and Director
January 29, 2014

/s/ David Bernstein
David Bernstein
Chief Financial Officer
January 29, 2014

/s/ Larry Freedman
Larry Freedman
Chief Accounting Officer and Controller
January 29, 2014

/s/*Micky Arison
Micky Arison
Chairman of the Board of Directors
January 29, 2014

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 29, 2014

CARNIVAL PLC

/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and Director
January 29, 2014

/s/ David Bernstein
David Bernstein
Chief Financial Officer
January 29, 2014

/s/ Larry Freedman
Larry Freedman
Chief Accounting Officer and Controller
January 29, 2014

/s/*Micky Arison
Micky Arison
Chairman of the Board of Directors
January 29, 2014

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 29, 2014

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/s/ Howard S. Frank
Howard S. Frank
Director
January 29, 2014

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 29, 2014

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 29, 2014

/s/*Sir John Parker
Sir John Parker
Director
January 29, 2014

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 29, 2014

/s/*Laura Weil
Laura Weil
Director
January 29, 2014

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 29, 2014

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 29, 2014

/s/ Howard S. Frank
Howard S. Frank
Director
January 29, 2014

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 29, 2014

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 29, 2014

/s/*Sir John Parker
Sir John Parker
Director
January 29, 2014

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 29, 2014

/s/*Laura Weil
Laura Weil
Director
January 29, 2014

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 29, 2014

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 29, 2014

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
3.4	Memorandum of Association of Carnival plc.	8-K	3.2	4/20/09	
Instruments defining the rights of security holders, including indenture					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 21, 2014 to furnish certain debt instruments to the Securities and Exchange Commission.				X
4.2	Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders.	10-Q	4.1	10/15/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	10/15/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	
4.9	SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C.	8-K	4.3	4/17/03	

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INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amend-ment to Form F-6	99-a	4/15/03	
4.11	Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.	S-3	4	3/2/93	
4.12	Second Supplemental Indenture, dated December 1, 2003, between Carnival plc and Carnival Corporation to The Bank of New York, as Trustee, relating to 7.875% debentures due 2027.	10-K	4.14	2/25/04	
4.13	Specimen Ordinary Share Certificate.	S-3	4.1	7/2/09	
Material contracts					
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	9/28/07	
10.2	Facilities Agreement dated May 18, 2011, among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Banc of America Securities Limited as facilities agent and a syndicate of financial institutions.	10-Q	10.4	7/1/11	
10.3*	Amended and Restated Carnival Corporation 1992 Stock Option Plan.	10-K	10.4	2/27/98	
10.4*	Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998.	10-K	10.5	2/25/99	
10.5*	Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.6	2/27/98	
10.6*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	3/30/07	
10.7*	Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.	10-K	10.4	2/22/91	
10.8*	Consulting Agreement/ Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	S-3A	4.3	7/16/91	
10.9*	First Amendment to Consulting Agreement/ Registration Rights Agreement between Carnival Corporation and Ted Arison.	10-K	10.40	2/25/93	
10.10*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	6/27/08	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.11*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	6/27/08	
10.12*	Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.1	4/2/09	
10.13*	Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.32	2/28/00	
10.14*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.31	2/28/01	
10.15*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.33	2/28/00	
10.16*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.2	3/30/07	
10.17*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.34	2/28/01	
10.18*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.37	2/28/02	
10.19*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.3	3/30/07	
10.20*	Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.1	6/30/09	
10.21*	Amended and Restated Carnival Corporation 2002 Stock Plan.	10-Q	10.3	4/2/09	
10.22*	Agreement with Pier Luigi Foschi.	8-K	10.1	9/1/09	
10.23	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	10-Q	10.2	7/12/02	
10.24*	Carnival Corporation & plc Non-Executive Board of Director Cruise Benefit Policy.	10-Q	10.1	10/7/05	
10.25*	Amendment to the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.1	3/28/06	
10.26*	Amendment of the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	4/14/03	
10.27*	Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.2	4/14/03	
10.28*	The P&O Princess Cruises Executive Share Option Plan.	20-F	4.9	12/30/01	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.29*	Form of Carnival Corporation Performance-Based Restricted Stock Unit Agreement.	10-Q	10.1	4/1/11	
10.30*	Carnival Cruise Lines Management Incentive Plan.	10-K	10.32	1/29/13	
10.31*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.1	4/8/04	
10.32*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.2	4/8/04	
10.33*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.3	4/8/04	
10.34*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.1	4/7/05	
10.35*	Form of Nonqualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.5	10/7/05	
10.36*	Form of Restricted Stock Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.60	1/29/08	
10.37*	Form of Restricted Stock Unit Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.61	1/29/08	
10.38*	Form of Share Option Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.8	10/7/05	
10.39*	Carnival Corporation 2011 Stock Plan Non-Employee Director Restricted Stock Unit.	10-Q	10.2	7/1/11	
10.40*	Carnival Corporation 2011 Stock Plan Non-Employee Director Restricted Stock Award Agreement.	10-Q	10.3	7/1/11	
10.41*	Corporate Aviation Administrative Policy Statement for the use of Carnival Corporation & plc aircraft.	10-Q	10.2	3/28/06	
10.42*	Form of Restricted Share Unit Award Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.3	3/28/06	
10.43*	Form of Restricted Stock Unit Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-K	10.67	1/29/08	
10.44*	Princess Cruises Chief Executive Officer Supplemental Retirement Plan – 2008 restatement.	10-Q	10.6	4/2/09	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.45*	Amendment to the P&O Princess Cruises Executive Share Option Plan.	10-Q	10.5	3/30/07	
10.46*	Carnival Corporation 2011 Stock Plan.	10-Q	10.1	7/1/11	
10.47*	Form of Executive Restricted Stock Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-Q	10.4	4/2/09	
10.48*	Form of Carnival plc Performance-Based Restricted Stock Unit Agreement.	10-Q	10.2	4/1/11	
10.49*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	8-K	10.1	10/19/07	
10.50*	Form of Executive Restricted Stock Agreement for Executives with Long-term Compensation Agreements.	10-Q	10.5	4/2/09	
10.51*	Amended and Restated Carnival Corporation & plc Management Incentive Plan for the CEO, COO and CFO.	10-K	10.3	1/29/13	
10.52*	Amended and Restated Executive Long-term Compensation Agreement, dated January 15, 2008, between Carnival Corporation and Micky Arison.	10-Q	10.2	3/28/08	
10.53*	Amended and Restated Executive Long-term Compensation Agreement dated January 15, 2008, between Carnival Corporation and Howard S. Frank.	10-Q	10.3	3/28/08	
10.54*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.7	4/2/09	
10.55*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.8	4/2/09	
10.56*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.9	4/2/09	
10.57*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	4/1/10	
10.58*	Carnival Corporation & plc Stock Ownership Policy for Section 16 Officers.	10-Q	10.2	4/1/10	
10.59*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.3	4/1/10	
10.60*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	7/1/10	
10.61*	Form of Executive Restricted Stock Agreement for Executives with Executive Long-term Compensation Agreements for Carnival Corporation 2011 Stock Plan.	10-Q	10.1	3/30/12	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.62*	Form of Executive Restricted Stock Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.2	3/30/12	
10.63*	2011-1 Amendment to Princess Cruises Chief Executive Officer Supplemental Retirement Plan.	10-Q	10.3	3/30/12	
10.64*	2011-2 Amendment to Princess Cruises Chief Executive Officer Supplemental Retirement Plan.	10-Q	10.4	3/30/12	
10.65*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	10/3/13	
10.66*	Employment Agreement, dated as of October 14, 2013, between Carnival Corporation, Carnival plc and Arnold W. Donald.	8-K	10.1	10/18/13	
Statements regarding computations of ratios					
12	Ratio of Earnings to Fixed Charges.				X
Annual report to security holders					
13	Portions of 2013 Annual Report.				X
Subsidiaries of the registrants					
21	Significant Subsidiaries of Carnival Corporation and Carnival plc.				X
Consents of experts and counsel					
23	Consent of Independent Registered Certified Public Accounting Firm.				X
Power of attorney					
24	Powers of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Arnold Donald, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2013 joint Annual Report on Form 10-K and any future amendments on their behalf.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
31.2	Certification of Chief Financial Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.3	Certification of President and Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.4	Certification of Chief Financial Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 certifications					
32.1**	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2**	Certification of Chief Financial Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.3**	Certification of President and Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.4**	Certification of Chief Financial Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
Interactive data file					
101	The consolidated financial statements from Carnival Corporation & plc’s Form 10-K for the year ended November 30, 2013, as filed with the SEC on January 29, 2014 formatted in XBRL, are as follows:				
	(i) the Consolidated Statements of Income for the years ended November 30, 2013, 2012 and 2011;				X
	(ii) the Consolidated Statements of Comprehensive Income for the years ended November 30, 2013, 2012 and 2011;				X
	(iii) the Consolidated Balance Sheets at November 30, 2013 and 2012;				X
	(iv) the Consolidated Statements of Cash Flows for the years ended November 30, 2013, 2012 and 2011;				X

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
	(v) the Consolidated Statements of Shareholders’ Equity for the years ended November 30, 2013, 2012 and 2011 and				X
	(vi) the notes to the consolidated financial statements, tagged in summary and detail.				X

* Indicates a management contract or compensation plan or arrangement.
** These items are furnished and not filed.

Exhibit 4.1

January 21, 2014

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

RE: Carnival Corporation, Commission File No. 001-9610, and
Carnival plc, Commission File No. 001-15136

Gentlemen:

Pursuant to Item 601(b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the "Companies") hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2013.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez
General Counsel and Secretary

CARNIVAL CORPORATION & PLC
RATIO OF EARNINGS TO FIXED CHARGES
(in millions, except ratios)

	Years Ended November 30,				
	2013	2012	2011	2010	2009
Net income	$ 1,078	$ 1,298	$ 1,912	$ 1,978	$ 1,790
Income tax (benefit) expense, net	(6)	4	—	1	16
Income before income taxes	1,072	1,302	1,912	1,979	1,806
Fixed charges					
Interest expense, net	319	336	365	378	380
Interest portion of rent expense (a)	20	19	20	21	18
Capitalized interest	15	17	21	26	37
Total fixed charges	354	372	406	425	435
Fixed charges not affecting earnings					
Capitalized interest	(15)	(17)	(21)	(26)	(37)
Earnings before fixed charges	$ 1,411	$ 1,657	$ 2,297	$ 2,378	$ 2,204
Ratio of earnings to fixed charges	4.0x	4.5x	5.7x	5.6x	5.1x

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

Exhibit 13

CARNIVAL CORPORATION & PLC
EXHIBIT 13 TO FORM 10-K
FOR THE YEAR ENDED NOVEMBER 30, 2013

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

	Years Ended November 30, 2013	2012	2011
Revenues			
Cruise			
Passenger tickets	$11,648	$11,658	$12,158
Onboard and other	3,598	3,513	3,357
Tour and other	210	211	278
	15,456	15,382	15,793
Operating Costs and Expenses			
Cruise			
Commissions, transportation and other	2,303	2,292	2,461
Onboard and other	539	558	506
Fuel	2,208	2,381	2,193
Payroll and related	1,859	1,742	1,723
Food	983	960	965
Other ship operating	2,589	2,233	2,247
Tour and other	143	154	204
	10,624	10,320	10,299
Selling and administrative	1,879	1,720	1,717
Depreciation and amortization	1,588	1,527	1,522
Ibero goodwill and trademark impairment charges	13	173	-
	14,104	13,740	13,538
Operating Income	1,352	1,642	2,255
Nonoperating (Expense) Income			
Interest income	11	10	11
Interest expense, net of capitalized interest	(319)	(336)	(365)
Gains (losses) on fuel derivatives, net	36	(7)	1
Other (expense) income, net	(8)	(7)	10
	(280)	(340)	(343)
Income Before Income Taxes	1,072	1,302	1,912
Income Tax Benefit (Expense), Net	6	(4)	-
Net Income	$ 1,078	$ 1,298	$ 1,912
Earnings Per Share			
Basic	$ 1.39	$ 1.67	$ 2.43
Diluted	$ 1.39	$ 1.67	$ 2.42
Dividends Declared Per Share	$ 1.00	$ 1.50	$ 1.00

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

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

	Years Ended November 30,		
	2013	**2012**	**2011**
Net Income	$1,078	$1,298	$1,912
Items Included in Other Comprehensive Income			
Change in foreign currency translation adjustment	332	25	(24)
Other	36	(23)	69
Other Comprehensive Income	368	2	45
Total Comprehensive Income	$1,446	$1,300	$1,957

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

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

	November 30, 2013	November 30, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 462	$ 465
Trade and other receivables, net	405	270
Insurance recoverables	381	460
Inventories	374	390
Prepaid expenses and other	315	236
Total current assets	1,937	1,821
Property and Equipment, Net	32,905	32,137
Goodwill	3,210	3,174
Other Intangibles	1,292	1,314
Other Assets	760	715
	$40,104	$39,161
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 60	$ 56
Current portion of long-term debt	1,408	1,678
Accounts payable	639	549
Dividends payable	194	583
Claims reserve	456	553
Accrued liabilities and other	932	845
Customer deposits	3,031	3,076
Total current liabilities	6,720	7,340
Long-Term Debt	8,092	7,168
Other Long-Term Liabilities	736	724
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, $0.01 par value; 1,960 shares authorized; 651 shares at 2013 and 649 shares at 2012 issued	7	6
Ordinary shares of Carnival plc, $1.66 par value; 216 shares at 2013 and 215 shares at 2012 issued	358	357
Additional paid-in capital	8,325	8,252
Retained earnings	18,782	18,479
Accumulated other comprehensive income (loss)	161	(207)
Treasury stock, 59 shares at 2013 and 55 shares at 2012 of Carnival Corporation and 32 shares at 2013 and 33 shares at 2012 of Carnival plc, at cost	(3,077)	(2,958)
Total shareholders' equity	24,556	23,929
	$40,104	$39,161

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

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

	Years Ended November 30, 2013	2012	2011
OPERATING ACTIVITIES			
Net income	$ 1,078	$ 1,298	$ 1,912
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,588	1,527	1,522
Losses on ship sales including impairments, net	163	49	28
Goodwill, trademark and other impairment charges	27	173	-
Share-based compensation	42	39	46
(Gains) losses on fuel derivatives, net	(36)	7	(1)
Other, net	35	12	21
Changes in operating assets and liabilities			
Receivables	(128)	(15)	(43)
Inventories	19	(16)	(54)
Insurance recoverables, prepaid expenses and other	402	148	18
Accounts payable	79	(24)	67
Claims reserves and accrued and other liabilities	(330)	(192)	(41)
Customer deposits	(105)	(7)	291
Net cash provided by operating activities	2,834	2,999	3,766
INVESTING ACTIVITIES			
Additions to property and equipment	(2,149)	(2,332)	(2,696)
Insurance proceeds for the ship	-	508	-
Other, net	93	52	50
Net cash used in investing activities	(2,056)	(1,772)	(2,646)
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	4	(224)	(450)
Principal repayments of long-term debt	(2,212)	(1,052)	(1,250)
Proceeds from issuance of long-term debt	2,687	946	1,704
Dividends paid	(1,164)	(779)	(671)
Purchases of treasury stock	(138)	(90)	(454)
Sales of treasury stock	35	-	-
Other, net	8	9	28
Net cash used in financing activities	(780)	(1,190)	(1,093)
Effect of exchange rate changes on cash and cash equivalents	(1)	(22)	(6)
Net (decrease) increase in cash and cash equivalents	(3)	15	21
Cash and cash equivalents at beginning of year	465	450	429
Cash and cash equivalents at end of year	$ 462	$ 465	$ 450

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock	Total shareholders' equity
Balances at November 30, 2010	$6	$355	$8,094	$17,224	$(254)	$(2,394)	$23,031
Net income	-	-	-	1,912	-	-	1,912
Other comprehensive income	-	-	-	-	45	-	45
Cash dividends declared	-	-	-	(787)	-	-	(787)
Purchases of treasury stock under the Repurchase Program and other	-	2	86	-	-	(457)	(369)
Balances at November 30, 2011	6	357	8,180	18,349	(209)	(2,851)	23,832
Net income	-	-	-	1,298	-	-	1,298
Other comprehensive income	-	-	-	-	2	-	2
Cash dividends declared	-	-	-	(1,168)	-	-	(1,168)
Purchases of treasury stock under the Repurchase Program and other	-	-	72	-	-	(107)	(35)
Balances at November 30, 2012	6	357	8,252	18,479	(207)	(2,958)	23,929
Net income	-	-	-	1,078	-	-	1,078
Other comprehensive income	-	-	-	-	368	-	368
Cash dividends declared	-	-	-	(775)	-	-	(775)
Purchases and sales under the Stock Swap program	-	-	10	-	-	(9)	1
Purchases of treasury stock under the Repurchase Program and other	1	1	63	-	-	(110)	(45)
Balances at November 30, 2013	$7	$358	$8,325	$18,782	$ 161	$(3,077)	$24,556

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

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – General

Description of Business

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

The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this 2013 Annual Report as "Carnival Corporation & plc," "our," "us" and "we."

We are the largest cruise company and among the largest leisure travel companies in the world. Each of our ten cruise brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia ("EAA") reportable cruise segments (see Note 11). As of January 22, 2014, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships	Primary Markets (b)
North America				
Carnival Cruise Lines	62,356	30%	24	North America
Princess Cruises ("Princess")	40,502	20	17	North America
Holland America Line	23,540	11	15	North America
Seabourn	1,988	1	6	North America
North America Cruise Brands	128,386	62	62	
EAA				
Costa Cruises ("Costa")	32,136	16	14	Italy, France and Germany
AIDA Cruises ("AIDA")	18,636	9	10	Germany
P&O Cruises (UK)	14,736	7	7	United Kingdom ("UK")
Cunard	6,672	3	3	UK and North America
P&O Cruises (Australia)	4,804	2	3	Australia
Ibero Cruises ("Ibero")	2,932	1	2	Spain and Argentina
EAA Cruise Brands	79,916	38	39	
	208,302	100%	101	

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.
(b) Represents the primary regions or countries where guests are sourced.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a voting control of greater than 50% or for which we are the primary beneficiary, whereby we have the power to direct the most significant activities and the obligation to absorb significant losses or receive significant benefits from the entity (see Note 3). We do not separately present our noncontrolling interests in the consolidated financial statements since the amounts are insignificant. For affiliates we do not control but where significant influence over financial and operating policies exists, as typically evidenced by a voting control of 20% to 50%, the investment is accounted for using the equity method.

Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results may differ from the estimates used in preparing our consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation. Certain prior period amounts have been reclassified in the Consolidated Statements of Cash Flows to conform to the current period presentation. The reclassifications had no impact on net cash provided by operating activities and net cash used in investing and financing activities.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost. At November 30, 2013 and 2012, cash and cash equivalents are comprised of cash on hand, money market funds and time deposits.

Inventories

Inventories consist substantially of food and beverage, hotel and restaurant products and supplies, fuel and gift shop merchandise held for resale, which are all carried at the lower of cost or market. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

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

	Years	Residual Values
Ships	30	15%
Ship improvements	Shorter of remaining ship life or useful life (3-28)	0% or 15%
Buildings and improvements	10-35	0% or 10%
Computer hardware and software	2-10	0% or 10%
Transportation equipment and other	2-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life (3-30)	-

The cruise business is very capital intensive. Each year, a capital program is developed for the improvement of our ships, as well as asset replacements to enhance efficiency of operations, gain strategic benefits or provide newer improved product offerings to our guests. Ship improvement costs that we believe add value to our ships, such as those incurred for refurbishments, safety and operational efficiencies, are capitalized to the ships and depreciated over the shorter of their or the ships' estimated remaining useful life, while costs of repairs and maintenance, including minor improvement costs, are charged to expense as incurred. We capitalize interest as part of the cost of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is included in other ship operating expenses.

Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance. These costs are expensed as incurred and included in other ship operating expenses.

We review our long-lived assets, principally our ships, for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset, which is determined by using the asset's estimated undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value. As it relates to our ships, the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level.

A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment at least annually and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our reporting units, also referred to as "cruise brands." The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed two-step quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a cruise brand's estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any cruise brand. When performing the quantitative test, if the estimated fair value of the cruise brand exceeds its carrying value, no further analysis or write-down of goodwill is required. However, if the estimated fair value of the cruise brand is less than the carrying value of its net assets, the estimated fair value of the cruise brand is assigned to all its underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair values. If necessary, goodwill is then written down to its implied fair value.

Trademarks represent substantially all of our other intangibles. For certain acquisitions, we have allocated a portion of the purchase prices to the acquiree's identified trademarks. Trademarks are estimated to have an indefinite useful life and, therefore, are not amortizable, but are reviewed for impairment at least annually and, when events or circumstances dictate, more frequently. The impairment review for trademarks also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value. The costs of developing and maintaining our trademarks are expensed as incurred.

A significant amount of judgment is required in estimating the fair values of our cruise brands and trademarks.

Revenue and Expense Recognition

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

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

Cruise passenger ticket revenues include fees and taxes levied by governmental authorities and collected by us from our guests. A portion of these fees and taxes vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees and taxes is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. These fees and taxes included in passenger ticket revenues and commissions, transportation and other costs were $517 million, $477 million and $405 million in 2013, 2012, and 2011, respectively. The remaining portion of governmental fees and taxes are also included in passenger ticket revenues but are expensed in other ship operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed or expenses are incurred. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognized ratably over the term of the charter agreement using the straight-line method (see Note 11).

Insurance

We maintain insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damages to hull and machinery for each of our ships, war risks, workers' compensation, employee health, directors and officers liability, property damages and general liabilities for third-party claims. We recognize insurance recoverables from third-party insurers for incurred expenses at the time the recovery is probable and upon realization for amounts in excess of incurred expenses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions. While we believe our estimated accrued claims reserves are adequate, the ultimate losses may differ.

At November 30, 2013 and 2012, substantially all of our aggregated short-term and long-term insurance recoverables relate to crew, guest and other third-party claims for the *Costa Concordia* incident ("2012 Ship Incident"). At November 30, 2013 and 2012, primarily all of our aggregated short-term and long-term claims reserves also relate to the 2012 Ship Incident. At November 30, 2013 and 2012, our long-term insurance recoverables and long-term claims reserve are included in other assets and other long-term liabilities, respectively, and are not material.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs. The brochures and media production costs are recorded as prepaid expenses and charged to expense as consumed or upon the first airing of the advertisement, respectively. Advertising expenses totaled $588 million in 2013 and $527 million in both 2012 and 2011. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and include, among others, salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

Each business determines its functional currency by reference to its primary economic environment. We translate the assets and liabilities of our foreign operations that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign operations are translated at weighted-average exchange rates for the period. Their equity is translated at historical rates and the resulting foreign currency translation adjustments are included as a component of accumulated other comprehensive income ("AOCI"), which is a separate component of shareholders' equity. Therefore, the U.S. dollar value of the non-equity translated items in our consolidated financial statements will fluctuate from period to period, depending on the changing value of the U.S. dollar versus these currencies.

Our underlying businesses execute transactions in a number of different currencies, principally the U.S. dollar, euro, sterling and Australian and Canadian dollars. Exchange rate gains and losses arising from the remeasurement of monetary assets and liabilities and foreign currency transactions denominated in a currency other than the functional currency of the entity involved are recognized currently in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. These net gains or losses included in nonoperating earnings were insignificant in 2013, 2012 and 2011. In addition, the unrealized gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included as a component of AOCI.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. For performance-based share awards, we generally recognize compensation cost ratably using the straight-line attribution method over the expected vesting period based on the probability of the performance condition being achieved. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognized compensation expense will be reversed and future compensation expense will be adjusted accordingly. For market-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market and performance conditions are not expected to be met, compensation expense will still be recognized. In addition, we estimate the amount of expected forfeitures, based on historical forfeiture experience, when calculating compensation cost. If the actual forfeitures that occur are significantly different from the estimate, then we revise our estimates.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares and common stock equivalents outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights (see Note 3).

NOTE 3 – DLC Arrangement

In 2003, Carnival Corporation and Carnival plc completed a DLC transaction, which implemented Carnival Corporation and Carnival plc’s DLC arrangement. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The constitutional documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation’s shareholders may differ from the interests of Carnival plc’s shareholders (a “class rights action” such as transactions primarily designed to amend or unwind the DLC arrangement), each shareholder body will vote separately as a class. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

Upon the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed the Equalization and Governance Agreement, which provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC arrangement. Because the equalization ratio is 1 to 1, one Carnival plc ordinary share is entitled to the same distributions, subject to the terms of the Equalization and Governance Agreement, as one share of Carnival Corporation common stock. In a liquidation of either company or both companies, if the hypothetical potential per share liquidation distributions to each company’s shareholders are not equivalent, taking into account the relative value of the two companies’ assets and the indebtedness of each company, to the extent that one company has greater net assets so that any liquidation distribution to its shareholders would not be equivalent on a per share basis, the company with the ability to make a higher net distribution is required to make a payment to the other company to equalize the possible net distribution to shareholders, subject to certain exceptions.

At the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed deeds of guarantee. Under the terms of Carnival Corporation’s deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. The terms of Carnival plc’s deed of guarantee mirror those of Carnival Corporation’s. In addition, Carnival Corporation and Carnival plc have each extended their respective deeds of guarantee to the other’s pre-DLC indebtedness and certain other monetary obligations, or alternatively have provided standalone guarantees in lieu of utilization of these deeds of guarantee, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and certain other monetary obligations. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third-party beneficiaries of such deed of guarantee.

The deeds of guarantee are governed and construed in accordance with the laws of the Isle of Man. Subject to the terms of the deeds of guarantee, the holders of indebtedness and other obligations that are subject to the deeds of guarantee will have recourse to both Carnival plc and Carnival Corporation, though a Carnival plc creditor must first make written demand on Carnival plc and a Carnival Corporation creditor on Carnival Corporation. Once the written demand is made by letter or other form of notice, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor. Accordingly, there is no requirement under the deeds of guarantee to obtain a judgment, take other enforcement actions or wait any period of time prior to taking steps against the relevant guarantor. All actions or proceedings arising out of or in connection with the deeds of guarantee must be exclusively brought in courts in England.

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and may enter into additional transactions in the future to take advantage of the flexibility provided by the DLC arrangement, and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

Given the DLC arrangement, we believe that providing separate financial statements for each of Carnival Corporation and Carnival plc would not present a true and fair view of the economic realities of their operations. Accordingly, separate financial statements for both Carnival Corporation and Carnival plc have not been presented.

NOTE 4 – Property and Equipment

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

	November 30, 2013	November 30, 2012
Ships, including ship improvements	$ 42,367	$ 40,774
Ships under construction	535	380
	42,902	41,154
Land, buildings and improvements, including leasehold improvements and port facilities	971	901
Computer hardware and software, transportation equipment and other	1,251	1,146
Total property and equipment	45,124	43,201
Less accumulated depreciation and amortization	(12,219)	(11,064)
	$ 32,905(a)	$ 32,137(a)

(a) At November 30, 2013 and 2012, the net carrying values of ships and ships under construction for our North America, EAA, Cruise Support and Tour and Other segments were $18.3 billion, $13.2 billion, $0.3 billion and $0.1 billion and $18.0 billion, $12.8 billion, $0.2 billion and $0.1 billion, respectively.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. Capitalized interest, substantially all on our ships under construction, amounted to $15 million, $17 million and $21 million in 2013, 2012 and 2011, respectively.

Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, were $954 million, $832 million and $830 million in 2013, 2012 and 2011, respectively, and are substantially all included in other ship operating expenses.

During 2012, we wrote-off the net carrying value of *Costa Concordia* in the amount of €381 million (or $515 million) and received €395 million (or $508 million) of hull and machinery insurance proceeds for the total loss of the ship. As a result, in 2012 we recognized €14 million (or $17 million) of proceeds in excess of the net carrying value of the ship as a reduction of other ship operating expenses. In addition, during 2012 we incurred $28 million for the 2012 Ship Incident related expenses that were not covered by insurance, including a $10 million insurance deductible related to third-party personal injury liabilities. These expenses are principally included in other ship operating expenses. See Note 7 for a discussion of loss contingencies related to the 2012 Ship Incident.

See Note 10 for a discussion regarding ship impairment charges.

NOTE 5 – Unsecured Debt

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

	November 30, 2013		November 30,	
	Interest Rates	Maturities Through	2013(a)	2012(a)
Long-Term Debt				
Export Credit Facilities				
Fixed rate (b)	4.2% to 5.5%	2020	$ 1,684	$ 2,009
Euro fixed rate (b)	3.8% to 4.5%	2025	408	423
Floating rate (c)(d)	1.4% to 1.9%	2025	1,196	1,303
Euro floating rate (b)(e)	0.2% to 1.3%	2026	1,742	1,516
Bank Loans				
Fixed rate (b)	2.5% to 4.4%	2016	650	650
Euro fixed rate (b)	3.9%	2021	276	296
Floating rate (b)(f)	0.8% to 1.4%	2018	850	700
Euro floating rate (b)(g)	0.8%	2014	138	132
Private Placement Notes				
Fixed rate	5.9% to 6.0%	2016	116	116
Euro fixed rate (b)	6.9% to 7.3%	2018	194	185
Publicly-Traded Notes				
Fixed rate (d)(h)(i)	1.2% to 7.1%	2028	2,219	517
Euro fixed rate	-	-	-	971
Other	3.8% to 7.3%	2030	27	28
Short-Term Borrowings				
Euro bank loans (j)	1.9%	2014	60	56
Total Debt			9,560	8,902
Less short-term borrowings			(60)	(56)
Less current portion of long-term debt			(1,408)	(1,678)
Total Long-term Debt			$ 8,092	$ 7,168

(a) The debt table does not include the impact of our foreign currency and interest rate swaps. At November 30, 2013, 69% and 31% (58% and 42% at November 30, 2012) of our debt was U.S. dollar and euro-denominated, respectively, including the effect of foreign currency swaps. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs. In addition, substantially all of our debt agreements, including our main revolving credit facility, contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables (see Note 10) could become due, and all debt and derivative contracts could be terminated. At November 30, 2013, we believe we were in compliance with all of our debt covenants.

(b) Includes $3.4 billion of debt whose interest rates, and in the case of our main revolver its commitment fees, would increase upon a downgrade in the long-term senior unsecured credit ratings of Carnival Corporation or Carnival plc.

(c) In 2013, we borrowed $526 million under an export credit facility, the proceeds of which were used to pay for a portion of *Royal Princess*' purchase price and is due in semi-annual installments through May 2025.

(d) In 2013, we issued $500 million of publicly-traded notes, which bear interest at 1.2% and are due in February 2016. The proceeds were used to repay a like amount of floating rate export credit facilities prior to their maturity dates through 2022.

(e) In 2013, we borrowed $311 million under a euro-denominated export credit facility, the proceeds of which were used to pay for a portion of *AIDAstella*'s purchase price and is due in semi-annual installments through March 2025.

(f) In 2013, we borrowed $150 million under a floating rate bank loan, which is due in November 2018. We used the net proceeds of this loan for general corporate purposes.

(g) In 2013, we entered into a $265 million euro-denominated floating rate revolving bank loan facility. This facility has a perpetual term, although we can terminate it at any time and the bank can terminate the facility at any time upon nine months notice. The facility can be drawn beginning in May 2014.

(h) In 2013, we issued $500 million of publicly-traded notes, which bear interest at 1.9% and are due in December 2017. We used the net proceeds of these notes for general corporate purposes, including repayments of portions of debt facilities maturing in 2013.

(i) In 2013, we issued $700 million of publicly-traded notes, which bear interest at 4.0% and are due in October 2020. We intend to use the net proceeds of these notes for general corporate purposes, which may include repaying portions of various debt facilities maturing through May 2014.

(j) The interest rate associated with our short-term borrowings represents an aggregate-weighted average interest rate.

At November 30, 2013, the scheduled annual maturities of our debt were as follows (in millions):

	Fiscal						
	2014	2015	2016	2017	2018	Thereafter	Total
Short-term borrowings	$ 60						$ 60
Long-term debt	1,408	$ 1,403	$ 1,537	$ 627	$ 1,301	$ 3,224	9,500
	$ 1,468	$ 1,403	$ 1,537	$ 627	$ 1,301	$ 3,224	$ 9,560

Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the debt. In addition, all debt issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Committed Ship Financings

We have unsecured euro and U.S. dollar long-term export credit committed ship financings in order to pay for a portion of our ships' purchase prices. These commitments, if drawn, are repayable semi-annually over 12 years. We have the option to cancel each one at specified dates prior to the underlying ship's delivery date.

At January 22, 2014, our committed ship financings are as follows:

Cruise Brands and Ships	Fiscal Year Scheduled for Funding	Amount (in millions)
North America		
Carnival Cruise Lines		
Carnival Vista (a)	2016	$ 520
Holland America Line		
Newbuild (a)	2016	408
Princess		
Regal Princess	2014	547
North America Cruise Brands		1,475
EAA		
AIDA		
AIDAprima	2015	460
Newbuild	2016	460
Costa		
Costa Diadema (a)	2014	531
P&O Cruises (UK)		
Britannia (a)	2015	563
EAA Cruise Brands		2,014
		$ 3,489

(a) Euro-denominated.

Revolving Credit Facilities

Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries are party to a five-year multi-currency revolving credit facility for $2.5 billion (comprised of $1.6 billion, €450 million and £150 million) (the "Facility"), which expires in May 2016. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 70 basis points ("bps"). The margin varies based on changes to Carnival Corporation's and Carnival plc's long-term senior unsecured credit ratings. We are required to pay a commitment fee of 35% of the margin per annum on any undrawn portion. If more than one-third or if more than two-thirds of the Facility is drawn, we will incur an additional 15 bps or 30 bps utilization fee, respectively, on the total amount outstanding.

In September 2013, we entered into a seven-year $300 million floating rate revolver, which expires in September 2020 and is undrawn as of November 30, 2013. In addition, at November 30, 2013 we had another undrawn revolving credit facility in the amount of $82 million, which expires in 2015. These other revolving credit facilities provide us with additional liquidity. At November 30, 2013, $2.8 billion was available under all of our revolving credit facilities.

NOTE 6 – Commitments

Ship Commitments

At November 30, 2013, we had eight ships under contract for construction with an aggregate passenger capacity of more than 24,700 lower berths. The estimated total cost of these ships is $5.2 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We have paid $0.5 billion through November 30, 2013 and anticipate paying $1.6 billion, $1.3 billion and $1.8 billion of the remaining estimated total costs in 2014, 2015 and 2016, respectively.

Operating Leases, Port Facilities and Other Commitments

Rent expense under our operating leases, primarily for office and warehouse space, was $61 million, $57 million and $59 million in 2013, 2012 and 2011, respectively.

At November 30, 2013, minimum amounts payable for our operating leases, with initial or remaining terms in excess of one year, and for the annual usage of port facilities and other contractual commitments with remaining terms in excess of one year, were as follows (in millions):

	Fiscal						
	2014	2015	2016	2017	2018	Thereafter	Total
Operating leases	$ 51	$ 46	$ 40	$ 28	$ 23	$ 163	$ 351
Port facilities and other	172	157	129	115	101	613	1,287
	$ 223	$ 203	$ 169	$ 143	$ 124	$ 776	$ 1,638

NOTE 7 – Contingencies

Litigation

As a result of the 2012 Ship Incident, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties, including us. The existing assertions are ongoing and there are significant jurisdictional uncertainties. The ultimate outcome of these matters cannot be determined at this time. However, we do not expect these matters to have a significant impact on our results of operations because we have insurance coverage for these types of third-party claims.

Additionally, in the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. Management believes the ultimate outcome of these claims and lawsuits will not have a material adverse impact on our consolidated financial statements.

Contingent Obligations – Lease Out and Lease Back Type (“LILO”) Transactions

At November 30, 2013, Carnival Corporation had estimated contingent obligations totaling $416 million, excluding termination payments as discussed below, to participants in LILO transactions for two of its ships. At the inception of these leases, the aggregate of the net present value of these obligations was paid by Carnival Corporation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay these obligations. As a result, these contingent obligations are considered extinguished and neither the funds nor the contingent obligations have been included in our Consolidated Balance Sheets.

In the event that Carnival Corporation were to default on its contingent obligations and assuming performance by all other participants, we estimate that it would, as of November 30, 2013, be responsible for a termination payment of $33 million. In 2017, Carnival Corporation has the right to exercise options that would terminate these LILO transactions at no cost to it.

In certain cases, if the credit ratings of the financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to replace these financial institutions with other financial institutions whose credit ratings are at least AA or meet other specified credit requirements. In such circumstances, it would incur additional costs, although we estimate that they would not be material to our consolidated financial statements. For the two financial institution payment undertakers subject to this AA- credit rating threshold, one has a credit rating of AA and the other has a credit rating of AA-. If Carnival Corporation’s credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for $40 million, or, alternatively, provide mortgages for this aggregate amount on these two ships.

Contingent Obligations – Indemnifications

Some of the debt contracts that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes and changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 8 – Income and Other Taxes

A summary of our principal taxes and exemptions in the jurisdictions where our primary businesses are located is as follows:

U.S. Income Tax

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

Our North American cruise ship businesses and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on its itinerary, any particular ship may generate income from sources within the U.S. We believe that our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income and branch profit taxes.

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. (an "equivalent exemption jurisdiction") and (ii) the foreign corporation meets a defined publicly-traded test. Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly-traded corporation under the regulations. Accordingly, substantially all of Carnival Corporation's income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list items that the Internal Revenue Service does not consider to be incidental to ship operations. Among the items identified as not incidental is income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

We believe that the U.S. source transportation income earned by Carnival plc and its Italian resident subsidiary currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

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

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

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax regime through 2023. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

For a company to be eligible for the regime, it must be subject to UK corporation tax and, among other matters, operate qualifying ships that are strategically and commercially managed in the UK. Companies within UK tonnage tax are also subject to a seafarer training requirement.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the Australian market are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

Italian Income Tax

Costa, AIDA and Ibero have elected to enter the Italian tonnage tax regime through 2014 and can reapply for an additional ten-year period beginning 2015. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of approximately 6% under the Italian International shipping tax regime since all of their ships are Italian registered.

Portuguese, Spanish and German Income Tax

Both of Ibero's ships are registered in Portugal. Provided certain local employment requirements are satisfied, most of Ibero's income that is not considered to be shipping profits for Italian tonnage tax purposes is subject to Portuguese income tax at effective rates of 5% through 2020. After 2020, such income will be subject to the normal Portuguese tax rate.

Ibero's Spanish operations are minimal and, therefore, its Spanish income taxes are minimal.

Substantially all of AIDA's earnings are exempt from German corporation tax by virtue of the Italy/Germany income tax treaty.

Brazilian, Chinese and Japanese Income and Other Taxes

From November through March, Costa and Ibero operate directly and charter certain of their ships for operation in Brazil to Brazilian subsidiaries. The subsidiaries' earnings are subject to Brazilian resident income tax, and we believe that payments passengers and these subsidiaries make to Costa and Ibero are exempt from Brazilian income tax under Brazilian domestic law and the Italy/Brazil income tax treaty.

Substantially all of Costa's income from its international operations in China is exempt from Chinese corporation tax by virtue of the Italy/China Maritime tax treaty.

The Princess cruise ships operated internationally by Carnival plc for the Asian markets are exempt from Chinese and Japanese income taxes by virtue of tax treaties between these countries and the United Kingdom.

Other

We recognize income tax benefits for uncertain tax positions, based solely on their technical merits, when it is more likely than not to be sustained upon examination by the relevant tax authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. All interest expense related to income tax liabilities is included in income tax expense. Based on all known facts and circumstances and current tax law, we believe that the total amount of our uncertain income tax position liabilities and related accrued interest are not material to our financial position.

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes and/or fees based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes and fees are included in commissions, transportation and other costs and other ship operating expenses.

NOTE 9 – Shareholders' Equity

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2013 and 2012, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued. In September 2007, our Boards of Directors authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"). In January 2013, the Boards of Directors increased the remaining $165 million under the Repurchase Program back to $1 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During 2013, 2012 and 2011, we repurchased 2.8 million, 2.6 million and 13.5 million shares of Carnival Corporation common stock for $103 million, $90 million and $413 million, respectively, under the Repurchase Program. During 2013 and 2012, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. During 2011, Carnival Investments Limited, a subsidiary of Carnival Corporation, repurchased 1.3 million ordinary shares of Carnival plc for $41 million under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program has been $975 million.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described below. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program. Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. At January 22, 2014, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock.

During 2013, Carnival Investments Limited sold 0.9 million of Carnival plc ordinary shares for net proceeds of $35 million. Substantially all of the net proceeds from these sales were used to repurchase 0.9 million shares of Carnival Corporation common stock. Pursuant to our Stock Swap programs, Carnival Corporation sold these Carnival plc ordinary shares owned by Carnival Investments Limited only to the extent it was able to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. During 2013, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the Stock Swap programs. During 2012 and 2011, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs.

At November 30, 2013, there were 20 million shares of Carnival Corporation common stock reserved for issuance under its employee benefit and dividend reinvestment plans. In addition, Carnival plc shareholders have authorized 20 million ordinary shares for future issuance under its employee benefit plans.

On November 15, 2012, our Boards of Directors declared a special dividend to holders of Carnival Corporation common stock and Carnival plc ordinary shares of $0.50 per share, or $0.4 billion, which was paid in December 2012. The special dividend was in addition to our $0.25 per share regular 2012 quarterly dividend.

Accumulated other comprehensive income (loss) was as follows (in millions):

	November 30, 2013	November 30, 2012
Cumulative foreign currency translation adjustments, net	$ 234	$ (98)
Unrecognized pension expenses	(97)	(125)
Unrealized losses on marketable securities	(7)	(13)
Net gains on cash flow derivative hedges	31	29
	$ 161	$ (207)

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

Fair Value Measurements

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

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

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

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a significant impact on the fair values of our financial instruments at November 30, 2013 and 2012. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair values presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

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

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

	November 30, 2013				November 30, 2012			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents (a)	$ 349	$ 349	$ -	$ -	$ 269	$ 269	$ -	$ -
Long-term other assets (b)	110	1	58	50	104	1	36	62
Total	$ 459	$ 350	$ 58	$ 50	$ 373	$ 270	$ 36	$ 62
Liabilities								
Fixed rate debt (c)	$ 5,574	$ -	$ 5,941	$ -	$ 5,195	$ -	$ 5,825	$ -
Floating rate debt (c)	3,986	-	3,997	-	3,707	-	3,706	-
Total	$ 9,560	$ -	$ 9,938	$ -	$ 8,902	$ -	$ 9,531	$ -

(a) Cash and cash equivalents are comprised of cash on hand and time deposits and, due to their short maturities, the carrying values approximate their fair values.

(b) At November 30, 2013 and 2012, substantially all of our long-term other assets were comprised of notes and other receivables. The fair values of our Level 1 and Level 2 notes and other receivables were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.

(c) The net difference between the fair value of our fixed rate debt and its carrying value was due to the market interest rates in existence at November 30, 2013 and 2012 being lower than the fixed interest rates on these debt obligations, including the impact of any changes in our credit ratings. At November 30, 2013, the net difference between the fair value of our floating rate debt and its carrying value was due to the market interest rates in existence at November 30, 2013 being slightly lower than the floating interest rates on these debt obligations, including the impact of any changes in our credit ratings. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

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

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

	November 30, 2013			November 30, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents (a)	$ 113	$ -	$ -	$ 196	$ -	$ -
Restricted cash (b)	28	-	-	28	-	-
Marketable securities held in rabbi trusts (c)	113	10	-	104	16	-
Derivative financial instruments (d)	-	60	-	-	48	-
Long-term other assets (e)	-	-	17	-	-	11
Total	$ 254	$ 70	$ 17	$ 328	$ 64	$ 11
Liabilities						
Derivative financial instruments (d)	$ -	$ 31	$ -	$ -	$ 43	$ -
Total	$ -	$ 31	$ -	$ -	$ 43	$ -

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(a) Cash equivalents are comprised of money market funds.
(b) Restricted cash is substantially all comprised of money market funds.
(c) Level 1 and 2 marketable securities are held in rabbi trusts and are principally comprised of frequently-priced mutual funds invested in common stocks and other investments, respectively. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.
(d) See “Derivative Instruments and Hedging Activities” section below for detailed information regarding our derivative financial instruments.
(e) Long-term other assets are comprised of an auction-rate security. The fair value was based on a broker quote in an inactive market, which is considered a Level 3 input. During 2013, there were no purchases or sales pertaining to this auction-rate security and, accordingly, the change in its fair value was based solely on the strengthening of the underlying credit.

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

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

Ship Impairments

Due to the ongoing challenging economic environment in Europe and certain ship-specific facts and circumstances, such as their size, age, condition, viable alternative itineraries and historical operating cash flows, we performed undiscounted future cash flow analyses on all three of our Ibero ships and two of our smaller Costa ships as of July 31, 2013 to determine if these ships were impaired. The principal assumptions used in our undiscounted cash flow analyses consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, estimated residual values and the expected November 2013 rebranding of Ibero’s *Grand Mistral* into the Costa fleet as *Costa neoRiviera*, which are all considered Level 3 inputs. Based on these undiscounted cash flow analyses, we determined that the net carrying value of the two Costa ships exceeded their estimated undiscounted future cash flows. Accordingly, we then estimated the July 31, 2013 fair value of these ships based on their discounted future cash flows and compared this estimated fair value to their net carrying value. As a result, we recognized $176 million of ship impairment charges in other ship operating expenses during the third quarter of 2013.

In February 2012, *Costa Allegra* suffered fire damage and, accordingly, we decided to withdraw this ship from operations resulting in a $34 million impairment charge, which is included in other ship operating expenses. In addition, during 2012 we incurred $17 million for *Costa Allegra* incident-related expenses, which are substantially all included in other ship operating expenses. In October 2012, we sold *Costa Allegra*.

During 2012, we recognized $23 million of ship impairment charges related to two Seabourn ships in other ship operating expenses.

During 2011, we reviewed certain of our ships for impairment. As a result of these reviews, in August 2011 we included $28 million of estimated impairment charges in other ship operating expenses as a result of the sales of *Costa Marina*, which was sold in November 2011, and *Pacific Sun*, which was sold in December 2011. We operated *Pacific Sun* under a bareboat charter agreement until July 2012.

The estimated fair values of the ships for which we recorded impairment charges in 2012 and 2011 were determined based on the sales value of the ships, which is considered a Level 3 input.

In 2013, 2012 and 2011, we recognized $176 million, $57 million and $28 million, respectively, of ship impairment charges in other ship operating expenses.

Valuation of Goodwill and Other Intangibles

The reconciliation of the changes in the carrying amounts of our goodwill, which goodwill has been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2011	$ 1,898	$ 1,424	$ 3,322
Ibero goodwill impairment charge (a)	-	(153)	(153)
Foreign currency translation adjustment	-	5	5
Balance at November 30, 2012	1,898	1,276	3,174
Foreign currency translation adjustment	-	36	36
Balance at November 30, 2013	$ 1,898	$ 1,312	$ 3,210

(a) At February 29, 2012, given the state of the Spanish economy and considering the low level of Ibero’s estimated fair value in excess of its carrying value, we performed an impairment review of Ibero’s goodwill. During the review, we determined that the interim discounted future cash flow analysis that was used to estimate Ibero’s fair value was primarily impacted by slower than anticipated Ibero capacity growth. As a result, Ibero’s estimated fair value no longer exceeded its carrying value. Accordingly, we recognized a goodwill impairment charge of $153 million during the first quarter of 2012, which represented Ibero’s entire goodwill balance. At November 30, 2013, accumulated goodwill impairment charges were $153 million.

At July 31, 2013, all of our cruise brands carried goodwill, except for Ibero and Seabourn. As of that date, we performed our annual goodwill impairment reviews, which included performing a qualitative assessment for all cruise brands that carried goodwill, except for Carnival Cruise Lines and Costa. Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the weighted-average cost of capital (“WACC”), overall financial performance, changes in fuel prices and capital expenditures were considered in the qualitative assessment to determine how changes in these factors would affect each of these cruise brands’ estimated fair values. Based on our qualitative assessments, we determined it was more-likely-than-not that each of these cruise brands’ estimated fair values exceeded their carrying values and, therefore, we did not proceed to the two-step quantitative goodwill impairment reviews.

As of July 31, 2013, we also performed our annual goodwill impairment reviews of Carnival Cruise Lines’ and Costa’s goodwill. We did not perform a qualitative assessment but instead proceeded directly to step one of the two-step goodwill impairment review and compared each of Carnival Cruise Lines’ and Costa’s estimated fair value to the carrying value of their allocated net assets. Both Carnival Cruise Lines’ and Costa’s estimated cruise brand fair value was based on a discounted future cash flow analysis. The principal assumptions used in our cash flow analysis consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, capacity changes, including the expected deployment of vessels into, or out of, Carnival Cruise Lines and Costa, capital expenditures, WACC of market participants, adjusted for the risk attributable to the geographic regions in which Carnival Cruise Lines and Costa operate, and terminal values, which are all considered Level 3 inputs. The forecasted net revenue yields were assumed to recover over the next few years compared to current levels as we continue to rebuild both of these brands. Based on the discounted cash flow analyses, we determined that each of Carnival Cruise Lines’ and Costa’s estimated fair value significantly exceeded their carrying value and, therefore, we did not proceed to step two of the impairment reviews.

The reconciliation of the changes in the carrying amounts of our intangible assets not subject to amortization, which represent trademarks that have been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2011	$ 927	$ 386	$ 1,313
Ibero trademarks impairment charge (a)	-	(20)	(20)
Foreign currency translation adjustment	-	6	6
Balance at November 30, 2012	927	372	1,299
Ibero trademarks impairment charge (a)	-	(13)	(13)
Foreign currency translation adjustment	-	-	-
Balance at November 30, 2013	$ 927	$ 359	$ 1,286

(a) At February 29, 2012, we also performed an interim impairment test of Ibero’s trademarks, which resulted in a $20 million impairment charge during the first quarter of 2012, based on the reduction of revenues primarily as a result of slower than anticipated Ibero capacity growth, which is considered a Level 3 input. In 2013, we recognized a $13 million impairment charge, which related to Ibero’s remaining trademarks’ carrying value.

At July 31, 2013, our cruise brands that have significant trademarks recorded include AIDA, P&O Cruises (Australia), P&O Cruises (UK) and Princess. As of that date, we performed our annual trademark impairment reviews for these cruise brands, which included performing a qualitative assessment. Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the WACC, changes to the royalty rates and overall financial performance were considered in the qualitative assessment to determine how changes in these factors would affect the estimated fair values for each of our cruise brands' recorded trademarks. Based on our qualitative assessments, we determined it was more-likely-than-not that the estimated fair value for each of these cruise brands' recorded trademarks exceeded their carrying value, and therefore, none of these trademarks were impaired.

In 2013, we also recognized a $14 million impairment charge related to an investment, leaving an insignificant carrying value at November 30, 2013.

At November 30, 2013 and 2012, our intangible assets subject to amortization are not significant to our consolidated financial statements.

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

There have not been any events or circumstances subsequent to July 31, 2013, which we believe would require us to perform an interim goodwill or trademark impairment test.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. In addition, we utilize our fuel derivatives program to mitigate a portion of the risk to our future cash flows attributable to potential fuel price increases, which we define as our "economic risk." Our policy is to not use any financial instruments for trading or other speculative purposes.

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

We classify the fair values of all our derivative contracts as either current or long-term, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged. Our cash flows related to fuel derivatives are classified within investing activities.

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The estimated fair values of our derivative financial instruments and their location on the Consolidated Balance Sheets were as follows (in millions):

	Balance Sheet Location	November 30, 2013	November 30, 2012
Derivative assets			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	$ -	$ 1
	Other assets – long-term	2	6
Foreign currency zero cost collars (b)	Prepaid expenses and other	-	11
	Other assets – long-term	8	5
Interest rate swaps (c)	Prepaid expenses and other	1	-
	Other assets – long-term	5	-
		16	23
Derivatives not designated as hedging instruments			
Fuel (d)	Prepaid expenses and other	14	-
	Other assets – long-term	30	25
		44	25
Total derivative assets		$ 60	$ 48
Derivative liabilities			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Accrued liabilities and other	$ 4	$ -
Interest rate swaps (c)	Accrued liabilities and other	13	7
	Other long-term liabilities	13	17
		30	24
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	-	16
	Other long-term liabilities	1	3
		1	19
Total derivative liabilities		$ 31	$ 43

(a) At November 30, 2013 and 2012, we had foreign currency forwards totaling $578 million and $235 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2013, these outstanding foreign currency forwards mature through July 2017.

(b) At November 30, 2013 and 2012, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See “Newbuild Currency Risks” below for additional information regarding these derivatives.

(c) We have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At November 30, 2013 and 2012, these interest rate swap agreements have or will effectively change $909 million and $269 million, respectively, of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025. In addition, at November 30, 2013 we had U.S. dollar interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. These interest rate swap agreements effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt. These interest rate swaps settle through February 2016.

(d) At November 30, 2013, we had fuel derivatives consisting of zero cost collars on Brent crude oil (“Brent”) to cover a portion of our estimated fuel consumption through 2017. See “Fuel Price Risks” below for additional information regarding these fuel derivatives. At November 30, 2012, we had fuel derivatives consisting of zero cost collars on Brent to cover a portion of our estimated fuel consumption through 2016.

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

	November 30, 2013	November 30, 2012	November 30, 2011
Net investment hedges	$ (11)	$ 48	$ (13)
Foreign currency zero cost collars – cash flow hedges	$ (1)	$ 16	$ 76
Interest rate swaps – cash flow hedges	$ 2	$ (11)	$ (4)

There are no credit risk related contingent features in our derivative agreements, except for bilateral credit provisions within our fuel derivative counterparty agreements. These provisions require interest-bearing, non-restricted cash to be posted or received as collateral to the extent the fuel derivative fair value payable to or receivable from an individual counterparty, respectively, exceeds $100 million. At November 30, 2013 and 2012, no collateral was required to be posted to or received from our fuel derivative counterparties.

The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant. We have not provided additional disclosures of the impact that derivative instruments and hedging activities have on our consolidated financial statements as of November 30, 2013 and 2012 and for the years ended November 30, 2013, 2012 and 2011 where such impacts were not significant.

Foreign Currency Exchange Rate Risks

Overall Strategy

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and nonderivative financial instruments. Our primary focus is to manage the economic foreign currency exchange risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not accounting risks. Accordingly, we do not currently hedge foreign currency exchange accounting risks with derivative financial instruments. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational and Investment Currency Risks

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

Most of our brands also have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and primarily includes the euro, sterling and Australian, Canadian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, these brands' revenues and expenses in non-functional currencies create some degree of natural offset for recognized transactional currency gains and losses due to currency exchange movements.

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations' functional currencies, principally sterling. As of November 30, 2013 and 2012, we have designated $2.2 billion and $1.8 billion, respectively, of our foreign currency intercompany payables as nonderivative hedges of our net investments in foreign operations. Accordingly, we have included $234 million and $243 million of cumulative foreign currency transaction nonderivative gains in the cumulative translation adjustment component of AOCI at November 30, 2013 and 2012, respectively, which offsets a portion of the losses recorded in AOCI upon translating our foreign operations' net assets into U.S. dollars. During 2013, 2012 and 2011, we recognized foreign currency nonderivative transaction (losses) gains of $(9) million, $39 million and $21 million, respectively, in the cumulative translation adjustment component of AOCI.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our cruise brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, currency exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts and have used nonderivative financial instruments to manage foreign currency exchange rate risk for some of our ship construction payments.

In July 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia*'s euro-denominated shipyard payments. These collars mature in February 2015 at a weighted-average ceiling rate of £0.83 to the euro, or $300 million, and a weighted-average floor rate of £0.77 to the euro, or $278 million. If the spot rate is between these two rates on the date of maturity, then we would not owe or receive any payments under these collars.

In May 2013, we settled our foreign currency zero cost collars that were designated as cash flow hedges for the final euro-denominated shipyard payments of *Royal Princess* prior to their maturity date, which resulted in an insignificant gain being recognized in other comprehensive income during the second quarter of 2013. Concurrently with the settlement of these foreign currency zero cost collars, we entered into foreign currency forwards for $552 million that were also designated as cash flow hedges for the final euro-denominated shipyard payments of *Royal Princess* due in May 2013. These foreign currency forwards settled in May 2013, and we recognized an insignificant gain in other comprehensive income during the second quarter of 2013.

At November 30, 2013, substantially all of our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild construction payments for *Regal Princess*, the Seabourn newbuild, and a portion of *Britannia*, which represent a total commitment of $1.3 billion.

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

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our investment and debt portfolio management strategies. These strategies include purchasing high quality short-term investments with floating interest rates, and evaluating our debt portfolio as to whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps and the issuance of new debt or the early retirement of existing debt. At November 30, 2013, 59% and 41% (61% and 39% at November 30, 2012) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relate to the consumption of fuel on our ships. We use our fuel derivatives program to mitigate a portion of our economic risk attributable to potential fuel price increases. We designed our fuel derivatives program to maximize operational flexibility by utilizing derivative markets with significant trading liquidity and our program currently consists of zero cost collars on Brent.

All of our derivatives are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. We will not realize any economic gain or loss upon the monthly maturities of our zero cost collars unless the average monthly price of Brent is above the ceiling price or below the floor price. We believe that these derivatives will act as economic hedges, however hedge accounting is not applied. As part of our fuel derivatives program, we will continue to evaluate various derivative products and strategies.

At November 30, 2013, our outstanding fuel derivatives consisted of zero cost collars on Brent to cover a portion of our estimated fuel consumption as follows:

Maturities (a)	Transaction Dates	Barrels (in thousands)	Weighted-Average Floor Prices	Weighted-Average Ceiling Prices	Percent of Estimated Fuel Consumption Covered
Fiscal 2014					
	November 2011	2,112	$ 85	$ 114	
	February 2012	2,112	$ 88	$ 125	
	June 2012	2,376	$ 71	$ 116	
	May 2013	1,728	$ 85	$ 108	
		8,328			43%
Fiscal 2015					
	November 2011	2,160	$ 80	$ 114	
	February 2012	2,160	$ 80	$ 125	
	June 2012	1,236	$ 74	$ 110	
	April 2013	1,044	$ 80	$ 111	
	May 2013	1,884	$ 80	$ 110	
		8,484			43%
Fiscal 2016					
	June 2012	3,564	$ 75	$ 108	
	February 2013	2,160	$ 80	$ 120	
	April 2013	3,000	$ 75	$ 115	
		8,724			44%
Fiscal 2017					
	February 2013	3,276	$ 80	$ 115	
	April 2013	2,028	$ 75	$ 110	
		5,304			27%

(a) Fuel derivatives mature evenly over each month within the above fiscal periods.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Our maximum exposure under foreign currency and fuel derivative contracts and interest rate swap agreements that are in-the-money, which were not material at November 30, 2013, is the replacement cost, net of any collateral received, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimize credit risk exposure, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions, insurance companies and export credit agencies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of our significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Europe and credit card providers to which we extend credit in the normal course of our business. Our credit exposure includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in most of Europe where we are obligated to extend credit in a like amount to these guests even if we do not receive payment from the travel agents and tour operators. Concentrations of credit risk associated with these receivables and contingent obligations are not considered to be material, primarily due to the large number of unrelated accounts within our customer base, the amount of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables and related contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 11 – Segment Information

We have three reportable cruise segments that are comprised of our (1) North America cruise brands, (2) EAA cruise brands and (3) Cruise Support. In addition, we have a Tour and Other segment. Our segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. Decisions to allocate resources and assess performance for Carnival Corporation & plc are made by the CODM upon review of the segment results across all of our cruise brands and other segments.

Our North America cruise segment includes Carnival Cruise Lines, Holland America Line, Princess and Seabourn. Our EAA cruise segment includes AIDA, Costa, Cunard, Ibero, P&O Cruises (Australia) and P&O Cruises (UK). These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, maintenance requirements, supporting systems and processes and products and services they provide. Our Cruise Support segment represents certain of our port and related facilities and other corporate-wide services that are provided for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours. In 2012 and 2011, our Tour and Other segment also included two ships that we chartered to an unaffiliated entity. In April 2013, we sold one of these two ships and recognized a $15 million gain as a reduction of Tour and Other operating expenses. Accordingly, subsequent to this 2013 sale our Tour and Other segment included only one ship. The significant accounting policies of our segments are the same as those described in Note 2 – "Summary of Significant Accounting Policies."

Selected information for our segments as of and for the years ended November 30 was as follows (in millions):

	Revenues	Operating expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
2013							
North America Cruise Brands (a)	$ 9,370	$ 6,439	$ 1,048	$ 927	$ 956	$ 1,350	$22,448
EAA Cruise Brands	5,906	4,137	686	599	471(b)	642	16,126
Cruise Support	96	31	136	26	(97)	108	1,016
Tour and Other (a)	210	143	9	36	22	49	514(c)
Intersegment elimination (a)	(126)	(126)	-	-	-	-	-
	$15,456	$10,624	$ 1,879	$ 1,588	$ 1,352	$ 2,149	$40,104
2012							
North America Cruise Brands (a)	$ 9,364	$ 6,240	$ 949	$ 898	$ 1,277	$ 990	$21,893
EAA Cruise Brands	5,827	4,010	650	561	433(b)	1,291	15,894
Cruise Support	86	22	114	28	(78)	33	888
Tour and Other (a)	211	154	7	40	10	18	486(c)
Intersegment elimination (a)	(106)	(106)	-	-	-	-	-
	$15,382	$10,320	$ 1,720	$ 1,527	$ 1,642	$ 2,332	$39,161
2011							
North America Cruise Brands (a)	$ 8,921	$ 5,848	$ 938	$ 869	$ 1,266	$ 1,232	$21,642
EAA Cruise Brands	6,504	4,244	655	579	1,026	1,380	15,626
Cruise Support	90	3	103	31	(47)	68	795
Tour and Other (a)	392	318	21	43	10	16	574(c)
Intersegment elimination (a)	(114)	(114)	-	-	-	-	-
	$15,793	$10,299	$ 1,717	$ 1,522	$ 2,255	$ 2,696	$38,637

(a) In 2013 and 2012, a portion of the North America cruise brands' segment revenues includes revenues for the tour portion of a cruise when a land tour package is sold along with a cruise by Holland America Line and Princess. These intersegment tour revenues, which are included in our Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

In 2011, a portion of Tour and Other segment revenues included revenues for the cruise portion of a tour when a cruise was sold along with a land tour package by Holland America Princess Alaska Tours. These intersegment cruise revenues, which were included in our North America cruise brands' segment, were eliminated directly against the Tour and Other segment revenues and operating expenses in the line "Intersegment elimination."

This change in 2012 from prior years is referred to as "the change in the accounting for our North America cruise brands and Tour and Other segments" and did not have a significant impact on either of these segments' 2013, 2012 and 2011 operating income.

(b) Includes $13 million in 2013 and $173 million in 2012 of impairment charges related to Ibero's goodwill and trademarks.

(c) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, glass-domed railcars, which run on the Alaska Railroad, and our owned ships that we leased out under long-term charters to an unaffiliated entity.

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

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

	Years Ended November 30,		
	2013	2012	2011
North America	$ 7,738	$ 7,952	$ 7,835
Europe	5,426	5,367	5,961
Australia and Asia	1,772	1,506	1,528
Others	520	557	469
	$ 15,456	$ 15,382	$ 15,793

NOTE 12 – Compensation Plans

Equity Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 30.7 million shares available for future grant at November 30, 2013. These plans allow us to issue time-based share ("TBS") awards, which include restricted stock awards ("RSAs") and restricted stock units ("RSUs"), performance-based share ("PBS") awards, market-based share ("MBS") awards and stock options (collectively "equity awards"). Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Certain equity awards provide for accelerated vesting if we have a change in control, as defined.

Our total share-based compensation expense was $42 million, $39 million and $46 million in 2013, 2012 and 2011, respectively, of which $39 million, $36 million and $42 million has been included in selling and administrative expenses in 2013, 2012 and 2011, respectively, and $3 million in both 2013 and 2012 and $4 million in 2011 in cruise payroll and related expenses.

TBS, PBS and MBS Awards

RSAs generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. RSAs have been granted to certain officers and non-executive board members and substantially all of them vest at the end of three years. In addition, Carnival Corporation and Carnival plc grant RSUs, substantially all of which also vest at the end of three years and accrue forfeitable dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense for TBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant.

In 2012 and 2011, the Committee approved PBS awards to be granted to certain key Carnival Corporation & plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant and the probability of our earnings per share growth over a three-year period being achieved. These PBS awards provide an opportunity to earn from zero to 200% of the number of target shares underlying the award achieved at the end of the third year. At November 30, 2013, no expense has been recognized on a cumulative basis for the 2012 and 2011 PBS awards as it is not deemed probable that the performance targets will be met.

In 2013, the Committee approved PBS awards to be granted to certain key Carnival Corporation & plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant and the probability of our annual earnings target for each year over a three-year period being achieved. These PBS awards provide an opportunity to earn from zero to 150% of the number of target shares underlying the award achieved for each year over a three-year period and may be further increased or decreased by 25% based on our total shareholder return rank relative to certain peer companies at the end of the third year. All PBS awards will accrue forfeitable dividend equivalents based on dividends declared.

In 2013, the Committee approved an MBS award to be granted to a senior executive. The MBS award was valued at $4 million as of the date of grant. The share-based compensation expense for the MBS award is based on the quoted market price of the Carnival Corporation common stock on the date of grant and the probability of certain market and performance conditions being achieved. One-half of the MBS award is expensed evenly over a three-year period and the remaining half is expensed evenly over a four-year period.

During the year ended November 30, 2013, TBS and PBS awards' activity was as follows:

	TBS Awards		PBS Awards	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2012	3,061,883	$ 35.89	313,707	$ 36.08
Granted	1,253,441	$ 37.82	239,195	$ 35.68
Vested	(1,171,870)	$ 35.00	(29,432)	$ 36.10
Forfeited	(116,753)	$ 36.71	(12,631)	$ 35.19
Outstanding at November 30, 2013	3,026,701	$ 37.01	510,839	$ 35.91

The total grant date fair value of TBS, PBS and MBS awards vested was $42 million, $52 million and $53 million in 2013, 2012 and 2011, respectively. As of November 30, 2013, there was $42 million of total unrecognized compensation cost related to TBS, PBS, and MBS awards. As of November 30, 2013, the total unrecognized compensation costs related to TBS, PBS and MBS awards are expected to be recognized over a weighted-average period of 1.7 years, 2.5 years and 3.4 years, respectively.

Stock Option Plans

In 2007 and 2008, the Committee decided to cease granting stock options to our employees and non-executive board members, respectively, and to instead grant them TBS awards. A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2013 related to stock options previously granted was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a) (in millions)
Outstanding at November 30, 2012	8,128,215	$ 47.72		
Exercised	(642,951)	$ 33.15		
Forfeited or expired	(3,563,092)	$ 49.94		
Outstanding and exercisable at November 30, 2013	3,922,172	$ 48.42	0.9	$ -

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2013.

As of the dates of exercise, the total intrinsic value of options exercised in 2013, 2012 and 2011 was $3 million, $7 million and $18 million, respectively. As of November 30, 2013, there is no unrecognized compensation cost as there were no unvested stock options. Our stock options will expire through 2016.

Defined Benefit Pension Plans

We have several single-employer defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. Substantially all of the remaining defined benefit plans are unfunded. In determining all of our plans' benefit obligations at November 30, 2013 and 2012, we assumed weighted-average discount rates of 4.0% and 3.5%, respectively. The net asset or net liability positions under these single-employer defined benefit pension plans are not material.

In addition, we participate in two multiemployer defined benefit pension plans in the UK, the British Merchant Navy Officers Pension Fund (registration number 10005645) ("MNOPF"), and the British Merchant Navy Ratings Pension Fund (registration number 10005646) ("MNRPF"), which are referred to as "the multiemployer plans." The MNOPF is divided into two sections, the "New Section" and the "Old Section." The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. However, contributions made by employers, including us, may be used to provide benefits to employees of other participating employers, and if any of the participating employers withdraw from the multiemployer plans or fail to make their required contributions, any unfunded obligations would be the responsibility of the remaining participating employers. We are contractually obligated to make all required contributions as determined by the plans' trustees. All of our multiemployer plans are closed to new membership, and the MNOPF Old Section is also closed to further benefit accrual and is fully funded. Based on the most recent actuarial reviews of the MNOPF New Section and the MNRPF at March 31, 2013, it was determined that these plans were 85% and 74% funded, respectively. The multiemployer plans have implemented recovery plans, as appropriate, whereby their estimated funding deficits are to be recovered through funding contributions from participating employers.

We expense our portion of any multiemployer plan deficit as amounts are invoiced by, and become due and payable to, the trustees. In 2013, we received and paid in full a special assessment invoice from the MNOPF trustee for our additional share of the MNOPF New Section deficit. Accordingly, we expensed the invoice of $15 million in cruise payroll and related expense in 2013, which exceeded 5% of total contributions to the fund. In 2012 and 2011, our contributions to the MNOPF fund were not material and did not exceed 5% of total contributions to the fund. In 2013, 2012 and 2011, our contributions to the MNRPF were not material and did not exceed 5% of total contributions to the plan. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future, however, such amounts are not expected to be material.

Total expense for all defined benefit pension plans, including the multiemployer plans, was $62 million, $45 million and $46 million in 2013, 2012 and 2011, respectively.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was $25 million, $22 million and $21 million in 2013, 2012 and 2011, respectively.

NOTE 13 – Earnings Per Share

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

	Years Ended November 30,		
	2013	2012	2011
Net income for basic and diluted earnings per share	$ 1,078	$ 1,298	$ 1,912
Weighted-average common and ordinary shares outstanding	775	778	787
Dilutive effect of equity plans	2	1	2
Diluted weighted-average shares outstanding	777	779	789
Basic earnings per share	$ 1.39	$ 1.67	$ 2.43
Diluted earnings per share	$ 1.39	$ 1.67	$ 2.42
Anti-dilutive equity awards excluded from diluted earnings per share computations	4	8	9

NOTE 14 – Supplemental Cash Flow Information

Cash paid for interest, net of capitalized interest, was $301 million, $347 million and $358 million in 2013, 2012 and 2011, respectively. In addition, cash (paid) received, net for income taxes was $(4) million in both 2013 and 2012 and $9 million in 2011.

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") at November 30, 2013 and November 30, 2012, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2013, based on criteria established in the 1992 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the 2013 Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 29, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this 2013 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the business in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate" and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that may impact, among other things, the forecasting of our non-GAAP earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill and trademark fair values and outlook. Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this 2013 Annual Report. These factors include, but are not limited to, the following:

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

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this 2013 Annual Report, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

2013 Executive Overview

The past two years have been challenging as we have had voyage disruptions that drew public attention to the safety and reliability of our products and services. Although the frequency of our incidents relative to our size is below the cruise industry average, the negative publicity we received significantly impacted the reputation and, accordingly, the demand for two of our largest brands, Costa and Carnival Cruise Lines. We have, and continue to, take steps to help ensure that our cruise products and services are safe and reliable and that in the rare event of a ship incident, our guests and crew are comfortably returned to port. Safety of our guests and crew is our utmost concern and key to our continuing success. These incidents, in combination with the uncertain global economic conditions, significantly impacted our results in 2012 and 2013. However, Costa did return to profitability in 2013, excluding the impact of ship impairment charges related to two of its smaller vessels. We are confident that our business will continue to recover over the next few years.

As a result of the 2013 voyage disruptions, we commenced a corporate-wide vessel enhancement program to improve emergency power capabilities, to introduce new or enhanced fire safety technology and to increase the level of operating redundancies. The corporate-wide program of enhancements is expected to cost as much as $700 million and will take place over the next several years. In addition to these operational enhancements, we are committed to rebuilding the image and reputation of Carnival Cruise Lines, which in turn will drive additional guest demand and increase profitability. To help rebuild its image and reputation, we have introduced a number of innovative product initiatives, launched a nationwide advertising campaign and travel agent outreach program, as well as an industry-leading vacation guarantee.

With over 100 ships and more than 10 million guests, we have a scale advantage in the cruise industry and are aggressively seeking opportunities to use it to drive top line improvements and obtain economies of scale and synergies by utilizing our purchasing power and implementing cross-brand initiatives aimed at cost-containment.

We recently realigned our leadership team and changed our work processes and our incentive structures to enable our brands to more efficiently collaborate and coordinate among each other, which will help us to further optimize our operations. Our leadership team has identified and will continue to identify opportunities to use our scale to drive initiatives to increase our revenues, while optimizing our cost structure, with the goal of improving our return on invested capital. In addition, we have heightened our focus on the guest experience and further exceeding guest expectations.

We also realized major milestones in the emerging Asian cruise region in 2013 by more than doubling our presence in China, as well as launching our first season of cruises originating from Japan. In addition, in 2013 we opened ten sales offices throughout Asia to support our continued expansion plans in this important emerging cruise region.

Net income for 2013 was $1.1 billion, compared to $1.3 billion for the prior year. This decrease was caused by a 2.6% decrease in constant dollar net revenue yields and a 4.6% increase in constant dollar net cruise costs excluding fuel per ALBD, partially offset by lower fuel prices and fuel consumption per ALBD.

The 2.6% decrease in constant dollar net revenue yields was driven by our North America brands, which was primarily due to promotional pricing at Carnival Cruise Lines. In addition, our EAA brands' constant dollar net revenue yields decreased, which was affected by the ongoing challenging economic environment in Europe. Although Costa's constant dollar net revenue yields increased, they were more than offset by decreases at our other European brands.

In 2013, the constant dollar net cruise costs excluding fuel per ALBD increase of 4.6% compared to the prior year was primarily due to voyage disruptions and related repair costs, higher advertising spend, new market development initiative costs in Japan, China and Australia and vessel enhancement expenses.

Our 5.3% lower fuel consumption per ALBD compared to the prior year continues our multiple-year fuel consumption savings trend, which has reached 23% since 2005. In 2013, we furthered our environmental efforts through the successful testing of a new exhaust gas cleaning "scrubber" technology and plan to install scrubbers on most of our ships between 2014 and 2016. In addition to exceeding stricter air emission standards, this technology will help mitigate higher fuel costs on these ships.

During 2013, we generated $2.8 billion of cash from operations and used $2.1 billion to fund net capital expenditures, leaving us with almost $0.7 billion of free cash flow (defined as cash from operations less net capital expenditures). All of this free cash flow was returned to shareholders through our regular quarterly dividend. In addition, during 2013 we repurchased $103 million of Carnival Corporation common stock. Over time, we expect to have higher levels of free cash flow, which we intend to return to shareholders in the form of additional dividends and opportune share buybacks.

We are building new innovative ships and continue to invest in our existing ships in order to strengthen the leadership position of each of our brands and to achieve our mission and primary financial goals. Our newbuilding program is the primary platform for our capacity growth. In 2013, we continued the enhancement of our fleet with the debut of Princess' 3,560-passenger *Royal Princess* and AIDA's 2,194-passenger *AIDAstella*. In addition, we announced an order for a Seabourn ship, which is expected to enter service in 2016. This ship will replace the capacity of the three original Seabourn ships, which were sold in 2013 and will be leaving the fleet by May 2015. Finally, we announced the retirement of a small Costa ship.

As of January 22, 2014, we currently have eight cruise ships scheduled to enter service between May 2014 and June 2016, some of which will replace existing capacity from the possible sales of older, smaller or less efficient ships (see Note 6 – "Commitments" in the accompanying consolidated financial statements). We strategically time the introduction of additional ships into our brands to allow ample time for those lines to further grow their guest base and absorb the new capacity. Our rate of growth has slowed in the more established regions of North America and Western Europe. We are committed to a measured pace of newbuilds to achieve an optimal balance of supply and demand to maximize our profitability in these established regions. In addition, we believe that we have significant opportunities to grow our presence in the emerging Asian cruise region and will continue to redeploy some of our existing ships to that region.

Outlook for the 2014 First Quarter and Full Year

On December 19, 2013, we said that we expected our non-GAAP diluted (loss) earnings per share for the 2014 first quarter and full year would be in the ranges of $(0.07) to $(0.11) and $1.40 to $1.80, respectively (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on fuel prices of $643 per metric ton and $650 per metric ton for the 2014 first quarter and full year, respectively. In addition, our guidance was based on 2014 first quarter and full year currency rates of $1.37 to the euro, $1.64 to sterling and $0.91 to the Australian dollar. The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

We believe it is more meaningful to evaluate our earnings performance by excluding, among other things, the impact of unrealized gains and losses on fuel derivatives from non-GAAP diluted earnings per share. Therefore, we do not include any future estimates of unrealized gains and losses on fuel derivatives in our non-GAAP earnings per share guidance. However, we do forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period.

The above forward-looking statements involve risks, uncertainties and assumptions with respect to us. There are many factors that could cause our actual results to differ materially from those expressed above including, but not limited to, general economic and business conditions, increases in fuel prices, incidents, spread of contagious diseases, adverse weather conditions, geo-political events, negative publicity and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statement together with the discussion of these and other risks under "Cautionary Note Concerning Factors That May Affect Future Results."

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships, including ship improvements and ships under construction, which represent 79% of our total assets at November 30, 2013. We make several critical accounting estimates with respect to our ship accounting. First, in order to compute our ships' depreciation expense, which represented 10% of our cruise costs and expenses in 2013, we have to estimate the average useful life of each of our ships as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs that we believe add value to our ships and have a useful life greater than one year, and depreciate those improvements over their or the ships' estimated remaining useful life, whichever is shorter, while the costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate the net book value of the asset being retired in order to remove it from the ship's cost basis.

We determine the average useful life of our ships and their residual values based primarily on our estimates of the weighted-average useful lives and residual values of the ships' major component systems, such as cabins, superstructure, main electric, engines and hull. In addition, we consider, among other things, long-term vacation market conditions, competition and historical useful lives of similarly-built ships. We have estimated our new ships' weighted-average useful lives at 30 years and their average residual values at 15% of our original ship cost. Further, we determine the useful life of ship improvements based on estimates of the period over which the assets will be of economic benefit to us. In determining such lives, we also consider factors, including but not limited to, physical deterioration, obsolescence, regulatory constraints and maintenance requirements.

Given the large size and complexity of our ships, ship accounting estimates require considerable judgment and are inherently uncertain. We do not have cost segregation studies performed to specifically componentize our ships. In addition, since we do not separately componentize our ships, we do not identify and track depreciation of specific original ship components. Therefore, we typically have to estimate the net book value of components that are retired, based primarily upon their replacement cost, their age and their original estimated useful lives.

If materially different conditions existed, or if we materially changed our assumptions of ship lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our 2013 ship depreciation expense would increase by approximately $40 million for every year we reduce our estimated average 30 year ship useful life. In addition, if our ships were estimated to have no residual value, our 2013 depreciation expense would increase by approximately $190 million.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which they are used. In addition, we believe that the estimates we made are reasonable and our methods consistently applied in all material respects in determining (1) the average useful life and average residual values of our ships, including ship improvements; (2) which ship improvement costs add value to our ships and (3) the net book value of ship component assets being retired. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairments

Impairment reviews of our cruise ships, goodwill and trademarks require us to make significant estimates to determine the fair values of these assets and cruise brands.

For our cruise ships, we perform our impairment reviews, if required, at the individual cruise ship level, which is the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the accompanying consolidated financial statements for a discussion of ship impairment charges recorded in 2013, 2012 and 2011.

We believe it is more-likely-than-not ("MLTN") that each of our cruise brands' estimated fair values that carry goodwill at November 30, 2013 exceeded their carrying values. We also believe that it is MLTN that the estimated fair values of each of our cruise brands' trademarks recorded at November 30, 2013 exceeded their carrying values. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the accompanying consolidated financial statements for additional discussion of our goodwill and trademark impairment reviews.

The determination of fair value includes numerous assumptions that are subject to various risks and uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships, cruise brands and trademarks. Our ships' fair values are typically estimated based either on ship sales price negotiations or discounted future cash flows.

In performing qualitative assessments of our cruise brands that carry goodwill, qualitative factors that we consider to determine their effect on each of the cruise brands' estimated fair values include industry and market conditions, macroeconomic conditions, changes to WACC, overall financial performance, changes in fuel prices and capital expenditures. In determining the estimated fair values of cruise brands utilizing discounted future cash flow analysis for our quantitative goodwill impairment tests, if any, significant judgments are made related to forecasting future operating results, including net revenue yields, net cruise costs including fuel prices, capacity changes, including the expected deployment of vessels into, or out of, the cruise brand, capital expenditures, WACC of market participants, adjusted for the risk attributable to the geographic region in which the cruise brand operates and terminal values. In addition, third party appraisers are sometimes used to help determine fair values of cruise brands and trademarks, and their valuation methodologies are also typically subject to uncertainties similar to those discussed above.

In addition, in performing our qualitative assessments of our cruise brands' significant trademarks, qualitative factors that we consider to determine their effect on each of the cruise brands recorded trademarks' estimated fair values include industry and market conditions, macroeconomic conditions, changes to the WACC, changes to the royalty rates and overall financial performance. In determining our trademark estimated fair values for our quantitative impairment tests, if any, we also use discounted future cash flow analysis, which requires some of the same significant judgments discussed above. Specifically, determining the estimated amount of royalties avoided by our ownership of the trademark is based upon forecasted cruise revenues and royalty rates that a market participant would use. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

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

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory, guest and crew and tax matters. In addition, we periodically assess the recoverability of our trade and other receivables and other counterparty credit exposures, such as contractual nonperformance by financial and other institutions with which we conduct significant business. Our credit exposure includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in most of Europe where we are obligated to extend credit in a like amount to these guests even if we do not receive payment from the travel agents and tour operators. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is probable, or MLTN for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable or MLTN loss, if any, can be made. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability and establish a reserve when we believe a loss is probable or MLTN for income tax matters, and the amount of the loss can be reasonably estimated in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Such accruals and reserves are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar non-income tax matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverages. See Note 7 – "Contingencies," Note 8 – "Income and Other Taxes" and Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the accompanying consolidated financial statements for additional information concerning our contingencies.

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

Results of Operations

We earn substantially all of our cruise revenues from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment. We also collect governmental fees and taxes from our guests, and
- sales of goods and services primarily onboard our ships not included in the cruise ticket price including substantially all liquor and some non-alcoholic beverage sales, shore excursions, casino gaming, gift shop sales, photo sales, full service spas, communication services, cruise vacation protection programs and pre- and post-cruise land packages. These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

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

For segment information related to our North America and EAA cruise brands' revenues, expenses, operating income and other financial information, see Note 11 – "Segment Information" in the accompanying consolidated financial statements.

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Statistical Information

	Years Ended November 30,		
	2013	2012	2011
Available lower berth days (“ALBDs”) (in thousands) (a)(b)	74,033	71,976	69,971
Occupancy percentage (c)	105.1%	105.5%	106.2%
Passengers carried (in thousands)	10,061	9,829	9,559
Fuel consumption in metric tons (in thousands)	3,266	3,354	3,395
Fuel consumption in metric tons per ALBD	0.044	0.047	0.049
Fuel cost per metric ton consumed	$ 676	$ 710	$ 646
Currencies			
U.S. dollar to €1	$ 1.32	$ 1.28	$ 1.40
U.S. dollar to £1	$ 1.56	$ 1.58	$ 1.60
U.S. dollar to Australian dollar	$ 0.98	$ 1.03	$ 1.03

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

(b) In 2013, we had a 2.9% capacity increase in ALBDs compared to 2012 comprised of a 3.4% and 2.5% capacity increase in our EAA brands and North America brands, respectively.

Our EAA brands’ capacity increase was caused by:

- the full year impact from one AIDA 2,194-passenger capacity ship and one Costa 2,984-passenger capacity ship both delivered in 2012;
- the partial year impact from one AIDA 2,194-passenger capacity ship delivered in 2013 and
- less ship dry-dock days in 2013 compared to 2012.

These increases were partially offset by the full year impact from the removal of two Costa ships and the sale of one P&O Cruises (Australia) 1,462-passenger capacity ship all in 2012.

Our North America brands’ capacity increase was caused by:

- the full year impact from one Carnival Cruise Lines 3,690-passenger capacity ship delivered in 2012 and
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2013.

These increases were partially offset by more ship dry-dock days in 2013 compared to 2012.

In 2012, we had a 2.9% capacity increase in ALBDs compared to 2011 comprised of a 3.4% and 2.0% capacity increase in our North America and EAA brands, respectively.

Our North America brands’ capacity increase was caused by:

- the full year impact from one Carnival Cruise Lines 3,690-passenger capacity ship delivered in 2011 and
- the partial year impact from one Carnival Cruise Lines 3,690-passenger capacity ship delivered in 2012.

Our EAA brands’ capacity increase was caused by:

- the full year impact from one AIDA 2,194-passenger capacity ship and one Costa 2,984-passenger capacity ship both delivered in 2011 and
- the partial year impact from one AIDA 2,194-passenger capacity ship and one Costa 2,984-passenger capacity ship both delivered in 2012.

These increases were partially offset by:

- the full year impact from the sale of one P&O Cruises (UK) 1,200-passenger capacity ship removed from service in 2011;
- the partial year impact from the removal of two Costa ships and the sale of one P&O Cruises (Australia) 1,462-passenger capacity ship all in 2012 and
- more ship dry-dock days in 2012 compared to 2011.

(c) In accordance with cruise industry practice, occupancy is calculated using a denominator of ALBDs, which assumes two passengers per cabin even though some cabins can accommodate three or more passengers. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

2013 Compared to 2012

Revenues

Consolidated

Cruise passenger ticket revenues made up 75% of our 2013 total revenues. Cruise passenger ticket revenues decreased slightly by $10 million to $11.6 billion in 2013 from $11.7 billion in 2012.

This decrease was caused by:

- $358 million – decrease in cruise ticket pricing and
- $42 million – decrease in occupancy.

These decreases were offset by:

- $333 million – 2.9% capacity increase in ALBDs and
- $67 million – weaker U.S. dollar against the euro, net of a stronger U.S. dollar against the sterling and Australian dollar ("2013 net currency impact").

The remaining 25% of 2013 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $85 million, or 2.4%, to $3.6 billion in 2013 from $3.5 billion in 2012. This increase was caused by our 2.9% capacity increase in ALBDs, which accounted for $100 million, partially offset by lower other revenues, which accounted for $23 million. Onboard and other revenues included concession revenues of $1.1 billion in 2013, which were flat compared to 2012.

North America Brands

Cruise passenger ticket revenues made up 74% of our 2013 total revenues. Cruise passenger ticket revenues decreased slightly by $40 million to $6.8 billion in 2013 from $6.9 billion in 2012.

This decrease was caused by:

- $168 million – decrease in cruise ticket pricing and
- $79 million – slight decrease in occupancy.

These decreases were partially offset by:

- $173 million – 2.5% capacity increase in ALBDs and
- $37 million – increase in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decline was driven by promotional pricing at Carnival Cruise Lines.

The remaining 26% of 2013 total revenues were comprised of onboard and other cruise revenues, which increased slightly by $27 million and remained at $2.4 billion in both 2013 and 2012. This increase was caused by our 2.5% capacity increase in ALBDs, which accounted for $60 million, partially offset by a slight decrease in occupancy, which accounted for $27 million. Onboard and other revenues included concession revenues of $727 million in both 2013 and 2012.

EAA Brands

Cruise passenger ticket revenues made up 81% of our 2013 total revenues. Cruise passenger ticket revenues increased slightly by $33 million and remained at $4.8 billion in both 2013 and 2012.

This increase was caused by:

- $163 million – 3.4% capacity increase in ALBDs;
- $67 million – 2013 net currency impact and
- $47 million – slight increase in occupancy.

These increases were partially offset by:

- $191 million – decrease in cruise ticket pricing and
- $44 million – decrease in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decline, which was affected by the ongoing challenging economic environment in Europe, was caused by our European brands.

The remaining 19% of 2013 total revenues were comprised of onboard and other cruise revenues, which increased $45 million, or 4.3% to $1.1 billion in 2013 from $1.0 billion in 2012. This increase was principally due to our 3.4% capacity increase in ALBDs, which accounted for $36 million. Onboard and other revenues included concession revenues of $370 million in 2013 and $356 million in 2012.

Costs and Expenses

Consolidated

Operating costs and expenses increased $304 million, or 2.9%, to $10.6 billion in 2013 from $10.3 billion in 2012.

This increase was caused by:

- $291 million – 2.9% capacity increase in ALBDs;
- $176 million – impairment charges related to two smaller Costa ships;
- $56 million – additional costs and expenses related to the 2013 *Carnival Triumph* voyage disruptions, net of third-party insurance recoverables of $20 million;
- $46 million – 2013 net currency impact;
- $46 million – additional ship repair and maintenance expenses;
- $34 million – nonrecurrence in 2013 of Costa's hull and machinery insurance proceeds for the total loss of a ship in excess of its net book value and a gain from a Cunard litigation settlement ("Costa's excess insurance proceeds and Cunard's litigation settlement");
- $20 million – higher insurance premiums;
- $15 million – special expense assessment from the MNOPF and
- $14 million – new market development initiative costs.

These increases were partially offset by:

- $131 million – lower fuel consumption per ALBD;
- $111 million – lower fuel prices;
- $65 million – decreases in commissions, transportation and other related expenses driven by lower cruise ticket pricing, partially offset by increases in air transportation costs related to guests who purchased their tickets from us;
- $34 million – nonrecurrence in 2013 of the 2012 *Costa Allegra* ship impairment charge;
- $29 million – nonrecurrence in 2013 of the 2012 Ship Incident related expenses and
- $24 million – various other operating expenses, net.

Selling and administrative expenses increased $159 million, or 9.2%, to $1.9 billion in 2013 from $1.7 billion in 2012.

Depreciation and amortization expenses increased $61 million, or 4.0%, to $1.6 billion in 2013 from $1.5 billion in 2012.

In 2013, a $13 million impairment charge was recorded for Ibero's trademarks. In 2012, $173 million of impairment charges were recorded for Ibero's goodwill and trademarks. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the accompanying consolidated financial statements for additional discussion of these impairment charges.

Our total costs and expenses as a percentage of revenues increased to 91% in 2013 from 89% in 2012.

North America Brands

Operating costs and expenses increased $179 million, or 2.9%, to $6.3 billion in 2013 from $6.1 billion in 2012.

This increase was caused by:

- $154 million – 2.5% capacity increase in ALBDs;
- $63 million – additional ship repair and maintenance expenses;
- $56 million – additional costs and expenses related to the 2013 *Carnival Triumph* voyage disruptions, net of third-party insurance recoverables of $20 million;
- $23 million – increases in commissions, transportation and other related expenses driven by increases in air transportation costs related to guests who purchased their tickets from us, partially offset by the impact of lower cruise ticket pricing;
- $14 million – new market development initiative costs and
- $45 million – various other operating expenses, net.

These increases were partially offset by:

- $58 million – lower fuel consumption per ALBD;
- $53 million – lower fuel prices;
- $39 million – intersegment transaction, which was fully offset in our Cruise Support segment and
- $26 million – slight decrease in occupancy.

Selling and administrative expenses increased $99 million, or 10%, to $1.0 billion in 2013 from $949 million in 2012. The increase was caused by higher advertising spend, which accounted for $57 million, new market development initiative costs, which accounted for $26 million, and our 2.5% capacity increase in ALBDs, which accounted for $24 million.

Our total costs and expenses as a percentage of revenues increased to 90% in 2013 from 86% in 2012.

EAA Brands

Operating costs and expenses increased $127 million, or 3.2%, $4.1 billion in 2013 from $4.0 billion in 2012.

This increase was caused by:

- $176 million – impairment charges related to two smaller Costa ships;
- $136 million – 3.4% capacity increase in ALBDs;
- $46 million – 2013 net currency impact;
- $34 million – nonrecurrence in 2013 of Costa's excess insurance proceeds and Cunard's litigation settlement and
- $9 million – MNOPF special expense assessment.

These increases were partially offset by:

- $100 million – decreases in commissions, transportation and other related expenses driven by lower cruise ticket pricing and a decrease in air transportation costs related to guests who purchased their tickets from us;
- $72 million – lower fuel consumption per ALBD;
- $58 million – lower fuel prices;
- $34 million – nonrecurrence in 2013 of the 2012 *Costa Allegra* impairment charge and
- $29 million – nonrecurrence in 2013 of the 2012 Ship Incident related expenses.

In 2013, a $13 million impairment charge was recorded for Ibero's trademarks. In 2012, $173 million of impairment charges were recorded for Ibero's goodwill and trademarks.

Our total costs and expenses as a percentage of revenues decreased to 92% in 2013 from 93% in 2012.

Operating Income

Our consolidated operating income decreased $290 million, or 18%, to $1.4 billion in 2013 from $1.6 billion in 2012. Our North America brands' operating income decreased $321 million, or 25%, to $956 million in 2013 from $1.3 billion in 2012, and our EAA brands' operating income increased $38 million, or 8.8%, to $471 million in 2013 from $433 million in 2012. These changes were primarily due to the reasons discussed above.

Key Performance Non-GAAP Financial Indicators

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business and gains and losses on ship sales including impairments, net that are not part of our core operating business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

Net revenue yields are commonly used in the cruise business to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit card fees. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices and food expenses, once our ship capacity levels have been determined.

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

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. In addition, during 2013, we changed our definition of net cruise costs with and without fuel to exclude gains and losses on ship sales including impairments, net as they are not considered part of our core operating business and are not included in our non-GAAP net income and non-GAAP earnings per share. Accordingly, we have changed our previously reported net cruise costs per ALBD and net cruise costs excluding fuel per ALBD for 2012 and 2011 from $125.44 to $124.77 in 2012 ($126.11 to $125.72 in 2011) and $92.36 to $91.69 in 2012 ($94.76 to $94.37 in 2011), respectively, to exclude losses on ship sales including impairments, net to be consistent with our treatment of these types of charges in our 2013 net cruise costs per ALBD.

In addition, because our EAA cruise brands utilize the euro, sterling and Australian dollar to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies. Accordingly, we also monitor and report these non-GAAP financial measures assuming the 2013 and 2012 periods currency exchange rates have remained constant with the 2012 and 2011 periods rates, respectively, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure since it facilitates a comparative view of the changes in our business in a fluctuating currency exchange rate environment.

We believe that the losses on ship sales including impairments, net recognized in 2013, 2012 and 2011 are not part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we believe it is more meaningful for gains and losses on ship sales including impairments, net to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these items. In addition, we changed our previously reported non-GAAP earnings per share for 2012 and 2011 from $1.88 to $1.94 and $2.42 to $2.46, respectively, to exclude losses on ship sales including impairments, net to be consistent with our treatment of these type of charges in our 2013 non-GAAP earnings per share.

We believe that the goodwill, trademark and other impairment charges recognized in 2013 and 2012 are special charges and, therefore, are also not an indication of our future earnings performance. As such, we also believe it is more meaningful for these impairment charges to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these impairment charges.

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

We have not included in our earnings guidance the impact of unrealized gains and losses on fuel derivatives because these unrealized amounts involve a significant amount of uncertainty, and we do not believe they are an indication of our future earnings performance. Accordingly, our earnings guidance is presented on a non-GAAP basis only. As a result, we did not present a reconciliation between forecasted non-GAAP diluted earnings per share guidance and forecasted U.S. GAAP diluted earnings per share guidance, since we do not believe that the reconciliation information would be meaningful.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation or as substitute for, or superior to, the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

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

	Years Ended November 30,				
	2013	2013 Constant Dollar	2012	2012 Constant Dollar	2011
Passenger ticket revenues	$ 11,648	$ 11,581	$ 11,658	$ 11,941	$ 12,158
Onboard and other revenues	3,598	3,588	3,513	3,570	3,357
Gross cruise revenues	15,246	15,169	15,171	15,511	15,515
Less cruise costs					
Commissions, transportation and other	(2,303)	(2,285)	(2,292)	(2,358)	(2,461)
Onboard and other	(539)	(538)	(558)	(566)	(506)
	(2,842)	(2,823)	(2,850)	(2,924)	(2,967)
Net passenger ticket revenues	9,345	9,296	9,366	9,583	9,697
Net onboard and other revenues	3,059	3,050	2,955	3,004	2,851
Net cruise revenues	$ 12,404	$ 12,346	$ 12,321	$ 12,587	$ 12,548
ALBDs	74,032,939	74,032,939	71,975,652	71,975,652	69,970,910
Gross revenue yields	$ 205.94	$ 204.89	$ 210.78	$ 215.50	$ 221.74
% decrease vs. prior year	(2.3)%	(2.8)%	(4.9)%	(2.8)%	
Net revenue yields	$ 167.56	$ 166.76	$ 171.18	$ 174.88	$ 179.35
% decrease vs. prior year	(2.1)%	(2.6)%	(4.6)%	(2.5)%	
Net passenger ticket revenue yields	$ 126.23	$ 125.57	$ 130.13	$ 133.14	$ 138.60
% decrease vs. prior year	(3.0)%	(3.5)%	(6.1)%	(3.9)%	
Net onboard and other revenue yields	$ 41.33	$ 41.19	$ 41.05	$ 41.74	$ 40.75
% increase vs. prior year	0.7%	0.4%	0.7%	2.4%	

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

	Years Ended November 30,				
	2013	2013 Constant Dollar	2012	2012 Constant Dollar	2011
Cruise operating expenses	$ 10,481	$ 10,434	$ 10,166	$ 10,338	$ 10,095
Cruise selling and administrative expenses	1,871	1,864	1,713	1,749	1,696
Gross cruise costs	12,352	12,298	11,879	12,087	11,791
Less cruise costs included above					
Commissions, transportation and other	(2,303)	(2,285)	(2,292)	(2,358)	(2,461)
Onboard and other	(539)	(538)	(558)	(566)	(506)
Losses on ship sales including impairments, net	(178)	(167)	(49)	(49)	(28)
Net cruise costs	9,332	9,308	8,980	9,114	8,796
Less fuel	(2,208)	(2,208)	(2,381)	(2,381)	(2,193)
Net cruise costs excluding fuel	$ 7,124	$ 7,100	$ 6,599	$ 6,733	$ 6,603
ALBDs	74,032,939	74,032,939	71,975,652	71,975,652	69,970,910
Gross cruise costs per ALBD	$ 166.83	$ 166.12	$ 165.04	$ 167.94	$ 168.51
% increase (decrease) vs. prior year	1.1%	0.6%	(2.1)%	(0.3)%	
Net cruise costs per ALBD	$ 126.05	$ 125.74	$ 124.77	$ 126.62	$ 125.72
% increase (decrease) vs. prior year	1.0%	0.8%	(0.8)%	0.7%	
Net cruise costs excluding fuel per ALBD	$ 96.23	$ 95.91	$ 91.69	$ 93.55	$ 94.37
% increase (decrease) vs. prior year	4.9%	4.6%	(2.8)%	(0.9)%	

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Non-GAAP diluted earnings per share was computed as follows (in millions, except per share data):

	Years Ended November 30, 2013	2012	2011
Net income – diluted			
U.S. GAAP net income	$ 1,078	$ 1,298	$ 1,912
Losses on ship sales including impairments, net	163(a)	49(b)	28(c)
Goodwill, trademark and other impairment charges	27(d)	173(e)	-
Unrealized gains on fuel derivatives, net	(36)	(6)	(1)
Non-GAAP net income	$ 1,232	$ 1,514	$ 1,939
Weighted-average shares outstanding – diluted	777	779	789
Earnings per share – diluted			
U.S. GAAP earnings per share	$ 1.39	$ 1.67	$ 2.42
Losses on ship sales including impairments, net	0.21(a)	0.06(b)	0.04(c)
Goodwill, trademark and other impairment charges	0.03(d)	0.22(e)	-
Unrealized gains on fuel derivatives, net	(0.05)	(0.01)	-
Non-GAAP earnings per share	$ 1.58	$ 1.94	$ 2.46

(a) Substantially due to impairment charges of $176 million related to two smaller Costa ships, partially offset by a $15 million gain in our Tour and Other segment from the sale of a former Holland America Line ship, which was on charter to an unaffiliated entity.
(b) Represents impairment charges of $34 million related to *Costa Allegra* and $23 million related to two Seabourn ships, partially offset by an $8 million gain on the sale of *Pacific Sun*.
(c) Represents impairment charges related to the sale of *Costa Marina* and *Pacific Sun*.
(d) Represents impairment charges of $14 million related to an investment and $13 million for Ibero's remaining trademarks' carrying value.
(e) Represents impairment charges related to Ibero's goodwill and trademarks.

Net cruise revenues increased slightly by $83 million to $12.4 billion in 2013 from $12.3 billion in 2012. This was caused by our 2.9% capacity increase in ALBDs, which accounted for $352 million, and the 2013 net currency impact, which accounted for $58 million, partially offset by a 2.6% decrease in constant dollar net revenue yields, which accounted for $327 million. The 2.6% decrease in net revenue yields on a constant dollar basis was caused by a 3.5% decrease in net passenger ticket revenue yields, partially offset by a slight increase in net onboard and other revenue yields. The 3.5% decrease in net passenger ticket revenue yields was driven by our North America brands' 3.8% net yield decrease, which was driven by promotional pricing at Carnival Cruise Lines. In addition, our EAA brands' net passenger ticket revenue yields decreased 2.8%, which was affected by the ongoing challenging economic environment in Europe. Although Costa's net passenger ticket revenue yields increased, they were more than offset by decreases at our other European brands. Gross cruise revenues increased slightly by $75 million and remained at $15.2 billion in both 2013 and 2012 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased $525 million, or 8.0%, to $7.1 billion in 2013 from $6.6 billion in 2012. The increase was caused by a 4.6% increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for $313 million, our 2.9% capacity increase in ALBDs, which accounted for $189 million, and the 2013 net currency impact, which accounted for $23 million.

The 4.6% increase in constant dollar net cruise costs excluding fuel per ALBD was caused by:

- $56 million – additional costs and expenses related to the 2013 *Carnival Triumph* voyage disruptions, net of third-party insurance recoverables of $20 million;
- $46 million – additional ship repair and maintenance expenses;
- $44 million – higher advertising spend;
- $40 million – new market development initiative costs;
- $34 million – nonrecurrence in 2013 of Costa's excess insurance proceeds and Cunard's litigation settlement;
- $20 million – higher insurance premiums;
- $15 million – MNOPF special expense assessment and
- $87 million – various other operating expenses, net.

These increases were partially offset by:

- $29 million – nonrecurrence in 2013 of the 2012 Ship Incident related expenses.

Fuel costs decreased $173 million, or 7.3%, to $2.2 billion in 2013 from $2.4 billion in 2012. This was caused by a 5.3% decrease in fuel consumption per ALBD, which accounted for $131 million, and lower fuel prices, which accounted for $111 million, partially offset by our 2.9% capacity increase in ALBDs, which accounted for $68 million.

Gross cruise costs increased $473 million, or 4.0% to $12.4 billion in 2013 from $11.9 billion in 2012 for principally the same reasons as discussed above.

2012 Compared to 2011

Revenues

Consolidated

Cruise passenger ticket revenues made up 76% of our 2012 total revenues. Cruise passenger ticket revenues decreased by $500 million, or 4.1%, to $11.7 billion in 2012 from $12.2 billion in 2011.

This decrease was caused by:

- $434 million – decrease in cruise ticket pricing;
- $282 million – a stronger U.S. dollar against the euro and sterling, net of a weaker U.S. dollar against the Australian dollar ("2012 net currency impact") and
- $82 million – slight decrease in occupancy.

These decreases were partially offset by:

- $348 million – 2.9% capacity increase in ALBDs.

Our cruise ticket pricing and occupancy were affected by the direct and indirect consequences of the 2012 Ship Incident and the challenging economic environment in Europe.

The remaining 24% of 2012 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $156 million, or 4.6%, to $3.5 billion in 2012 from $3.4 billion in 2011.

This increase was caused by:

- $96 million – 2.9% capacity increase in ALBDs;
- $51 million – higher onboard spending by our guests and
- the change in the accounting for our North America cruise brands and Tour and Other segments (See Note 11 – "Segment Information" in the accompanying consolidated financial statements for a further discussion).

These increases were partially offset by:

- $58 million – 2012 net currency impact and
- $23 million – slight decrease in occupancy.

Onboard and other revenues included concession revenues of $1.1 billion in 2012, which were flat compared to 2011.

North America Brands

Cruise passenger ticket revenues made up 74% of our 2012 total revenues. Cruise passenger ticket revenues increased by $123 million, or 1.8%, to $6.9 billion in 2012 from $6.8 billion in 2011. This increase was caused by our 3.4% capacity increase in ALBDs, which accounted for $229 million, partially offset by a decrease in cruise ticket pricing, which accounted for $59 million, and a decrease in air transportation revenues from guests who purchased their tickets from us, which accounted for $39 million. Our cruise ticket pricing was affected by the indirect consequences of the 2012 Ship Incident.

The remaining 26% of 2012 total revenues were comprised of onboard and other cruise revenues, which increased $214 million, or 9.9%, to $2.4 billion in 2012 from $2.2 billion in 2011. This increase was substantially due to our 3.4% capacity increase in ALBDs, which accounted for $73 million, higher onboard spending by our guests, which accounted for $42 million, and the change in the accounting for our North America cruise brands and Tour and Other segments. Onboard and other revenues included concession revenues of $727 million in 2012 and $681 million in 2011.

EAA Brands

Cruise passenger ticket revenues made up 82% of our 2012 total revenues. Cruise passenger ticket revenues decreased by $621 million, or 11%, to $4.8 billion in 2012 from $5.4 billion in 2011.

This decrease was caused by:

- $354 million – decrease in cruise ticket pricing;
- $282 million – 2012 net currency impact and
- $110 million – 2.1 percentage point decrease in occupancy.

These decreases were partially offset by:

- $110 million – 2.0% capacity increase in ALBDs.

Our cruise ticket pricing and occupancy were affected by the direct and indirect consequences of the 2012 Ship Incident and the challenging economic environment in Europe.

The remaining 18% of 2012 total revenues were comprised of onboard and other cruise revenues, which decreased $56 million, or 5.1%, to $1.0 billion in 2012 from $1.1 billion in 2011. This decrease was caused by the 2012 net currency impact, which accounted for $58 million, and a 2.1 percentage point decrease in occupancy, which accounted for $23 million, partially offset by our 2.0% capacity increase in ALBDs, which also accounted for $23 million. Onboard and other revenues included concession revenues of $356 million in 2012 and $397 million in 2011.

Costs and Expenses

Consolidated

Operating costs and expenses increased slightly by $21 million and remained at $10.3 billion in both 2012 and 2011.

This increase was caused by:

- $289 million – 2.9% capacity increase in ALBDs;
- $214 million – higher fuel prices;
- $51 million – *Costa Allegra* ship impairment charge and incident-related expenses and
- $29 million – 2012 Ship Incident related expenses.

These increases were partially offset by:

- $172 million – 2012 net currency impact;
- $158 million – decrease in commissions, transportation and other costs primarily as a result of our lower cruise ticket pricing, the change in our UK brands' commission structure and a decrease in air transportation costs related to guests who purchased their tickets from us;
- $89 million – lower fuel consumption per ALBD;
- $34 million – Costa's excess insurance proceeds and Cunard's litigation settlement;
- $28 million – nonrecurrence in 2012 of ship impairment charges recognized in 2011 related to the sale of *Costa Marina* and *Pacific Sun*;
- $27 million – slight decrease in occupancy and
- $54 million – various other operating expenses, net.

Selling and administrative expenses of $1.7 billion in 2012 were flat compared to 2011.

Depreciation and amortization expenses of $1.5 billion in 2012 were flat compared to 2011.

Ibero goodwill and trademark impairment charges of $173 million were recorded in 2012.

Our total costs and expenses as a percentage of revenues increased to 89% in 2012 from 86% in 2011.

North America Brands

Operating costs and expenses increased $286 million, or 4.9%, to $6.1 billion in 2012 from $5.8 billion in 2011.

This increase was caused by:

- $198 million – 3.4% capacity increase in ALBDs;
- $147 million – higher fuel prices and
- the change in the accounting for our North America cruise brands and Tour and Other segments.

These increases were partially offset by:

- $46 million – decrease in commissions, transportation and other costs primarily as a result of our lower cruise ticket pricing and a decrease in air transportation costs related to guests who purchased their tickets from us and
- $44 million – lower fuel consumption per ALBD.

Our total costs and expenses as a percentage of total revenues of 86% in 2012 was flat compared to 2011.

EAA Brands

Operating costs and expenses decreased $234 million, or 5.5%, to $4.0 billion in 2012 from $4.2 billion in 2011.

This decrease was caused by:

- $172 million – 2012 net currency impact;
- $103 million – decrease in commissions, transportation and other costs primarily as a result of our lower cruise ticket pricing, the change in our UK brands' commission structure and a decrease in air transportation costs related to guests who purchased their tickets from us;
- $45 million – lower fuel consumption per ALBD;
- $36 million – 2.1 percentage point decrease in occupancy;
- $34 million – Costa's excess insurance proceeds and Cunard's litigation settlement and
- $28 million – nonrecurrence in 2012 of ship impairment charges recognized in 2011 related to the sale of *Costa Marina* and *Pacific Sun*.

These decreases were partially offset by:

- $87 million – 2.0% capacity increase in ALBDs;
- $67 million – higher fuel prices;
- $51 million – *Costa Allegra* ship impairment charge and incident-related expenses and
- $29 million – 2012 Ship Incident related expenses.

Ibero goodwill and trademark impairment charges of $173 million were recorded in 2012.

Our total costs and expenses as a percentage of total revenues increased to 93% in 2012 from 84% in 2011.

Operating Income

Our consolidated operating income decreased $613 million, or 27%, to $1.6 billion in 2012 from $2.3 billion in 2011. Our North America brands' operating income increased slightly by $11 million and remained at $1.3 billion in both 2012 and 2011, and our EAA brands' operating income decreased $593 million, or 58%, to $433 million in 2012 from $1.0 billion in 2011. These changes were primarily due to the reasons discussed above.

Key Performance Non-GAAP Financial Indicators

Net cruise revenues decreased $227 million, or 1.8%, to $12.3 billion in 2012 from $12.5 billion in 2011. This was caused by a 2.5% decrease in constant dollar net revenue yields, which accounted for $321 million, and the 2012 net currency impact, which accounted for $267 million, partially offset by our 2.9% capacity increase in ALBDs, which accounted for $361 million. The 2.5% decrease in net revenue yields on a constant dollar basis was comprised of a 3.9% decrease in net passenger ticket revenue yields, partially offset by a 2.4% increase in net onboard and other revenue yields. The 3.9% decrease in net passenger ticket revenue yields was principally due to our EAA brands with a 7.6% yield decrease, which was affected by the direct and indirect consequences of the 2012 Ship Incident and the challenging economic environment in Europe. The 2.4% increase in net onboard and other revenue yields was primarily due to higher onboard spending by guests from our North America brands, partially offset by lower yields from certain of our EAA brands, driven by lower occupancy, principally at Costa. Gross cruise revenues decreased $344 million, or 2.2%, to $15.2 billion in 2012 from $15.5 billion in 2011 for largely the same reasons as discussed above.

Net cruise costs excluding fuel decreased slightly by $4 million and remained at $6.6 billion in both 2012 and 2011. Our 2.9% capacity increase in ALBDs, which accounted for $190 million, was offset by the 2012 net currency impact, which accounted for $135 million, and a slight decrease in constant dollar net cruise costs excluding fuel per ALBD, which accounted for $38 million.

Fuel costs increased $188 million, or 8.6%, to $2.4 billion in 2012 from $2.2 billion in 2011. This was caused by higher fuel prices, which accounted for $214 million, and a 2.9% capacity increase in ALBDs, which accounted for $63 million, partially offset by a 3.9% decrease in fuel consumption per ALBD, which accounted for $89 million.

Gross cruise costs increased $88 million, or 0.7% to $11.9 billion in 2012 from $11.8 billion in 2011 for principally the same reasons as discussed above.

Liquidity, Financial Condition and Capital Resources

Our primary financial goals are to profitably grow our cruise business thus increasing our return on invested capital, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund all of our capital investments. Over time, we expect to have higher levels of free cash flow, which we intend to return to shareholders in the form of additional dividends and opportune share buybacks. We are also committed to maintaining our strong investment grade credit ratings. Other objectives of our capital structure policy are to maintain a sufficient level of liquidity with our available cash and cash equivalents and committed financings for immediate and future liquidity needs, and a reasonable debt maturity profile that is spread out over a number of years.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital projects including shipbuilding commitments, ship improvements, debt service requirements, working capital needs and other firm commitments over the next several years. We believe that our ability to generate significant operating cash flows and our strong balance sheet as evidenced by our investment grade credit ratings provide us with the ability in most financial credit market environments to obtain debt financing, as needed. Our future operating cash flows and our ability to issue debt can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." In June 2013, Moody's downgraded our senior unsecured credit ratings to Baa1. This downgrade did not have a significant impact on our operating results. However, if our long-term senior unsecured credit ratings were to be further downgraded, our access to, and cost of, debt financing may be negatively impacted.

At November 30, 2013, we had a working capital deficit of $4.8 billion. This deficit included $3.0 billion of current customer deposits, which represent the passenger revenues we collect within a year in advance of sailing dates and, accordingly, are substantially more like deferred revenue balances rather than actual current cash liabilities. Our November 30, 2013 working capital deficit also included $1.5 billion of current debt obligations, which are substantially related to our export credit facilities, bank loans and other debt. We continue to generate significant cash from operations and have a strong balance sheet. This strong balance sheet provides us with the ability to refinance our current debt obligations before, or as they become due, in most financial credit market environments. We also have our revolving credit facilities available to provide long-term rollover financing should the need arise, or if we choose to do so. After excluding current customer deposits and current debt obligations from our November 30, 2013 working capital deficit balance, our non-GAAP adjusted working capital deficit was $284 million. Our business model, along with our unsecured revolving credit facilities, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs. We believe we will continue to have working capital deficits for the foreseeable future.

At November 30, 2012, the U.S. dollar was $1.60 to sterling, $1.30 to the euro and $1.05 to the Australian dollar. Had these November 30, 2012 currency exchange rates been used to translate our November 30, 2013 non-U.S. dollar functional currency operations' assets and liabilities instead of the November 30, 2013 U.S. dollar exchange rates of $1.63 to sterling, $1.36 to the euro and $0.91 to the Australian dollar, our total assets and liabilities would have been lower by $580 million and $225 million, respectively.

Sources and Uses of Cash

Our business provided $2.8 billion of net cash from operations during 2013, a decrease of $165 million, or 5.5%, compared to $3.0 billion in 2012. This decrease was caused by less cash being provided from our operating results, partially offset by less cash being used for our working capital needs.

During 2013, our expenditures for capital projects were $2.1 billion, of which $1.3 billion was spent on our ongoing new shipbuilding program, including $836 million for the final delivery payments for *AIDAstella* and *Royal Princess*. In addition to our new shipbuilding program, we had capital expenditures of $633 million for ship improvements and replacements and $227 million for information technology and other assets. Furthermore, in 2013 we sold three of our Seabourn ships that are leaving the fleet by May 2015, and received $70 million in cash proceeds, which represented substantially all of the sales price.

During 2013, we borrowed a net $4 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the year. In addition, during 2013 we issued $1.7 billion of unsecured publicly-traded notes, of which $500 million was used to repay a like amount of unsecured floating rate export credit facilities, and the remaining $1.2 billion was and will be used for general corporate purposes, including repayments of portions of debt facilities maturing through May 2014. We also borrowed $1.0 billion of new long-term debt under two unsecured floating rate export credit facilities and one floating rate bank loan. Furthermore, during 2013 we repaid $2.2 billion of long-term debt. Finally, during 2013 we paid cash dividends of $1.2 billion and purchased $103 million of shares of Carnival Corporation common stock in open market transactions, net of $35 million of treasury stock sales under our Stock Swap program.

Future Commitments and Funding Sources

At November 30, 2013, our contractual cash obligations were as follows (in millions):

	Payments Due by						
	2014	2015	2016	2017	2018	Thereafter	Total
Recorded Contractual Cash Obligations							
Short-term borrowings	$ 60						$ 60
Long-term debt (a)	1,408	$ 1,403	$ 1,537	$ 627	$ 1,301	$ 3,224	9,500
Other long-term liabilities reflected on the balance sheet (b)	86	108	74	107	111	158	644
Unrecorded Contractual Cash Obligations							
Shipbuilding (c)	1,604	1,305	1,814	-	-	-	4,723
Operating leases (c)	51	46	40	28	23	163	351
Port facilities and other (c)	172	157	129	115	101	613	1,287
Purchase obligations (d)	851	104	82	40	36	6	1,119
Fixed rate interest payments (e)	234	213	163	131	107	432	1,280
Floating rate interest payments (e)	42	42	57	65	68	192	466
Total Contractual Cash Obligations (f)	$ 4,508	$ 3,378	$ 3,896	$ 1,113	$ 1,747	$ 4,788	$ 19,430

(a) Our long-term debt has a weighted-average maturity of 4.4 years. See Note 5 – “Unsecured Debt” in the accompanying consolidated financial statements for additional information regarding these debt obligations.

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

(c) Our shipbuilding contractual obligations are legal commitments and, accordingly, cannot be cancelled without cause by the shipyards or us, and such cancellation will subject the defaulting party to significant contractual liquidating damage payments. See Note 6 – “Commitments” in the accompanying consolidated financial statements for additional information regarding these contractual cash obligations.

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

(e) Fixed rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a floating rate to a fixed rate. Floating rate interest payments represent forecasted cash outflows for interest payments on floating rate debt, including interest swapped from a fixed rate to a floating rate, using the November 30, 2013 forward interest rates for the remaining terms of the loans.

(f) Amounts payable in foreign currencies, which are principally the euro, sterling and Australian dollars, are based on the November 30, 2013 exchange rates.

As of November 30, 2013, our total annual capital expenditures consist of ships under contract for construction, estimated improvements to existing ships and shoreside assets and for 2014, 2015 and 2016 are expected to be $3.0 billion, $2.7 billion and $2.8 billion, respectively.

As a result of the 2013 voyage disruptions, we commenced a corporate-wide vessel enhancement program to improve emergency power capabilities, to introduce new or enhanced fire safety technology and to increase the level of operating redundancies. The enhancement program is expected to cost as much as $700 million over the next several years. In addition, we expect to install scrubbers on most of our ships between 2014 and 2016. The expected costs of both the enhancement program and installation of scrubbers through 2016 are included in our total annual capital expenditures discussed in the above paragraph.

The year-over-year percentage increase in our annual capacity is currently expected to be 2.8% for 2014 and 3.9% for both 2015 and 2016. These percentage increases result primarily from contracted new ships entering service and include *Seabourn Pride*, *Seabourn Spirit* and *Seabourn Legend* leaving the fleet by May 2015.

In 2013, the Board of Directors increased the authorization to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program back to $1 billion. Since March 2013, the remaining availability under the Repurchase Program was $975 million. See Note 9 – "Shareholders' Equity" in the accompanying consolidated financial statements for a further discussion of the Repurchase Program.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program. Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2014 annual general meeting or October 16, 2014. Finally, under the Stock Swap programs, any sales of the Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act.

At January 22, 2014, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock. See Note 9 – "Shareholders' Equity" in the accompanying consolidated financial statements for a further discussion of the Stock Swap programs.

At November 30, 2013, we had liquidity of $6.5 billion. Our liquidity consisted of $187 million of cash and cash equivalents, which excludes $275 million of cash used for current operations, $2.8 billion available for borrowing under our revolving credit facilities and $3.5 billion under our committed export credit ship financings. Of this $3.5 billion, $1.1 billion, $1.0 billion and $1.4 billion are scheduled to be funded in 2014, 2015 and 2016, respectively. Substantially all of our revolving credit facilities are scheduled to mature in 2016, except for $300 million that matures in 2020. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us.

Substantially all of our debt agreements contain financial covenants as described in Note 5 – "Unsecured Debt" in the accompanying consolidated financial statements. At November 30, 2013, we believe we were in compliance with our debt covenants. In addition, based on, among other things, our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants for the foreseeable future. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities that either have, or are reasonably likely to have, a current or future material effect on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Currency Exchange Rate Risks

Operational and Investment Currency Risks

We have $578 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2013, we estimate that these foreign currency forwards’ fair values would change by $51 million, which would be offset by a corresponding change of $51 million in the U.S. dollar value of our net investments. In addition, based on a 10% hypothetical change in the U.S. dollar to euro, sterling and Australian dollar exchange rates as of November 30, 2013, which are the functional currencies that we translate into our U.S. dollar reporting currency, we estimate that our 2014 full year December 19, 2013 non-GAAP guidance would change by $0.19 per share.

Newbuild Currency Risks

In 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia’s* euro-denominated shipyard payments. These collars mature in February 2015 at a weighted-average ceiling rate of £0.83 to the euro, or $300 million, and a weighted-average floor rate of £0.77 to the euro, or $278 million. If the spot rate is between these two rates on the date of maturity, then we would not owe or receive any payments under these collars. At November 30, 2013, the estimated fair value of these outstanding foreign currency zero cost collars was an asset of $8 million. Based on a 10% hypothetical increase or decrease in the November 30, 2013 sterling rates to euro exchange rates, we estimate the fair value of these collars would increase $15 million or decrease $12 million, respectively.

At November 30, 2013, substantially all our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild construction payments for *Regal Princess*, the Seabourn newbuild and a portion of *Britannia*, which represent a total commitment of $1.3 billion. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the payments are made under the shipbuilding contract, or we enter into a foreign currency hedge. Based on a 10% hypothetical change in the U.S. dollar and sterling to euro exchange rates as of November 30, 2013, the unpaid cost of these ships would have a corresponding change of $134 million.

Interest Rate Risks

At November 30, 2013, we have interest rate swaps that have or will effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt and $909 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10%

hypothetical change in the November 30, 2013 market interest rates, the fair value of all our debt and related interest rate swaps would change by $116 million. In addition, based on a 10% hypothetical change in the November 30, 2013 market interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We expect to consume approximately 3.2 million metric tons of fuel in 2014. Based on a 10% hypothetical change in our December 19, 2013 guidances' forecasted average fuel price, we estimate that our 2014 fuel expense, excluding the effect of zero cost collar fuel derivatives, would change by $210 million.

We use our fuel derivatives program to mitigate a portion of our economic risk attributable to potential fuel price increases. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the accompanying consolidated financial statements for additional discussion of our fuel derivatives program.

At November 30, 2013, we had fuel derivatives consisting of zero cost collars on Brent to cover a portion of our estimated fuel consumption through 2017. Based on a 10% hypothetical increase in the Brent spot price used in our December 19, 2013 guidance, there would be a realized gain of $56 million on our fuel derivatives as the resulting Brent price would be above the ceiling Brent prices established by certain of these collars. However, based on a 10% hypothetical decrease in the Brent spot price used in our December 19, 2013 guidance, there would be no realized losses on our fuel derivatives as the resulting Brent price would remain above the floor Brent prices established by these collars. At November 30, 2013, the estimated fair value of our outstanding fuel derivative contracts was a net asset of $43 million. Based on a 10% hypothetical increase or decrease in the November 30, 2013 Brent forward price curve, we estimate the fair value of our fuel derivatives would increase $165 million or decrease $115 million, respectively.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2009 through 2013 and as of the end of each such year, except for the other statistical data, are derived from our audited consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

	Years Ended November 30,				
	2013	2012	2011	2010	2009
	(dollars in millions, except per share, per ton and currency data)				
Statements of Income Data					
Revenues	$ 15,456	$ 15,382	$ 15,793	$ 14,469	$ 13,460
Operating income	$ 1,352	$ 1,642	$ 2,255	$ 2,347	$ 2,154
Net income (a)	$ 1,078	$ 1,298	$ 1,912	$ 1,978	$ 1,790
Earnings per share					
Basic	$ 1.39	$ 1.67	$ 2.43	$ 2.51	$ 2.27
Diluted	$ 1.39	$ 1.67	$ 2.42	$ 2.47	$ 2.24
Non-GAAP net income (a)	$ 1,232	$ 1,514	$ 1,939	$ 1,934	$ 1,790
Non-GAAP earnings per share – diluted (a)	$ 1.58	$ 1.94	$ 2.46	$ 2.42	$ 2.24
Dividends declared per share	$ 1.00	$ 1.50(b)	$ 1.00	$ 0.40	$ -
Statements of Cash Flow Data					
Cash provided by operating activities	$ 2,834	$ 2,999	$ 3,766	$ 3,818	$ 3,342
Cash used in investing activities	$ 2,056	$ 1,772(c)	$ 2,646	$ 3,501	$ 3,384
Capital expenditures	$ 2,149	$ 2,332	$ 2,696	$ 3,579	$ 3,380
Cash used in financing activities	$ 780	$ 1,190	$ 1,093	$ 404	$ 93
Dividends paid	$ 1,164	$ 779	$ 671	$ 237	$ 314
Other Statistical Data					
ALBDs (in thousands)	74,033	71,976	69,971	66,545	62,106
Occupancy percentage	105.1%	105.5%	106.2%	105.6%	105.5%
Passengers carried (in thousands)	10,061	9,829	9,559	9,147	8,519
Fuel consumption in metric tons (in thousands)	3,266	3,354	3,395	3,319	3,184
Fuel consumption in metric tons per ALBD	0.044	0.047	0.049	0.050	0.051
Fuel cost per metric ton consumed	$ 676	$ 710	$ 646	$ 489	$ 363
Currencies					
U.S. dollar to €1	$ 1.32	$ 1.28	$ 1.40	$ 1.33	$ 1.39
U.S. dollar to £1	$ 1.56	$ 1.58	$ 1.60	$ 1.55	$ 1.56
U.S. dollar to Australian dollar	$ 0.98	$ 1.03	$ 1.03	$ 0.91	$ 0.77

	As of November 30,				
	2013	2012	2011	2010	2009
	(dollars in millions)				
Balance Sheet and Other Data					
Total assets	$ 40,104	$ 39,161	$ 38,637	$ 37,490	$ 36,835
Total debt	$ 9,560	$ 8,902	$ 9,353	$ 9,364	$ 10,047
Total shareholders' equity	$ 24,556	$ 23,929	$ 23,832	$ 23,031	$ 22,039
Total debt to capital (d)	28.0%	27.1%	28.2%	28.9%	31.3%

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(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	As of November 30,				
	2013	2012	2011	2010	2009
Net income – diluted					
U.S. GAAP net income	$ 1,078	$ 1,298	$ 1,912	$ 1,978	$ 1,790
Losses (gains) on ship sales including impairments, net (i)	163	49	28	(44)(ii)	-
Goodwill, trademark and other impairment charges (i)	27	173	-	-	-
Unrealized gains on fuel derivatives, net	(36)	(6)	(1)	-	-
Non-GAAP net income	$ 1,232	$ 1,514	$ 1,939	$ 1,934	$ 1,790
Weighted-average shares outstanding – diluted	777	779	789	805	804
Earnings per share – diluted					
U.S. GAAP earnings per share	$ 1.39	$ 1.67	$ 2.42	$ 2.47	$ 2.24
Losses (gains) on ship sales including impairments, net (i)	0.21	0.06	0.04	(0.05)(ii)	-
Goodwill, trademark and other impairment charges (i)	0.03	0.22	-	-	-
Unrealized gains on fuel derivatives, net	(0.05)	(0.01)	-	-	-
Non-GAAP earnings per share (i)	$ 1.58	$ 1.94	$ 2.46	$ 2.42(ii)	$ 2.24

(i). See “Key Performance Non-GAAP Financial Indicators” in the accompanying consolidated financial statements for further discussion of the losses (gains) on ship sales including impairments, net and goodwill, trademark and other impairment charges for the years ended November 30, 2013, 2012, and 2011.

(ii). Represents the 2010 gain on the sale of P&O Cruises (UK)’s *Artemis* and, accordingly, we changed our previously reported non-GAAP earnings per share from $2.47 to $2.42 to exclude this gain on ship sale to be consistent with our treatment of these types of items in our 2013 non-GAAP earnings per share.

(b) Includes a special dividend of $0.50 per share.

(c) Net of $508 million of euro-denominated hull and machinery insurance proceeds received for the total loss of a ship.

(d) Percentage of total debt to the sum of total debt and shareholders’ equity.

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MARKET PRICE FOR COMMON STOCK AND ORDINARY SHARES

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

	Carnival Corporation Per Share		Carnival plc Per Ordinary Share		Carnival plc Per ADS	
	High	Low	High	Low	High	Low
2013						
Fourth Quarter	$ 37.96	$ 31.44	£ 24.86	£ 20.22	$ 39.36	$ 32.33
Third Quarter	$ 38.04	$ 32.06	£ 26.12	£ 21.08	$ 39.74	$ 32.91
Second Quarter	$ 36.56	$ 32.51	£ 25.65	£ 20.17	$ 38.40	$ 33.32
First Quarter	$ 39.95	$ 34.37	£ 26.38	£ 23.44	$ 41.80	$ 36.05
2012						
Fourth Quarter	$ 39.40	$ 34.41	£ 25.76	£ 21.24	$ 40.78	$ 33.82
Third Quarter	$ 35.61	$ 30.65	£ 23.21	£ 20.23	$ 35.99	$ 31.03
Second Quarter	$ 33.23	$ 29.22	£ 21.18	£ 18.31	$ 33.43	$ 28.88
First Quarter	$ 35.23	$ 29.15	£ 23.14	£ 16.00	$ 35.91	$ 28.87

As of January 22, 2014, there were 3,577 holders of record of Carnival Corporation common stock and 34,555 holders of record of Carnival plc ordinary shares and 98 holders of record of Carnival plc ADSs. The past performance of our share prices cannot be relied on as a guide to their future performance.

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

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

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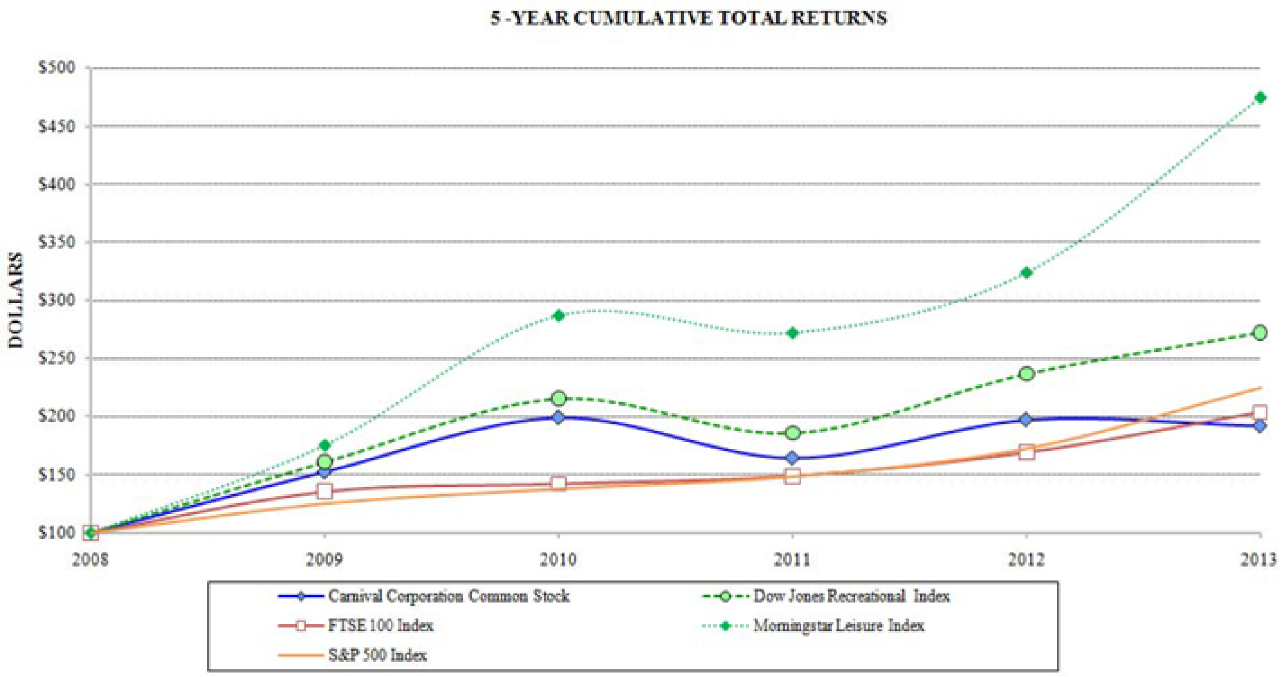
STOCK PERFORMANCE GRAPHS

Carnival Corporation

The following graph compares the Price Performance of $100 if invested in Carnival Corporation common stock with the Price Performance of $100 if invested in each of the Dow Jones U.S. Recreational Services Index (the "Dow Jones Recreational Index"), the FTSE 100 Index, the Morningstar Leisure/Lodging/Resorts and Casinos Blended Index (the "Morningstar Leisure Index") and the S&P 500 Index. The Dow Jones Recreational Index was selected to replace the Dow Jones U.S. Travel and Leisure Index in the performance graph for 2013 because we are no longer a constituent of the Dow Jones U.S. Travel and Leisure Index, and we believe the Dow Jones Recreational Index's components comprise a more appropriate comparison to Carnival Corporation. The Price Performance, as used in the Performance Graph, is calculated by assuming $100 is invested at the beginning of the period in Carnival Corporation common stock at a price equal to the market value. At the end of each year, the total value of the investment is computed by taking the number of shares owned, assuming Carnival Corporation dividends are reinvested, multiplied by the market price of the shares.



	Assumes $100 Invested on November 30, 2008 Assumes Dividends Reinvested Years Ended November 30,					
	2008	2009	2010	2011	2012	2013
Carnival Corporation Common Stock	$ 100	$ 153	$ 199	$ 164	$ 197	$ 192
Dow Jones Recreational Index	$ 100	$ 161	$ 216	$ 186	$ 237	$ 273
FTSE 100 Index	$ 100	$ 135	$ 142	$ 149	$ 169	$ 203
Morningstar Leisure Index	$ 100	$ 175	$ 287	$ 272	$ 324	$ 475
S&P 500 Index	$ 100	$ 125	$ 138	$ 149	$ 173	$ 225

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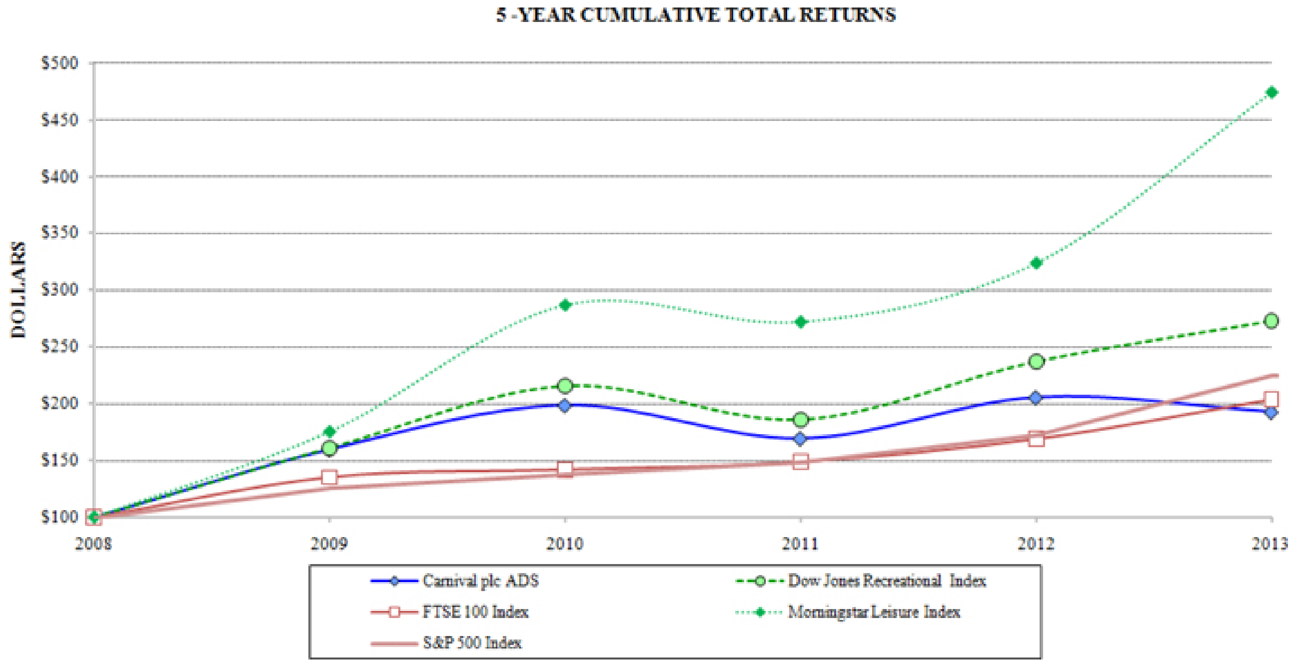
Carnival plc

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



	Assumes $100 Invested on November 30, 2008 Assumes Dividends Reinvested Years Ended November 30,					
	2008	2009	2010	2011	2012	2013
Carnival plc ADS	$ 100	$ 160	$ 198	$ 169	$ 205	$ 193
Dow Jones Recreational Index	$ 100	$ 161	$ 216	$ 186	$ 237	$ 273
FTSE 100 Index	$ 100	$ 135	$ 142	$ 149	$ 169	$ 203
Morningstar Leisure Index	$ 100	$ 175	$ 287	$ 272	$ 324	$ 475
S&P 500 Index	$ 100	$ 125	$ 138	$ 149	$ 173	$ 225

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SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

Quarterly financial results for 2013 were as follows (in millions, except per share data):

	Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	$ 3,593	$ 3,479	$ 4,726	$ 3,659
Operating income	$ 145	$ 152	$ 951	$ 104
Net income (a)	$ 37	$ 41	$ 934	$ 66
Earnings per share				
Basic	$ 0.05	$ 0.05	$ 1.20	$ 0.09
Diluted	$ 0.05	$ 0.05	$ 1.20	$ 0.08
Non-GAAP net income (a)	$ 67	$ 57	$ 1,073	$ 35
Non-GAAP earnings per share – diluted (a)	$ 0.08	$ 0.07	$ 1.38	$ 0.04
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.25

(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
Net income – diluted				
U.S. GAAP net income	$ 37	$ 41	$ 934	$ 66
Losses (gains) on ship sales including impairments, net	2	(15)	176	-
Trademark and other impairment charges	-	-	27	-
Unrealized losses (gains) on fuel derivatives, net	28	31	(64)	(31)
Non-GAAP net income	$ 67	$ 57	$ 1,073	$ 35
Weighted-average shares outstanding – diluted	778	777	777	777
Earnings per share – diluted				
U.S. GAAP earnings per share	$ 0.05	$ 0.05	$ 1.20	$ 0.08
Losses (gains) on ship sales including impairments, net	-	(0.02)(i)	0.23	-
Trademark and other impairment charges	-	-	0.03	-
Unrealized losses (gains) on fuel derivatives, net	0.03	0.04	(0.08)	(0.04)
Non-GAAP earnings per share	$ 0.08	$ 0.07(i)	$ 1.38	$ 0.04

(i). We changed our previously reported non-GAAP earnings per share for the quarter ended May 31, 2013 from $0.09 to $0.07 to exclude a gain on a ship sale to be consistent with our treatment of these types of items in our non-GAAP earnings per share.

Quarterly financial results for 2012 were as follows (in millions, except per share data):

	Quarters Ended			
	February 29	May 31	August 31	November 30
Revenues	$ 3,582	$ 3,538	$ 4,684	$ 3,579
Operating (loss) income	$ (82)	$ 253	$ 1,295	$ 176
Net (loss) income (a)	$ (139)	$ 14	$ 1,330	$ 93
(Loss) earnings per share				
Basic	$ (0.18)	$ 0.02	$ 1.71	$ 0.12
Diluted	$ (0.18)	$ 0.02	$ 1.71	$ 0.12
Non-GAAP net income (a)	$ 49	$ 159	$ 1,194	$ 111
Non-GAAP earnings per share – diluted (a)	$ 0.07	$ 0.20	$ 1.53	$ 0.14
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.75(b)

(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	Quarters Ended			
	February 29	May 31	August 31	November 30
Net income – diluted				
U.S. GAAP net (loss) income	$ (139)	$ 14	$ 1,330	$ 93
Losses on ship sales including impairments, net	36	-	-	13
Goodwill and trademark impairment charges	173	-	-	-
Unrealized (gains) losses on fuel derivatives, net	(21)	145	(136)	5
Non-GAAP net income	$ 49	$ 159	$ 1,194	$ 111
Weighted-average shares outstanding – diluted	778	779	779	779
Earnings per share – diluted				
U.S. GAAP (loss) earnings per share	$ (0.18)	$ 0.02	$ 1.71	$ 0.12
Losses on ship sales including impairments, net (i)	0.05	-	-	0.01
Goodwill and trademark impairment charges	0.22	-	-	-
Unrealized (gains) losses on fuel derivatives, net	(0.02)	0.18	(0.18)	0.01
Non-GAAP earnings per share (i)	$ 0.07	$ 0.20	$ 1.53	$ 0.14

(i). We changed our previously reported non-GAAP earnings per share for the quarters ended February 29, 2012 and November 30, 2012 from $0.02 to $0.07 and $0.13 to $0.14, respectively, to exclude losses on ship sales including impairments, net to be consistent with our treatment of these types of items in our 2013 non-GAAP earnings per share.

(b) Includes a special dividend of $0.50 per share.

Exhibit 21

SIGNIFICANT SUBSIDIARIES OF CARNIVAL CORPORATION AND CARNIVAL PLC (1)

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Costa Crociere S.p.A. ("Costa") (2)	Italy
Cruiseport Curacao C.V. (3)	Curacao
HAL Antillen N.V.	Curacao
Holland America Line N.V. (4)	Curacao
Princess Bermuda Holdings Ltd.	Bermuda
Princess Cruise Lines Ltd. (5)	Bermuda
Sunshine Shipping Corporation Ltd. ("Sunshine") (6)	Bermuda

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

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

(3) Subsidiary of Holland America N.V.

(4) Subsidiary of HAL Antillen N.V.

(5) Subsidiary of Sunshine.

(6) Subsidiary of Princess Bermuda Holdings Ltd.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 (File Nos. 333-106553, 333-106553-01, 333-179936 and 333-179936-01) of Carnival Corporation and Carnival plc, the Registration Statements on Form S-8 (File Nos. 333-173465, 333-125418, 333-105672, 333-87036, 333-67394, 333-43885 and 33-51195) of Carnival Corporation and the Registration Statements on Form S-8 (File Nos. 333-125418-01, 333-124640, 333-104609, 333-84968, 333-13794 and 333-12742) of Carnival plc, of our report dated January 29, 2014 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this joint Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Miami, Florida
January 29, 2014

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Arnold W. Donald, Howard S. Frank, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2013 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals on this 14th day of October, 2013.

CARNIVAL CORPORATION

/s/ Micky Arison
Micky Arison
Chairman of the Board

/s/ Sir Jonathon Band
Sir Jonathon Band
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Debra Kelly-Ennis
Debra Kelly-Ennis
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board

/s/ Sir Jonathon Band
Sir Jonathon Band
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Debra Kelly-Ennis
Debra Kelly-Ennis
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

Exhibit 31.1

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2014

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

Exhibit 31.2

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2014

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

Exhibit 31.3

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2014

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

Exhibit 31.4

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2014

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

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2013 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2014

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

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 2013 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2014

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

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 2013 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2014

By: /s/ Arnold W. Donald

Arnold W. Donald
President and Chief
Executive Officer

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2013 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2014

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