

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

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 2004

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-9610

Commission File Number: 1-15136

Carnival Corporation  
(Exact name of registrant as specified in its charter)

Carnival plc  
(Exact name of registrant as specified in its charter)

Republic of Panama  
(State or other jurisdiction of incorporation or organization)

England and Wales  
(State or other jurisdiction of incorporation or organization)

59-1562976  
(I.R.S. Employer Identification No.)

none  
(I.R.S. Employer Identification No.)

3655 N.W. 87th Avenue  
Miami, Florida 33178-2428  
(Address of principal executive offices)  
(Zip code)

Carnival House, 5 Gainsford Street,  
London SE1 2NE, United Kingdom  
(Address of principal executive offices)  
(Zip code)

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

011 44 20 7940 5381  
(Registrant's telephone number, including area code)

None  
(Former name, former address and former fiscal year, if changed since last report.)

None  
(Former name, former address and former fiscal year, if changed since last report.)

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

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

At July 9, 2004, Carnival Corporation had outstanding 633,066,932 shares of Common Stock, \$.01 par value.

At July 9, 2004, Carnival plc had outstanding 211,815,857 Ordinary Shares \$1.66 stated value, one Special Voting Share, GBP 1.00 par value and 633,066,932 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

CARNIVAL CORPORATION & PLC  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

(in millions, except per share data)

	<u>Six Months</u> <u>Ended May 31,</u>		<u>Three Months</u> <u>Ended May 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>				
Cruise				
Passenger tickets	\$3,218	\$1,808	\$1,691	\$1,008
Onboard and other	976	536	529	305
Other	45	33	36	29
	<u>4,239</u>	<u>2,377</u>	<u>2,256</u>	<u>1,342</u>
<b>Costs and Expenses</b>				
Operating				
Cruise				
Commissions, transportation and other	760	386	376	212
Onboard and other	178	72	97	44
Payroll and related	486	302	249	172
Food	264	158	137	88
Other ship operating	817	496	437	283
Other	43	33	33	28
Total	<u>2,548</u>	<u>1,447</u>	<u>1,329</u>	<u>827</u>
Selling and administrative	638	389	322	212
Depreciation and amortization	388	241	200	135
	<u>3,574</u>	<u>2,077</u>	<u>1,851</u>	<u>1,174</u>
<b>Operating Income</b>	<u>665</u>	<u>300</u>	<u>405</u>	<u>168</u>
<b>Nonoperating (Expense) Income</b>				
Interest income	9	13	4	9
Interest expense, net of capitalized interest	(136)	(71)	(70)	(42)
Other (expense) income, net	(7)	4	(7)	(11)
	<u>(134)</u>	<u>(54)</u>	<u>(73)</u>	<u>(44)</u>
<b>Income Before Income Taxes</b>	531	246	332	124
<b>Income Tax Benefit, Net</b>	<u>4</u>	<u>9</u>	<u>—</u>	<u>4</u>
<b>Net Income</b>	<u>\$ 535</u>	<u>\$ 255</u>	<u>\$ 332</u>	<u>\$ 128</u>
<b>Earnings Per Share</b>				
Basic	<u>\$ 0.67</u>	<u>\$ 0.40</u>	<u>\$ 0.41</u>	<u>\$ 0.19</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 0.40</u>	<u>\$ 0.41</u>	<u>\$ 0.19</u>
<b>Dividends Per Share</b>	<u>\$ 0.25</u>	<u>\$ 0.21</u>	<u>\$ 0.125</u>	<u>\$ 0.105</u>

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

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(in millions, except par/stated values)

	<b>May 31, 2004</b>	<b>November 30, 2003</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 443	\$ 1,070
Accounts receivable, net	425	403
Inventories	211	171
Prepaid expenses and other	270	213
Fair value of derivative contracts	<u>101</u>	<u>275</u>
Total current assets	<u>1,450</u>	<u>2,132</u>
<b>Property and Equipment, Net</b>	19,948	17,522
<b>Goodwill</b>	3,212	3,031
<b>Trademarks</b>	1,349	1,324
<b>Other Assets</b>	<u>444</u>	<u>482</u>
	<u>\$26,403</u>	<u>\$24,491</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 249	\$ 94
Current portion of long-term debt	508	392
Convertible debt subject to current put option	600	-
Accounts payable	711	640
Accrued liabilities and other	410	426
Customer deposits	2,111	1,352
Dividends payable	100	100
Fair value of hedged firm commitments	<u>101</u>	<u>264</u>
Total current liabilities	<u>4,790</u>	<u>3,268</u>
<b>Long-Term Debt</b>	6,623	6,918
<b>Other Long-Term Liabilities and Deferred Income</b>	593	512
<b>Contingencies (Note 5)</b>		
<b>Shareholders' Equity</b>		
Common stock of Carnival Corporation; \$.01 par value; 1,960 shares authorized; 633 shares at 2004 and 630 shares at 2003 issued and outstanding	6	6
Ordinary shares of Carnival plc; \$1.66 stated value; 226 shares authorized; 212 shares at 2004 and 210 shares at 2003 issued	352	349
Additional paid-in capital	7,263	7,163
Retained earnings	7,526	7,191
Unearned stock compensation	(19)	(18)
Accumulated other comprehensive income	327	160
Treasury stock, 42 shares of Carnival plc at cost	<u>(1,058)</u>	<u>(1,058)</u>
Total shareholders' equity	<u>14,397</u>	<u>13,793</u>
	<u>\$26,403</u>	<u>\$24,491</u>

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

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

	<u>Six Months Ended May 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 535	\$ 255
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	388	241
Accretion of original issue discount	11	10
Other	12	4
Changes in operating assets and liabilities, excluding business acquired		
Increase in		
Receivables	(18)	(39)
Inventories	(42)	(4)
Prepaid expenses and other	(49)	(41)
Increase (decrease) in		
Accounts payable	64	56
Accrued and other liabilities	64	(34)
Customer deposits	742	217
Net cash provided by operating activities	<u>1,707</u>	<u>665</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment	(2,648)	(613)
Cash acquired from the acquisition of P&O Princess, net		156
Proceeds from retirement of property and equipment	77	51
Other, net	(13)	(31)
Net cash used in investing activities	<u>(2,584)</u>	<u>(437)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	842	898
Principal repayments of long-term debt	(624)	(284)
Proceeds from short-term borrowings, net	153	49
Dividends paid	(199)	(123)
Proceeds from exercise of stock options	97	14
Other	(4)	(12)
Net cash provided by financing activities	<u>265</u>	<u>542</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(15)</u>	<u>(56)</u>
Net (decrease) increase in cash and cash equivalents	(627)	714
Cash and cash equivalents at beginning of period	<u>1,070</u>	<u>667</u>
Cash and cash equivalents at end of period	<u>\$ 443</u>	<u>\$1,381</u>

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

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

**NOTE 1 - Basis of Presentation**

Carnival Corporation is a Panamanian corporation, and Carnival plc is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this joint Quarterly Report on Form 10-Q as "Carnival Corporation & plc," "our," "us," and "we." Our consolidated financial statements only include the consolidated results of the former P&O Princess Cruises plc operations since April 17, 2003.

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc or "P&O Princess") completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented Carnival Corporation & plc's DLC structure. The DLC transaction combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities, however, they operate as if they were a single economic enterprise.

The accompanying consolidated balance sheet at May 31, 2004, the consolidated statements of operations for the six and three months ended May 31, 2004 and 2003 and the consolidated statements of cash flows for the six months ended May 31, 2004 and 2003 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, except as noted in the second paragraph of Note 3, necessary for a fair presentation. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2003 joint Annual Report on Form 10-K. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Commencing with the third quarter of fiscal 2003, we changed the reporting format of our consolidated statements of operations to present our significant revenue sources and their directly related variable costs and expenses. In addition, we have separately identified certain ship operating expenses, such as payroll and related expenses and food costs. Reclassifications have been made to prior period amounts to conform to the current period presentation.

**NOTE 2 - Stock-Based Compensation**

Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended, we elected to use the intrinsic value method of accounting for our employee and director stock-based compensation awards instead of the fair value method. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. Our adjusted net income and adjusted earnings per share, had we elected to adopt the fair value approach of SFAS No. 123, which charges earnings for the estimated fair value of stock options, would have been as follows (in millions, except per share data):

	<u>Six Months</u>		<u>Three Months</u>	
	<u>Ended May 31,</u>	<u>2003</u>	<u>Ended May 31,</u>	<u>2003</u>
	<u>2004</u>		<u>2004</u>	
Net income, as reported	\$535	\$255	\$332	\$128
Stock-based compensation expense included in net income, as reported	6	2	4	1
Total stock-based compensation expense determined under the fair value-based method for all awards	<u>(45)</u> (a)	<u>(17)</u>	<u>(12)</u>	<u>(9)</u>
Adjusted net income for basic earnings per share	496	240	324	120
Interest on dilutive convertible notes	<u>13</u>	<u>—</u>	<u>9</u>	<u>—</u>
Adjusted net income for diluted earnings per share	<u>\$509</u>	<u>\$240</u>	<u>\$333</u>	<u>\$120</u>
Earnings per share				
Basic				
As reported	<u>\$0.67</u>	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.19</u>
Adjusted	<u>\$0.62</u>	<u>\$0.38</u>	<u>\$0.40</u>	<u>\$0.17</u>
Diluted				
As reported	<u>\$0.66</u>	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.19</u>
Adjusted	<u>\$0.62</u>	<u>\$0.38</u>	<u>\$0.40</u>	<u>\$0.17</u>

(a) During the six months ended May 31, 2004 we completed a corporate reorganization. As a result of that reorganization, 2.3 million unvested options held by employees vested immediately. This vesting occurred either in accordance with the terms of the option plan or to avoid having these employees and Carnival Corporation incur unduly burdensome taxes upon the exercise of such options at a later date. As a result of this accelerated vesting we included an additional nonrecurring amount of \$23 million of stock-based compensation expense determined under the fair value-based method in the adjusted net income for the six months ended May 31, 2004.

### NOTE 3 - DLC Transaction

The DLC transaction has been accounted for as an acquisition of P&O Princess by Carnival Corporation, using the purchase method of accounting. P&O Princess' accounting policies have been conformed to Carnival Corporation's policies. P&O Princess' reporting period has been changed to Carnival Corporation's reporting period, and the pro forma information presented below covers the same period of time for both companies. P&O Princess changed its name to Carnival plc upon completion of the DLC transaction. The P&O Princess purchase price was \$5.36 billion and the number of additional shares effectively issued in the combined entity for purchase accounting purposes was 209.6 million.

During the three months ended May 31, 2004 we increased the fair values of the P&O Princess publicly traded debt, and correspondingly, goodwill, by \$87 million to take into account the extension of Carnival Corporation's guarantee to cover this debt as of the acquisition date. The impact of this correction on our current and prior period financial statements was immaterial. There have been no other significant changes to our goodwill carrying amount since November 30, 2003, other than the changes resulting from using different foreign currency translation rates at each balance sheet date.

The following pro forma information has been prepared as if the DLC transaction had occurred on December 1, 2002 rather than April 17, 2003 and has not been adjusted to reflect any net transaction benefits. In addition, the pro forma information presented below does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2002 or what those results will be for any future periods. Management has prepared the pro forma information based upon the companies' reported financial information.

	<u>Six Months</u>	<u>Three Months</u>
	<u>Ended May 31,</u>	<u>Ended May 31,</u>
	<u>2003</u>	<u>2003</u>
	(in millions, except earnings per share)	

Pro forma revenues	<u>\$3,256</u>	<u>\$1,634</u>
Pro forma net income (a)(b)	<u>\$ 221</u>	<u>\$ 97</u>
Pro forma earnings per share		
Basic	<u>\$0.28</u>	<u>\$0.12</u>
Diluted	<u>\$0.28</u>	<u>\$0.12</u>
Pro forma weighted-average shares outstanding		
Basic	<u>795</u>	<u>796</u>
Diluted	<u>799</u>	<u>799</u>

- (a) In accordance with SFAS No. 141, "Business Combinations," pro forma net income was reduced by \$51 million and \$27 million for the six and three months ended May 31, 2003, respectively, for P&O Princess' nonrecurring costs related to its completion of the DLC transaction with Carnival Corporation, which were expensed by P&O Princess prior to April 17, 2003.
- (b) Pro forma net income for the six and three months ended May 31, 2003 included a \$16 million nonrecurring expense related to litigation and other charges associated with the DLC transaction. In addition, pro forma net income for the six months ended May 31, 2003, included \$19 million of income related to the receipt of nonrecurring net insurance proceeds during the three months ended February 28, 2003.

#### **NOTE 4 - Debt**

In February and May 2004, we borrowed an aggregate of \$739 million to finance a portion of the Diamond Princess and Sapphire Princess purchase prices, pursuant to committed financing arrangements. These loans have both a fixed and variable interest rate component, mature through May 2016, and had a weighted-average interest rate of 3.9% at May 31, 2004. In addition, in March 2004 we extinguished \$237 million of unsecured debt, which bore interest at USDLibor plus 1.33%, before its July 2008 maturity date.

In March 2004, Carnival plc entered into a 600 million euro unsecured 364-day multi-currency revolving credit facility, guaranteed by Carnival Corporation, which currently bears interest at eurolibor plus 30 basis points ("BPS"), which interest rate spread over the base rate will vary based on changes to Carnival plc's senior unsecured credit rating. This facility also has a nine BPS commitment fee on the undrawn portion and expires in March 2005 but provides Carnival plc with the option to extend the repayment date of the then existing outstanding borrowings to June 2006. At May 31, 2004, \$101 million of short-term borrowings were outstanding under this facility, bearing interest at 2.34%. In connection with obtaining this revolver, Carnival plc repaid the \$93 million outstanding under the P&O Princess Cruises International Limited ("POPCIL") \$710 million revolving credit facilities, which facilities were then terminated prior to their September 2005 maturity dates. In June 2004, Carnival plc established a U.S. dollar commercial paper program, which is supported by this 600 million euro revolving credit facility and, accordingly, any amounts outstanding under this commercial paper program will reduce the aggregate amount available under the facility.

At May 31, 2004, Carnival Corporation had \$120 million outstanding under short-term commercial paper borrowings, bearing interest at 1.15%, and supported by its \$1.4 billion credit facility. Also, at May 31, 2004, our \$600 million 2% convertible notes were classified as a current liability since the first put option of these notes is in April 2005.

In connection with a corporate reorganization that was completed in late February 2004, the POPCIL deed of guarantee dated June 19, 2003, which guaranteed substantially all of Carnival Corporation's debt was terminated in accordance with its terms. The

deeds of guarantee between Carnival Corporation and Carnival plc are still in effect, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and other monetary obligations.

## **NOTE 5 - Contingencies**

### **Litigation**

In 2002, two actions (collectively, the "Facsimile Complaints") were filed against Carnival Corporation on behalf of purported classes of persons who received unsolicited advertisements via facsimile, alleging that Carnival Corporation and other defendants distributed unsolicited advertisements via facsimile in contravention of the U.S. Telephone Consumer Protection Act. The plaintiffs seek to enjoin the sending of unsolicited facsimile advertisements and statutory damages. The advertisements referred to in the Facsimile Complaints that reference a Carnival Cruise Lines product were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of travel agencies. We do not advertise directly to the traveling public through the use of facsimile transmission. The ultimate outcomes of the Facsimile Complaints cannot be determined at this time. We believe that we have meritorious defenses to these claims and, accordingly, we intend to vigorously defend against these actions.

In February 2001, Holland America Line-USA, Inc. ("HAL-USA"), our wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America Line ships in Alaska. HAL-USA responded to the subpoena. The ultimate outcome of this matter cannot be determined at this time.

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America Line's Ryndam involving a wastewater discharge from the ship. As a result of this incident, the Office of the U.S. Attorney in Anchorage, Alaska initiated a grand jury proceeding. The State of Alaska is separately investigating this incident.

On March 5, 2004, Holland America Line notified the United States and Netherlands governmental authorities that one of its chief engineers had admitted to improperly processing bilge water on the Noordam. A subsequent internal investigation has determined that the improper operation may have begun in January 2004 and may have continued sporadically through March 4, 2004. Holland America Line and three shipboard engineers have received grand jury subpoenas from the Office of the U.S. Attorney in Tampa, Florida.

If either the Ryndam or the Noordam investigations result in charges being filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The ultimate outcomes of these matters cannot be determined at this time. However, if Holland America Line were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

Costa Cruises ("Costa") has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a 79 million euro denominated contract for the conversion and lengthening of the ship. Costa has also given notice of termination of the contract. It is now expected that the arbitration tribunal's decision will be made in late-2004 at the earliest. In the event that an award is given in favor of Cammell Laird, the amount of damages, which Costa would have to pay, if any, is not currently determinable. The ultimate outcome of this matter cannot be determined at this time.

On April 23, 2003, Festival Crociere S.p.A. commenced an action against the European Commission (the "Commission") in the Court of First Instance of the European Communities in Luxembourg seeking to annul the Commission's antitrust approval of the DLC transaction (the "Festival Action"). We have been granted leave to intervene in the Festival Action and are contesting such action vigorously. A successful third



party challenge of an unconditional Commission clearance decision would be unprecedented, and based on a review of the law and the factual circumstances of the DLC transaction, as well as the Commission's approval decision in relation to the DLC transaction, we believe that the Festival Action will not have a material adverse effect on the companies or the DLC transaction. However, the ultimate outcome of this matter cannot be determined at this time.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our self-insurance retention levels. However, the ultimate outcome of these claims and lawsuits which are not covered by insurance cannot be determined at this time.

### **Contingent Obligations**

At May 31, 2004, Carnival Corporation had contingent obligations totaling \$1.06 billion to participants in lease out and lease back type transactions for three of its ships. At the inception of the leases, the entire amount of the contingent obligations was paid by Carnival Corporation to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither the funds nor the contingent obligations have been included on our balance sheets. Carnival Corporation would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, Carnival Corporation obtained a direct guarantee from another AAA rated financial institution for \$287 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. If the major financial institutions' credit ratings fall below AA-, Carnival Corporation would be required to move a majority of the funds from these financial institutions to other highly-rated financial institutions. If Carnival Corporation's credit rating falls below BBB, it would be required to provide a standby letter of credit for \$85 million, or alternatively provide mortgages in the aggregate amount of \$85 million on two of its ships.

In the unlikely event that Carnival Corporation were to terminate the three lease agreements early or default on its obligations, it would, as of May 31, 2004 have to pay a total of \$177 million in stipulated damages. As of May 31, 2004, \$186 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. In the event Carnival Corporation were to default under its \$1.4 billion revolving credit facility, it would be required to post cash collateral to support the stipulated damages standby letters of credit. Between 2017 and 2022, Carnival Corporation has the right to exercise options that would terminate these transactions at no cost to it. As a result of these three transactions, we have \$39 million and \$40 million of deferred income recorded on our balance sheets as of May 31, 2004 and November 30, 2003, respectively, which is being amortized to nonoperating income through 2022.

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

**NOTE 6 - Comprehensive Income**

Comprehensive income was as follows (in millions):

	<u>Six Months</u>		<u>Three Months</u>	
	<u>Ended May 31,</u>	<u>2003</u>	<u>Ended May 31,</u>	<u>2003</u>
	<u>2004</u>		<u>2004</u>	
Net income	\$535	\$255	\$332	\$128
Items included in accumulated other comprehensive income:				
Foreign currency translation adjustment	175	164	(33)	109
Changes related to cash flow derivative hedges	(8)	(9)	5	(6)
Unrealized losses on marketable securities		<u>2</u>		<u>3</u>
Total comprehensive income	<u>\$702</u>	<u>\$412</u>	<u>\$304</u>	<u>\$234</u>

**NOTE 7 - Segment Information**

Our cruise segment includes all of our cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics. Our other segment represents the hotel, tour and transportation operations of Holland America Tours and Princess Tours and the business to business travel agency operations of P&O Travel Ltd., the latter two since completion of the DLC transaction on April 17, 2003.

Selected segment information for our cruise and other segments was as follows (in millions):

	<u>Six Months Ended May 31,</u>			
	<u>Revenues (a)</u>	<u>Operating expenses</u>	<u>Selling and administrative</u>	<u>Operating income (loss)</u>
<b>2004</b>				
Cruise	\$4,194	\$2,505	\$610	\$702
Other	54	52	28	(37)
Intersegment elimination	(9)	(9)		
	<u>\$4,239</u>	<u>\$2,548</u>	<u>\$638</u>	<u>\$665</u>
<b>2003</b>				
Cruise	\$2,344	\$1,414	\$373	\$322
Other	46	46	16	(22)
Intersegment elimination	(13)	(13)		
	<u>\$2,377</u>	<u>\$1,447</u>	<u>\$389</u>	<u>\$300</u>
	<u>Three Months Ended May 31,</u>			
	<u>Revenues (a)</u>	<u>Operating expenses</u>	<u>Selling and administrative</u>	<u>Operating income (loss)</u>
<b>2004</b>				
Cruise	\$2,220	\$1,296	\$308	\$421
Other	43	40	14	(16)
Intersegment elimination	(7)	(7)		
	<u>\$2,256</u>	<u>\$1,329</u>	<u>\$322</u>	<u>\$405</u>
<b>2003</b>				
Cruise	\$1,313	\$ 799	\$203	\$178
Other	40	39	9	(10)
Intersegment elimination	(11)	(11)		
	<u>\$1,342</u>	<u>\$ 827</u>	<u>\$212</u>	<u>\$168</u>

(a) Revenue amounts in 2003 have been reclassified to conform to the 2004 presentation.

**NOTE 8 - Earnings Per Share**

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

	<u>Six Months</u> <u>Ended May 31,</u>		<u>Three Months</u> <u>Ended May 31,</u>	
	<u>2004</u>	<u>2003(a)</u>	<u>2004</u>	<u>2003(a)</u>
Net income	\$ 535	\$ 255	\$ 332	\$ 128
Interest on dilutive zero-coupon convertible notes	6		6	
Interest on dilutive 2% convertible notes	<u>7</u>		<u>3</u>	
Net income for diluted earnings per share	<u>\$ 548</u>	<u>\$ 255</u>	<u>\$ 341</u>	<u>\$ 128</u>
Weighted-average common and ordinary shares outstanding	801	638	803	689
Dilutive effect of zero-coupon convertible notes	9		17	
Dilutive effect of 2% convertible notes	15		15	
Dilutive effect of stock plans	<u>5</u>	<u>1</u>	<u>4</u>	<u>1</u>
Diluted weighted-average shares outstanding	<u>830</u>	<u>639</u>	<u>839</u>	<u>690</u>
Basic earnings per share	<u>\$0.67</u>	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.19</u>
Diluted earnings per share	<u>\$0.66</u>	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.19</u>

(a) The weighted-average shares outstanding for the six and three months ended May 31, 2003 included the pro rata Carnival plc shares since April 17, 2003.

Our diluted earnings per share computation for the six and three months ended May 31, 2004 did not include a maximum of 29.6 million shares (32.7 million shares in 2003) and 20.9 million shares (32.7 million shares in 2003), respectively, of Carnival Corporation common stock issuable upon conversion of its contingently convertible debt.

In addition, employee and director stock options to purchase 5.1 million (9.9 million in 2003) and 5.1 million (9.5 million in 2003) shares for the six and three months ended May 31, 2004 and 2003, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

Carnival Corporation's common stock price was above the defined trigger price for its zero coupon convertible notes for a defined duration of time during the three months ended May 31, 2004 and, therefore, these notes are convertible into 17.4 million shares of Carnival Corporation common stock during our 2004 third quarter at a per share conversion price of \$31.57, and will be included in our third quarter diluted earnings per share computation, if dilutive. Carnival Corporation's common stock price did not reach the defined trigger prices for its 1.75% and 2% convertible notes during the three months ended May 31, 2004 and, accordingly, these notes are not convertible in our 2004 third quarter. In accordance with current accounting principles, these two convertible notes will not be included in our third quarter dilutive earnings per share computation, unless the defined trigger prices of \$43.05 and \$63.73 are met in the third quarter, and their impact is dilutive. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Outlook for Remainder of Fiscal 2004 for further discussion of proposed changes to the computation of diluted earnings per share for our convertible notes.

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

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

Some of the statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this joint Quarterly Report on Form 10-Q are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, plans, outlook, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this joint Quarterly Report on Form 10-Q. Forward-looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, costs per available lower berth day ("ALBD"), estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- risks associated with the DLC structure, including the uncertainty of its tax status;
- general economic and business conditions, which may impact levels of disposable income of consumers and net revenue yields for our cruise brands;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- risks associated with operating internationally;
- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, including the risk of attack at the 2004 Summer Olympics in Athens, Greece, for which we have chartered four of our ships to third parties, availability of air service, other world events and adverse publicity, and their impact on the demand for cruises;
- accidents and other incidents affecting the health, safety, security and vacation satisfaction of passengers;
- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our business worldwide;
- our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;
- our ability to obtain financing on terms that are favorable or consistent with our expectations;
- the impact of changes in operating and financing costs, including changes in foreign currency and interest rates and fuel, food, payroll, insurance and security costs;
- changes in the tax, environmental, health, safety, security and other regulatory regimes under which we operate;
- continued availability of attractive port destinations;
- our ability to successfully implement cost improvement plans and to integrate business acquisitions;
- continuing financial viability of our travel agent distribution system; and
- unusual weather patterns or natural disasters.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant listing rules, we expressly disclaim any obligation to disseminate, after the date of this joint Quarterly Report on Form 10-Q, 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.

## Key Performance Indicators, Pro Forma Information and Critical Accounting Estimates

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

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

We have not provided estimates of future gross revenue yields or future gross cruise costs per ALBD because the reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the "air/sea mix"). Since the forecasting of future air/sea mix involves several significant variables that are relatively difficult to forecast and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues and costs rather than gross cruise revenues and costs. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues or forecasted net cruise costs. As such, management does not believe that this reconciling information would be meaningful.

In addition, because a significant portion of our operations utilize the euro or sterling to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies, and decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies. Accordingly, we also monitor our key indicators assuming the 2004 exchange rates have remained constant with the prior year's comparable rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non U.S. cruise operations. We believe that this is a useful measure indicating the actual growth of our operations.

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

The 2003 pro forma information was computed by adding the 2003 results of P&O Princess' operations, adjusted for acquisition adjustment reductions of \$8 million and \$4 million of depreciation expense and \$3 million and \$2 million of interest expense during the six and three months ended May 31, 2003, respectively, and excluding \$51 million and \$27 million of nonrecurring DLC transaction costs during the six and three months ended May 31, 2003, respectively, to the 2003 Carnival Corporation reported results. For additional information related to the pro forma results of operations see Note 3 in the accompanying financial statements.

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in Carnival Corporation & plc's 2003 joint Annual Report on Form 10-K. On April 14, 2004, the Financial Accounting Standards Board ("FASB") decided that the Property, Plant and Equipment Draft Statement of Position ("PP&E SOP") should not be approved for issuance. Accordingly, the disclosure of the possible impact from this PP&E SOP included in our joint Annual Report on Form 10-K is no longer applicable, although it is still possible that all or certain provisions of the PP&E SOP could be required by future U.S. generally accepted accounting principles.

#### **Outlook for Remainder of Fiscal 2004**

On June 17, 2004, we said that we expected our net revenue yields for the full year of 2004 to increase approximately 6% to 8% (4% to 6% on a constant dollar basis), compared to pro forma 2003. We believe this increase in yields, which is a primary driver of our forecasted operating income growth, is due to a number of factors, including an improved economy and greater consumer confidence, a more stable geopolitical environment, and a weaker U.S. dollar compared to the euro and sterling. Also, our pro forma 2003 net revenue yields were negatively impacted by several exogenous events, including the Iraqi war. Net cruise costs per ALBD for full year 2004 are expected to be flat to up 2% (flat to down 2% on a constant dollar basis), compared to pro forma 2003. Based on these estimates, and including better than expected second quarter results, and assuming no major geopolitical events adversely impacting our business, we said that we expected full year 2004 earnings per share to be in the range of \$2.10 to \$2.20 per share. That guidance was based on an exchange rate of \$1.19 to the euro and \$1.77 to the sterling.

We also said that we expected third quarter 2004 net revenue yields will increase approximately 6% to 8% (4% to 6% on a constant dollar basis), compared to last year's third quarter. Net cruise costs per ALBD in the third quarter of 2004 are expected to be up 1% to 3% (down 1% to up 1% on a constant dollar basis), compared to 2003. Based on these estimates, we said that we expected third quarter 2004 earnings per share to be in the range of \$1.16 to \$1.20.

Our ALBD capacity is currently expected to increase 17.9% and 13.1% in the third and fourth quarters of fiscal 2004, respectively, as compared to the same period of fiscal 2003.

Subsequent to our earnings guidance, on July 1, 2004, the Emerging Issues Task Force (the "EITF") of the FASB reached a tentative conclusion that would require all shares that are contingently issuable under our outstanding convertible notes to be considered outstanding for our diluted earnings per share computations, if dilutive, using the "if converted" method of accounting from the date of issuance. Currently these shares are only included in the diluted earnings per share computation if Carnival Corporation's common stock price has reached certain conversion trigger prices. If approved, this EITF statement ("EITF 04-8") would also require us to retroactively restate our prior periods diluted earnings per share. It is believed likely that EITF 04-8 will be effective for periods ending after mid-October 2004. If adopted, EITF 04-8 would have no impact on our diluted earnings per share for the three and six months ended May 31, 2004 or the three months ended May 31, 2003 but it would reduce our diluted earnings per share by \$0.01 for the six months ended May 31, 2003. Also its adoption is expected to reduce our June 17, 2004 forecasted third quarter 2004 diluted earnings per share by \$0.01 to \$0.02 and the 2004 full year diluted earnings per share by \$0.02 to \$0.03.

#### **Seasonality**

Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the Northern Hemisphere summer months. The consolidation of the P&O Princess brands has caused our quarterly results to be more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. Revenues from Holland America Tours and Princess Tours are highly seasonal, with substantially all of their

revenues generated between May and September in conjunction with the Alaska cruise season.

**Six Months Ended May 31, 2004 ("2004") Compared to Pro Forma Six Months Ended May 31, 2003 ("pro forma 2003") and Reported Results for the Six Months Ended May 31, 2003 ("2003")**

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

	<u>Six Months Ended May 31,</u>			<u>Difference Between 2004 and</u>	
	<u>2004</u>	<u>Pro Forma</u> <u>2003</u>	<u>2003</u>	<u>Pro Forma</u> <u>2003</u>	<u>2003</u>
	(dollars in millions)				
<b>Revenues</b>					
Cruise					
Passenger tickets	\$3,218	\$2,501	\$1,808	\$717	\$1,410
Onboard and other	976	716	536	260	440
Other	45	39	33	6	12
	<u>4,239</u>	<u>3,256</u>	<u>2,377</u>	<u>983</u>	<u>1,862</u>
<b>Costs and Expenses</b>					
Operating					
Cruise					
Commissions, transportation and other	760	592	386	168	374
Onboard and other	178	123	72	55	106
Payroll and related	486	398	302	88	184
Food	264	211	158	53	106
Other ship operating	817	687	496	130	321
Other	43	41	33	2	10
Total	<u>2,548</u>	<u>2,052</u>	<u>1,447</u>	<u>496</u>	<u>1,101</u>
Selling and administrative	638	558	389	80	249
Depreciation and amortization	388	307	241	81	147
<b>Operating Income</b>	<u>665</u>	<u>339</u>	<u>300</u>	<u>326</u>	<u>365</u>
<b>Nonoperating Expense, Net</b>	<u>(134)</u>	<u>(79)</u>	<u>(54)</u>	<u>(55)</u>	<u>(80)</u>
<b>Income Before Income Taxes</b>	<u>531</u>	<u>260</u>	<u>246</u>	<u>271</u>	<u>285</u>
<b>Income Tax Benefit, Net</b>	<u>4</u>	<u>12</u>	<u>9</u>	<u>(8)</u>	<u>(5)</u>
<b>Net Income</b>	<u>\$ 535</u>	<u>\$ 272</u>	<u>\$ 255</u>	<u>\$263</u>	<u>\$ 280</u>

**Selected Statistical Information**

Passengers carried (in thousands)	<u>2,929</u>	<u>2,461</u>	<u>2,076</u>	<u>468</u>	<u>853</u>
Occupancy percentage	<u>102.4%</u>	<u>99.3%</u>	<u>100.3%</u>	<u>3.1pts.</u>	<u>2.1pts.</u>

The increases in our 2004 revenues and operating costs and expenses compared to the 2003 results were primarily due to the inclusion of P&O Princess results throughout 2004, but only since April 17, 2003 during 2003 (the date the DLC transaction was completed). Also impacting the comparison of 2004 results to 2003 reported results, and discussed below in the comparison to pro forma 2003 results, were our capacity growth, higher net revenue yields and the weaker U.S. dollar relative to the euro and sterling.

## Revenues

We use net revenue yields to measure our cruise segment revenue performance. Gross and net revenue yields were computed by dividing the gross or net cruise revenues, without rounding, by ALBDs as follows:

	<u>Six Months Ended May 31,</u>		
	<u>2004</u>	<u>Pro Forma 2003</u>	<u>2003</u>
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	\$3,218	\$2,501	\$1,808
Onboard and other	976	716	536
Gross cruise revenues	<u>4,194</u>	<u>3,217</u>	<u>2,344</u>
Less cruise costs			
Commissions, transportation and other	(760)	(592)	(386)
Onboard and other	(178)	(123)	(72)
Net cruise revenues	<u>\$3,256</u>	<u>\$2,502</u>	<u>\$1,886</u>
ALBDs	<u>21,183,100</u>	<u>17,710,254</u>	<u>13,465,330</u>
Gross revenue yields	<u>\$198.02</u>	<u>\$181.66</u>	<u>\$174.11</u>
Net revenue yields	<u>\$153.74</u>	<u>\$141.30</u>	<u>\$140.08</u>

Net revenue yields in 2004 increased 8.8% (9.0% gross) compared to pro forma 2003 net revenue yields due to higher cruise ticket prices, onboard revenues and occupancy levels and, to a lesser extent, due to the weak U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 5.5% when compared with the same period last year. Onboard and other revenues included concession revenues of \$120 million in 2004, \$92 million in pro forma 2003 and \$83 million in 2003.

Net revenue yields in 2004 increased 9.8% (13.7% gross) compared to 2003 primarily due to the same reasons noted above and, to a lesser extent, higher net revenue yields from the P&O Princess brands. Gross revenue yields increased more than net revenue yields primarily because of the higher proportion of customers of the P&O Princess brands who purchased air transportation from us.

## Costs and Expenses

We use net cruise costs per ALBD to monitor our ability to control our cruise segment costs. Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	<u>Six Months Ended May 31,</u>		
	<u>2004</u>	<u>Pro Forma 2003</u>	<u>2003</u>
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	\$2,505	\$2,011	\$1,414
Cruise selling and administrative expenses	610	533	373
Gross cruise costs	<u>3,115</u>	<u>2,544</u>	<u>1,787</u>
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(760)	(592)	(386)
Onboard and other	(178)	(123)	(72)
Net cruise costs	<u>\$2,177</u>	<u>\$1,829</u>	<u>\$1,329</u>
ALBDs	<u>21,183,100</u>	<u>17,710,254</u>	<u>13,465,330</u>
Gross cruise costs per ALBD	<u>\$147.06</u>	<u>\$143.57</u>	<u>\$132.64</u>
Net cruise costs per ALBD	<u>\$102.78</u>	<u>\$103.20</u>	<u>\$ 98.61</u>



Net cruise costs per ALBD in 2004 decreased 0.4% compared to pro forma 2003 net cruise costs. This decrease was achieved despite the impact of the weak dollar, which had the effect of significantly increasing cruise costs per ALBD. On a constant dollar basis, net cruise costs per ALBD declined 3.8% from the pro forma 2003 primarily due to the economies of scale associated with a 19.6% capacity increase, synergy savings from the DLC transaction and a 5.4% reduction in fuel prices. Gross cruise costs per ALBD in 2004 increased 2.4% compared to pro forma 2003.

Net cruise costs per ALBD in 2004 increased 4.2% (10.9% gross) compared to 2003 primarily because of the impact of the weak U.S. dollar and higher operating costs of the P&O Princess brands. Gross cruise costs per ALBD increased more than net cruise costs per ALBD primarily because of the higher proportion of the P&O Princess brands' customers who purchased air transportation from us.

Depreciation and amortization expense increased by \$81 million, or 26.4%, to \$388 million in 2004 from \$307 million in pro forma 2003 largely due to the expansion of the combined fleet and ship improvement expenditures, as well as the impact of a weaker U.S. dollar. Depreciation and amortization increased by \$147 million, or 61.0%, to \$388 million in 2004 from \$241 million in 2003. This increase was primarily the result of the consolidation of P&O Princess, other capacity growth and ship improvement expenditures.

#### **Nonoperating (Expense) Income**

Interest expense, net of interest income and excluding capitalized interest, increased to \$144 million in 2004 from \$80 million in 2003, or \$64 million, which was comprised primarily of a \$79 million increase in interest expense from our higher level of average borrowings and a weaker U.S. dollar, partially offset by a \$19 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of the P&O Princess debt and new ship deliveries. Net interest expense, excluding capitalized interest, increased by \$25 million, or 21.0%, to \$144 million in 2004 from \$119 million in pro forma 2003. This increase was primarily due to the increased level of average borrowings and the weaker U.S. dollar.

Other nonoperating income was \$4 million in 2003, which included \$19 million from net insurance proceeds, \$10 million as a result of Windstar Cruise's Wind Song casualty loss and \$9 million as a reimbursement of expenses incurred in prior years less \$16 million of costs primarily related to a DLC-related litigation matter.

Three Months Ended May 31, 2004 ("2004") Compared to Pro Forma Three Months Ended May 31, 2003 ("pro forma 2003") and Reported Results for the Three Months Ended May 31, 2003 ("2003")

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

	Three Months Ended May 31,		Difference Between 2004 and		
	2004	Pro Forma 2003	2003	Pro Forma 2003	2003
	(dollars in millions)				
<b>Revenues</b>					
Cruise					
Passenger tickets	\$1,691	\$1,239	\$1,008	\$452	\$683
Onboard and other	529	364	305	165	224
Other	36	31	29	5	7
	<u>2,256</u>	<u>1,634</u>	<u>1,342</u>	<u>622</u>	<u>914</u>
<b>Costs and Expenses</b>					
Operating					
Cruise					
Commissions, transportation and other	376	280	212	96	164
Onboard and other	97	61	44	36	53
Payroll and related	249	207	172	42	77
Food	137	105	88	32	49
Other ship operating	437	351	283	86	154
Other	33	31	28	2	5
Total	<u>1,329</u>	<u>1,035</u>	<u>827</u>	<u>294</u>	<u>502</u>
Selling and administrative	322	276	212	46	110
Depreciation and amortization	200	156	135	44	65
<b>Operating Income</b>	<u>405</u>	<u>167</u>	<u>168</u>	<u>238</u>	<u>237</u>
<b>Nonoperating Expense, Net</b>	<u>(73)</u>	<u>(49)</u>	<u>(44)</u>	<u>(24)</u>	<u>(29)</u>
<b>Income Before Income Taxes</b>	<u>332</u>	<u>118</u>	<u>124</u>	<u>214</u>	<u>208</u>
<b>Income Tax Benefit, Net</b>		6	4	(6)	(4)
<b>Net Income</b>	<u>\$ 332</u>	<u>\$ 124</u>	<u>\$ 128</u>	<u>\$208</u>	<u>\$204</u>

**Selected Statistical Information**

Passengers carried (in thousands)	<u>1,567</u>	<u>1,254</u>	<u>1,153</u>	<u>313</u>	<u>414</u>
Occupancy percentage	<u>102.8%</u>	<u>98.2%</u>	<u>98.5%</u>	<u>4.6 pts.</u>	<u>4.3 pts.</u>

**Revenues**

Gross and net revenue yields were as follows:

	Three Months Ended May 31,		
	2004	Pro Forma 2003	2003
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	\$1,691	\$1,239	\$1,008
Onboard and other	529	364	305
Gross cruise revenues	<u>2,220</u>	<u>1,603</u>	<u>1,313</u>
Less cruise costs			
Commissions, transportation and other	(376)	(280)	(212)
Onboard and other	(97)	(61)	(44)
Net cruise revenues	<u>\$1,747</u>	<u>\$1,262</u>	<u>\$1,057</u>
ALBDs	<u>11,120,445</u>	<u>9,092,025</u>	<u>7,660,571</u>
Gross revenue yields	<u>\$199.62</u>	<u>\$176.30</u>	<u>\$171.42</u>
Net revenue yields	<u>\$157.06</u>	<u>\$138.78</u>	<u>\$137.97</u>

Net and gross revenue yields in 2004 increased 13.2% compared to pro forma 2003 net and gross revenue yields primarily due to higher cruise ticket prices, onboard revenues and occupancy levels and, to a lesser extent, due to the weak U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 10.6% when compared to the same period last year. Onboard and other revenues included concession revenues of \$64 million in 2004, \$46 million in proforma 2003 and \$43 million in 2003.

Net revenue yields in 2004 increased 13.8% (16.5% gross) compared to 2003 primarily due to the same reasons as noted above.

### Costs and Expenses

Gross and net cruise costs per ALBD were as follows:

	<u>Three Months Ended May 31,</u>		
	<u>2004</u>	<u>Pro Forma 2003</u>	<u>2003</u>
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	\$1,296	\$1,004	\$ 799
Cruise selling and administrative expenses	<u>308</u>	<u>264</u>	<u>203</u>
Gross cruise costs	1,604	1,268	1,002
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(376)	(280)	(212)
Onboard and other	(97)	(61)	(44)
Net cruise costs	<u>\$1,131</u>	<u>\$ 927</u>	<u>\$ 746</u>
ALBDs	<u>11,120,445</u>	<u>9,092,025</u>	<u>7,660,571</u>
Gross cruise costs per ALBD	<u>\$144.28</u>	<u>\$139.49</u>	<u>\$130.98</u>
Net cruise costs per ALBD	<u>\$101.72</u>	<u>\$101.97</u>	<u>\$ 97.53</u>

Net cruise costs per ALBD in 2004 were flat compared to pro forma 2003 net cruise costs. This result was achieved despite the impact of the weak U.S. dollar, which had the effect of increasing net cruise costs per ALBD. On a constant dollar basis, net cruise costs per ALBD declined 2.7% from the pro forma 2003 primarily due to the economies of scale associated with a 22.3% capacity increase, synergy savings from the DLC transaction and a 6.8% decrease in fuel prices. Gross cruise costs per ALBD in 2004 increased 3.4% compared to pro forma 2003.

Net cruise costs per ALBD in 2004 increased 4.3% (10.2% gross) compared to 2003 primarily because of the impact of the weak U.S. dollar and higher operating costs of the P&O Princess brands.

Depreciation and amortization expense increased by \$44 million, or 28.2%, to \$200 million in 2004 from \$156 million in pro forma 2003 largely due to the expansion of the combined fleet and ship improvement expenditures, as well as the impact of a weaker U.S. dollar. Depreciation and amortization increased by \$65 million, or 48.1%, to \$200 million in 2004 from \$135 million in 2003. This increase was primarily the result of the consolidation of P&O Princess, other capacity growth and ship improvement expenditures.

### Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to \$73 million in 2004 from \$46 million in 2003, or \$27 million, which was comprised primarily of a \$32 million increase in interest expense from our higher level of average borrowings and a weaker U.S. dollar, partially offset by a \$9 million decrease in interest expense due to lower average borrowing rates. The higher average

debt balances were primarily a result of our consolidation of the P&O Princess debt and new ship deliveries. Net interest expense, excluding capitalized interest, increased by \$18 million, or 32.7%, to \$73 million in 2004 from \$55 million in pro forma 2003. This increase was primarily due to the increased level of average borrowings and the weaker U.S. dollar.

Other nonoperating expense was \$11 million in 2003, which included \$16 million related to litigation and other charges associated with the DLC transaction.

## **Liquidity and Capital Resources**

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

Our business provided \$1.71 billion of net cash from operations during the six months ended May 31, 2004, an increase of \$1.05 billion, or 157%, compared to 2003, due primarily to the consolidation of the P&O Princess operations and significantly higher cash flows from our operations. We continue to generate substantial cash from operations and remain in a strong financial position.

During the six months ended May 31, 2004, our expenditures for capital projects were \$2.65 billion, of which \$2.50 billion was spent for our ongoing new shipbuilding program, including the final delivery payments for the Queen Mary 2, Carnival Miracle, Diamond Princess, Westerdam, Caribbean Princess and Sapphire Princess. The remaining capital expenditures consisted primarily of \$89 million for ship improvements and refurbishments, and \$57 million for Alaska tour assets, cruise port facility developments and information technology assets.

During the six months ended May 31, 2004, we borrowed \$842 million, which was used primarily to finance a portion of the Diamond Princess and Sapphire Princess purchase prices. During the same six month period, we made \$378 million of scheduled debt repayments and, in order to reduce our borrowing rates, we repaid \$237 million of debt prior to its scheduled maturity date. We also paid cash dividends of \$199 million in the first six months of fiscal 2004.

### **Future Commitments and Funding Sources**

Our contractual cash obligations, with initial and remaining terms in excess of one year, remained generally unchanged at May 31, 2004 compared to November 30, 2003, except for the following:

- Final contractual payments to shipyards for six new ship deliveries.
- In March 2004, Costa exercised its letter of intent and entered into a ship construction contract for a 3,004-passenger ship with Fincantieri for a summer 2006 delivery date at an estimated total cost of 450 million euros.
- Changes to our debt as discussed in Note 4 in the accompanying financial statements.

As of May 31, 2004, we had liquidity of \$2.57 billion, which consisted of \$445 million of cash, cash equivalents and short-term investments and \$2.13 billion available for borrowing under our \$2.45 billion revolving credit facilities. Our revolving credit facilities mature in May and June 2006, except for our Carnival plc 600 million euro facility, which expires in March 2005 (see Note 4 in the accompanying financial statements). A key to our access to liquidity is the maintenance of our strong credit ratings.

We believe that our existing liquidity and cash flow from future operations will be sufficient to fund our committed capital projects, debt service requirements, dividend payments, working capital and other firm commitments. However, our forecasted cash flow from future operations, as well as our credit ratings, may be adversely affected by various factors, including, but not limited to, those factors noted under "Cautionary Note Concerning Factors That May Affect Future Results." To the extent that we are required, or choose, to fund future cash requirements, including our future shipbuilding commitments, from sources other than as discussed above, we believe that we will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. No assurance can be given that our future operating cash flow will be sufficient to fund future obligations or

that we will be able to obtain additional financing, if necessary.

#### **Off-Balance Sheet Arrangements**

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities, that either have, or are reasonably likely to have, a current or future material effect on our financial statements.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of May 31, 2004, that they are effective as described above.

##### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during our quarter ended May 31, 2004 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

### **PART II OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

ADA Complaints against Costa and Holland America Tours were previously reported in the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K for the fiscal year ended November 30, 2003. The motions for class certifications were granted and fairness hearings for the courts' consideration of the proposed settlements have been scheduled for October 19, 2004.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

The annual meetings of shareholders of Carnival Corporation and Carnival plc were held on April 22, 2004 (the "Annual Meetings"). On all matters which came before the Annual Meetings, holders of Carnival Corporation common stock and Carnival plc ordinary shares were entitled to one vote for each share held. Proxies for 680,826,440 shares entitled to vote were received in connection with the Annual Meetings.

The following table sets forth the matters which were submitted to Carnival Corporation and Carnival plc's shareholders for approval at the Annual Meetings and the tabulation of the votes with respect to each such matter:

<b>Director Elections Resolution/Proposal</b>	<b>For</b>	<b>Against/ Withheld(a)</b>	<b>Abstained</b>
To re-elect Micky Arison as a director of Carnival Corporation and Carnival plc	654,688,475	24,841,028	1,296,937
To re-elect Ambassador Richard G. Capen, Jr. as a director of Carnival Corporation and Carnival plc	662,094,689	13,599,292	5,132,459
To re-elect Robert H. Dickinson as a director of Carnival Corporation and Carnival plc	670,061,792	10,558,656	205,992
To re-elect Arnold W. Donald as a director of Carnival Corporation and Carnival plc	657,938,982	17,753,958	5,133,500
To re-elect Pier Luigi Foschi as a director of Carnival Corporation and Carnival plc	656,493,414	15,869,808	8,463,218
To re-elect Howard S. Frank as a director of Carnival Corporation and Carnival plc	672,903,864	7,673,045	249,531
To re-elect Baroness Hogg as a director of Carnival Corporation and Carnival plc	676,499,348	4,119,123	207,969
To re-elect A. Kirk Lanterman as a director of Carnival Corporation and Carnival plc	661,088,077	17,300,124	2,438,239
To re-elect Modesto A. Maidique as a director of Carnival Corporation and Carnival plc	661,100,253	14,616,246	5,109,941
To elect John P. McNulty as a director of Carnival Corporation and Carnival plc	662,999,390	13,335,767	4,491,283
To re-elect Peter Ratcliffe as a director of Carnival Corporation and Carnival plc	671,673,941	8,040,865	1,111,634
To re-elect Sir John Parker as a director of Carnival Corporation and Carnival plc	672,406,522	7,116,566	1,303,352
To re-elect Stuart Subotnick as a director of Carnival Corporation and Carnival plc	659,124,998	16,567,132	5,134,310
To re-elect Uzi Zucker as a director of Carnival Corporation and Carnival plc	662,707,215	11,179,510	6,939,715

(a) A vote "Withheld" by a shareholder of Carnival Corporation is deemed to be a vote against the resolutions electing/re-electing directors.

**Other Matters**

<b>Resolution/Proposal</b>	<b>For</b>	<b>Against</b>	<b>Abstained/ Withheld(b)</b>	<b>Broker Non-Votes</b>
To appoint Pricewaterhouse-Coopers LLP as independent auditors of Carnival plc and to ratify the selection of PricewaterhouseCoopers LLP as independent certified public accountants of Carnival Corporation	674,869,120	3,161,908	2,796,000	0
To authorize the audit committee of the board of directors of Carnival plc to agree the remuneration of the independent auditors	677,221,100	589,345	3,016,583	0
To receive the UK accounts of Carnival plc and the reports of the directors and the auditors of Carnival plc for the financial period ended November 30, 2003	664,345,570	1,716,362	14,765,096	0
To approve the director's remuneration report of Carnival plc	657,153,500	18,973,149	4,698,686	1,693
To approve the limits on the authority to allot shares by Carnival plc	676,374,032	1,351,876	3,099,928	1,192
To approve the disapplication of pre-emption rights for Carnival plc shares	670,602,499	7,061,973	3,161,365	1,191

(b) An "Abstained" vote by a shareholder of Carnival Corporation means "Withheld" for this purpose (a vote neither for or against the resolution).

**Item 6. Exhibits and Reports on Form 8-K.**

**(a) Exhibits**

- 3.1 Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.2 Amended and Restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.3 Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.4 Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival

Corporation and Carnival plc filed on April 17, 2003.

- 10.1 Amended and Restated Carnival Corporation 2002 Stock Plan.
- 12 Ratio of Earnings to Fixed Charges.
- 31.1 Certification of Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Operating Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.3 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.4 Certification of Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.5 Certification of Chief Operating Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.6 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Operating Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.3 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.4 Certification of Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.5 Certification of Chief Operating Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.6 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**(b) Reports on Form 8-K**

Carnival Corporation and Carnival plc filed joint Current Reports on Form 8-K on March 5, 2004 (Items 5, 7 and 9).



**SIGNATURES**

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

CARNIVAL CORPORATION

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

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

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

Dated: July 14, 2004

CARNIVAL PLC

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

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

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

Dated: July 14, 2004

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

	<b>Six Months</b>	
	<b>Ended May 31,</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>
Net income	\$535	\$255
Income tax benefit, net	(4)	(9)
Loss from equity investees	4	
Income before income taxes	<u>535</u>	<u>246</u>
<b>Fixed charges</b>		
Interest expense, net	136	71
Interest portion of rent expense(1)	9	4
Capitalized interest	<u>17</u>	<u>22</u>
Total fixed charges	<u>162</u>	<u>97</u>
<b>Fixed charges not affecting earnings</b>		
Capitalized interest	<u>(17)</u>	<u>(22)</u>
Earnings before fixed charges	<u>\$680</u>	<u>\$321</u>
Ratio of earnings to fixed charges	<u>4.2x</u>	<u>3.3x</u>

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

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

By: /s/ Micky Arison\_\_\_\_\_  
Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

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

I, Gerald R. Cahill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

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

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

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

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

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

I, Gerald R. Cahill, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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) 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

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 14, 2004

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



**Exhibit 32.1**

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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

**Exhibit 32.2**

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 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: July 14, 2004

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