[NOTIFY] 72731,737

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

(Mark One)

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

For the quarterly period ended August 31, 1998

OR

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

For the transition period from ______________ to ________________

Commission file number 1-9610

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

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No__

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of October 7, 1998.

Common Stock, $.01 par value: 595,417,219 shares outstanding

CARNIVAL CORPORATION

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Part I. Financial Information

Item 1: Financial Statements

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Nine and Three Months Ended August 31, 1998

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PART I. FINANCIAL INFORMATION
ITEM 1: FINANCIAL STATEMENTS

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	August 31, 1998	November 30, 1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 125,127	$ 139,989
Short-term investments	21,411	9,738
Accounts receivable, net	73,268	57,090
Consumable inventories, at average cost	74,150	54,970
Prepaid expenses and other	88,956	74,238
Total current assets	382,912	336,025
PROPERTY AND EQUIPMENT, NET	5,481,600	4,327,413
OTHER ASSETS		
Investments in and advances to affiliates	452,904	479,329
Goodwill, less accumulated amortization of $68,947 and $62,256	439,721	212,607
Other assets	35,212	71,401
	$6,792,349	$5,426,775
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 72,423	$ 59,620
Accounts payable	160,988	106,783
Accrued liabilities	219,873	154,253
Customer deposits	630,668	420,908
Dividends payable	44,656	44,578
Total current liabilities	1,128,608	786,142
LONG-TERM DEBT	1,374,896	1,015,294
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	52,679	20,241
MINORITY INTEREST	131,783	
COMMITMENTS AND CONTINGENCIES (Note 5)		
SHAREHOLDERS' EQUITY		
Common Stock; $.01 par value; 960,000 shares authorized; 595,413 and 594,408 shares issued and outstanding	5,954	5,944
Paid-in-capital	880,136	863,125
Retained earnings	3,212,595	2,731,213
Other	5,698	4,816
Total shareholders' equity	4,104,383	3,605,098
	$6,792,349	$5,426,775

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Nine Months Ended August 31, 1998	Nine Months Ended August 31, 1997	Three Months Ended August 31, 1998	Three Months Ended August 31, 1997
REVENUES	$2,280,735	$1,923,117	$1,061,539	$805,421
COSTS AND EXPENSES				
Operating expenses	1,210,294	1,022,742	540,343	388,120
Selling and administrative	262,550	221,702	98,766	65,483
Depreciation and amortization	146,689	125,886	57,423	43,228
	1,619,533	1,370,330	696,532	496,831
OPERATING INCOME BEFORE INCOME (LOSS) FROM AFFILIATED OPERATIONS	661,202	552,787	365,007	308,590
INCOME (LOSS) FROM AFFILIATED OPERATIONS	808	(1,323)	13,842	10,371
OPERATING INCOME	662,010	551,464	378,849	318,961
NONOPERATING INCOME (EXPENSE)				
Interest income	8,369	5,742	2,484	2,360
Interest expense, net of capitalized interest	(43,512)	(43,510)	(18,777)	(11,974)
Other income, net	2,303	5,561	2,965	3,456
Income tax expense	(5,877)	(8,557)	(12,738)	(14,910)
Minority interest	(8,031)	-	(8,031)	-
	(46,748)	(40,764)	(34,097)	(21,068)
NET INCOME	$ 615,262	$ 510,700	$344,752	$297,893
EARNINGS PER SHARE:				
Basic	$1.03	$.86	$.58	$.50
Diluted	$1.03	$.86	$.58	$.50

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended August 31, 1998	1997
OPERATING ACTIVITIES		
Net income	$ 615,262	$ 510,700
Adjustments		
Depreciation and amortization	146,689	125,886
Dividends received in excess of income from affiliates	12,865	8,236
Other	(5,756)	(2,615)
Changes in operating assets and liabilities, net of businesses acquired and consolidated		
(Increase) decrease in:		
Receivables	(12,406)	(12,350)
Consumable inventories	(2,614)	(1,113)
Prepaid expenses and other	(4,314)	86
Increase in:		
Accounts payable	11,200	27,273
Accrued liabilities	51,021	10,997
Customer deposits	65,943	41,900
Net cash provided from operations	877,890	709,000
INVESTING ACTIVITIES		
Decrease in short-term investments	2,537	2,173
Additions to property and equipment, net	(808,151)	(158,913)
Reductions in (additions to) investments in and advances to affiliates, net	5,133	(780)
Acquisition of Cunard and consolidation of Seabourn, net of cash balances acquired	(247,549)	
Decrease (increase) in other	61,976	(993)
Net cash used for investing activities	(986,054)	(158,513)
FINANCING ACTIVITIES		
Principal payments of long-term debt	(974,082)	(383,484)
Dividends paid	(133,802)	(97,769)
Proceeds from long-term debt	1,188,623	28,131
Proceeds from issuance of common stock	12,563	6,444
Net cash provided from (used for) financing activities	93,302	(446,678)
Net (decrease) increase in cash and cash equivalents	(14,862)	103,809
Cash and cash equivalents at beginning of period	139,989	111,629
Cash and cash equivalents at end of period	$ 125,127	$ 215,438
Supplemental disclosure of non-cash transactions		
Conversion of 4-1/2% Convertible Notes into Class A Common Stock		$ 39,085
Conversion of Class B Common Stock into Class A Common Stock		$ 550

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements included herein have been prepared by Carnival Corporation, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at August 31, 1998 and the consolidated statements of operations for the nine and three months ended August 31, 1998 and 1997 and consolidated statements of cash flows for the nine months ended August 31, 1998 and 1997 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. The operations of Carnival Corporation and its subsidiaries and affiliates are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements".

General

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals, and most shipboard activities, (ii) the sale of air transportation to and from the cruise ship and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL"), which owns Holland America Westours and Holland America Cruise Line.

The following table presents selected segment and statistical information for the periods indicated:

	Nine Months Ended August 31, 1998	Nine Months Ended August 31, 1997	Three Months Ended August 31, 1998	Three Months Ended August 31, 1997
	(in thousands, except selected statistical information)			
REVENUES:				
Cruise	$2,090,667	$1,753,416	$ 908,606	$668,813
Tour	248,630	218,681	203,177	181,011
Intersegment revenues	(58,562)	(48,980)	(50,244)	(44,403)
	$2,280,735	$1,923,117	$1,061,539	$805,421
OPERATING COSTS AND EXPENSES:				
Cruise	$1,067,089	$ 902,786	$ 433,263	$301,170
Tour	201,767	168,936	157,324	131,353
Intersegment expenses	(58,562)	(48,980)	(50,244)	(44,403)
	$1,210,294	$1,022,742	$ 540,343	$388,120
OPERATING INCOME:				
Cruise	$ 655,733	$ 539,566	$ 335,889	$274,282
Tour	14,116	18,783	31,329	35,391
Income (loss) from affiliates and corporate expenses	(7,839)	(6,885)	11,631	9,288
	$ 662,010	$ 551,464	$ 378,849	$318,961

SELECTED STATISTICAL INFORMATION:

Passengers Carried	1,522,000	1,504,000	599,000	554,000
Passenger Cruise Days (1)	9,662,000	9,167,000	3,731,000	3,286,000
Occupancy Percentage	107.8%(2)	109.6%	111.5%(2)	114.3%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.
(2) Includes the effect of Cunard and Seabourn brands since May 28, 1998 which have lower occupancy percentages than the Company's other brands.

Operations data expressed as a percentage of total revenues for the periods indicated is as follows:

	Nine Months Ended August 31, 1998	1997	Three Months Ended August 31, 1998	1997
REVENUES	100%	100%	100%	100%
COSTS AND EXPENSES:				
Operating expenses	53	53	51	48
Selling and administrative	12	12	9	8
Depreciation and amortization	6	6	6	5
OPERATING INCOME BEFORE INCOME (LOSS) FROM AFFILIATED OPERATIONS (1)	29	29	34	39
Income (loss) from affiliated operations	-	-	1	1
OPERATING INCOME	29	29	35	40
NONOPERATING EXPENSE	(2)	(2)	(3)	(3)
NET INCOME	27%	27%	32%	37%

(1) In the third quarter of 1998 the reduction in operating income as a percentage of revenue is primarily due to the acquisition and consolidation of Cunard and Seabourn which have significantly higher operating expenses as a percentage of revenues than the Company's other brands.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. The Company's tour revenues are extremely seasonal with the majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

In June 1997, the Company and Airtours plc ("Airtours"), a publicly traded (London Stock Exchange) travel company in which the Company currently holds an approximate 26% interest, each acquired a 50% interest in Il Ponte S.p.A. ("Costa"), the parent company of Costa Crociere S.p.A., an Italian cruise company. The Company records its interest in Airtours and Costa using the equity basis of accounting and records its portion of Airtours' and Costa's operating results on a two month lag basis. Demand for Costa's and Airtours' products is seasonal due to the nature of the European leisure travel industry and Mediterranean cruise season. Typically, Airtours and Costa's quarters ending June 30 and September 30 experience higher demand, with demand in the quarter ending September 30 being the highest. Demand for Costa's and Airtours' products is lower in their quarters ending December 31 and March 31.

Average capacity for the Company's cruise brands, excluding the impact of the acquisition and consolidation of Cunard and Seabourn, is expected to increase 11.4% in the fourth quarter of fiscal 1998, as compared to the same period of fiscal 1997. This increase is primarily a result of the introduction into service of Holland America Line's new Rotterdam in November 1997, Carnival Cruise Lines' Elation in March 1998 and Windstar Cruises' Wind Surf in May 1998. Including the impact of Cunard and Seabourn, average capacity is expected to increase 24.6% in the fourth quarter of fiscal 1998, as compared to the same period of fiscal 1997. The acquisition and consolidation of Cunard and Seabourn is not expected to materially affect the Company's consolidated earnings in 1998.

The year over year percentage increase in average cruise capacity, excluding the impact of Cunard and Seabourn, resulting from the delivery of vessels currently under contract for construction for the years 1999 and 2000 is expected to approximate 13.6% and 13.1%, respectively. Including the impact of Cunard and Seabourn, the year over year increase in average capacity for 1999 and 2000 is expected to approximate 18.4%, and 11.8%, respectively.

Nine Months Ended August 31, 1998 Compared
To Nine Months Ended August 31, 1997

Revenues

The increase in total revenues of $357.6 million, or 18.6%, was due primarily to an increase in cruise revenues of $337.3 million, or 19.2%. Approximately $155 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn and $182.5 million is due to increased cruise revenues from Carnival Cruise Lines, Holland America Line and Windstar Cruises. The increase from Carnival Cruise Lines, Holland America Line and Windstar Cruises resulted from an increase of 8.2% in total revenue per passenger cruise day and a 2.7% increase in capacity, offset slightly by a 0.7% decrease in occupancy rates. Total revenue per passenger cruise day increased primarily due to strong demand for the Company's cruise brands and the introduction of Holland America Line's new Rotterdam in November 1997, which has obtained higher pricing. Capacity increased due to the addition of new vessels discussed above offset by the MS Ecstasy being out of service for six weeks during the 1998 third quarter (see Nonoperating Income (Expense) below). Tour revenues increased $29.9 million, or 13.7%, due primarily to an increase in the number of tours sold.

Costs and Expenses

Operating expenses increased $187.6 million, or 18.3%. Cruise operating costs increased by $164.3 million, or 18.2%, to $1.07 billion in the first nine months of 1998 from $902.8 million in the comparable 1997 period. Approximately $94 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of revenues are 50% and 52% in the first nine months of 1998 and 1997, respectively. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of increases in capacity, airfare costs and commission expense, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. The increase in commission expense resulted from the increase in passenger ticket revenues. Tour operating expenses increased $32.8 million, or 19.4% primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $40.8 million, or 18.4%, of which $25.6 million, or 11.5%, was due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues are 11% and 12% in the first nine months of 1998 and 1997, respectively. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in payroll and related costs.

Depreciation and amortization increased by $20.8 million, or 16.5%, to $146.7 million in the first nine months of 1998 from $125.9 million in the first nine months of 1997 primarily due to the additional depreciation associated with the increase in capacity and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During the first nine months of 1998, the Company recorded $.8 million of income from affiliated operations as compared with $1.3 million of losses in the first nine months of 1997. The Company's portion of Airtours' losses increased $3.1 million to $4.5 million in the first nine months of 1998. The Company recorded income of $9.0 million during the first nine months of 1998 related to its interest in Costa. The Company did not record earnings from its investment in Costa in the first nine months of 1997 since Costa was acquired in June 1997 and its operating results are recorded on a two month lag basis. The affiliated operations for the nine months of 1998 includes Seabourn Cruise Line through May 28, 1998 after which its results are included in the Company's consolidated results.

Nonoperating Income (Expense)

Interest income increased $2.6 million in 1998 primarily due to an increase in average cash and short term investment balances and notes receivable. Gross interest expense (excluding capitalized interest) increased $11.3 million in 1998 primarily as a result of higher average debt balances, arising from the acquisition and consolidation of Cunard and Seabourn, as well as investments in new vessel projects. Capitalized interest increased $11.3 million due to higher levels of investments in ship construction projects during the first nine months of fiscal 1998 as compared with the first nine months of fiscal 1997.

Included in other income in the first nine months of 1998 were gains of $8.4 and $11.8 million resulting from the closing of the sale of CHC's hotel management division and Airtours' issuance of its common stock, respectively. Additionally, other expense includes $8.6 million of previously deferred start-up costs which were expensed and represent the cumulative effect from the Company changing its policy in connection with its early adoption of SOP 98-5. See Notes 8 and 9 in the accompanying financial statements.

In July 1998, a fire broke out on the mooring deck on Carnival Cruise Line's Ecstasy. There were no serious injuries to passengers or crew, however, there was damage to the ship's aft section. The time necessary to complete repairs to the Ecstasy resulted in the ship being out of service for six weeks during the third quarter of 1998. The Ecstasy fire resulted in a reduction in earnings of approximately $18.4 million in the third quarter of 1998. This reduction was comprised of lost revenue, net of related variable expenses, of $11.1 million, and costs associated with repairs to the ship, passenger handling and various other costs, net of estimated insurance recoveries, of $7.3 million. The costs of $7.3 million were included in other expenses.

Minority interest was approximately $8.0 million which represents the minority shareholders' interest in Cunard Line Limited, including Seabourn Cruise Line, since its acquisition and consolidation by the Company on May 28, 1998.

Income tax expense decreased $2.7 million primarily due to the lower profits realized by the tour operations.

Three Months Ended August 31, 1998 Compared
To Three Months Ended August 31, 1997

Revenues

The increase in total revenues of $256.1 million, or 31.8%, was due to a $239.8 million, or 35.9%, increase in cruise revenues. Approximately $155 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn, and $85.0 million is due to increased cruise revenues from Carnival Cruise Lines, Holland America Line and Windstar Cruises. The increase from Carnival Cruise Lines, Holland America Line and Windstar Cruises was primarily the result of an 8.3% increase in total revenue per passenger cruise day, a 3.5% increase in capacity, and a 0.5% increase in occupancy rates. Total revenue per passenger cruise day and capacity increased primarily due to the same reasons discussed above in the nine month explanations. Tour revenues increased $22.2 million, or 12.2%, due primarily to an increase in the number of tours sold.

Costs and Expenses

Operating expenses increased $152.2 million, or 39.2%. Cruise operating costs increased by $132.1 million, or 43.9%, to $433.3 million in the third quarter of 1998 from $301.2 million in the third quarter of 1997. Approximately $94 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of revenues are 45% in both 1998 and 1997. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of the increases in capacity, airfare costs and commission expense, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. The increase in commission expense was associated with the increase in passenger ticket revenues. Tour operating expenses increased $26.0 million, or 19.8%, primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $33.3 million, or 50.8%, of which $25.6 million, or 39.0%, is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 8% in the third quarter of both 1998 and 1997. Selling and administrative expenses, excluding Cunard and Seabourn, increased as a result of increases in advertising expenses and payroll and related costs.

Depreciation and amortization increased by $14.2 million, or 32.8%, to $57.4 million in the third quarter of 1998 from $43.2 million in the third quarter of 1997 primarily due to the acquisition and consolidation of Cunard and Seabourn and the additional depreciation associated with the increase in other capacity.

Affiliated Operations

During the third quarter of 1998, the Company recorded $13.8 million of income from affiliated operations as compared with $10.4 million of income in the third quarter of 1997. The Company's portion of Airtours' income decreased $.1 million to $6.8 million in the third quarter of 1998. The Company also recorded income of $6.6 million during the third quarter of 1998 related to its interest in Costa.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased $9.5 million in 1998 primarily as a result of higher average debt balances due to the acquisition and consolidation of Cunard and Seabourn, as well as investments in new vessel projects. Capitalized interest increased $2.7 million due to higher levels of investments in ship construction projects during the third quarter of fiscal 1998 as compared with the third quarter of fiscal 1997.

Other income, net, minority interest and income tax expense increased or decreased primarily for the same reasons discussed above in the nine month explanations.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The Company's business provided $877.9 million of net cash from operations during the nine months ended August 31, 1998, an increase of 23.8% compared to the corresponding period in 1997.

In January 1998, the Company completed an offering of $200 million of 6.65% Debentures Due January 15, 2028. In addition, in April 1998 the Company completed an offering of $200 million of 5.65% Notes Due October 15, 2000 and $200 million of 6.15% Notes Due April 15, 2008.

Uses of Cash

During the nine months ended August 31, 1998, the Company made net expenditures of approximately $808.2 million on capital projects, of which $752.4 million was spent in connection with its ongoing shipbuilding program. The shipbuilding expenditures included the final payment on Carnival Cruise Lines' Elation, which was delivered to the Company in late February, the acquisition of Windstar Cruises' Wind Surf, which went into service in April 1998 and the payment of approximately $232 million for the HAL Newbuild scheduled to enter service in September 2000. The nonshipbuilding capital expenditures consisted primarily of improvements to a private island in the Caribbean (HAL began to use the island during the first quarter of 1998 as a destination for certain of its itineraries), transportation equipment, ship refurbishments, tour assets and other equipment.

The Company paid $257 million related to the acquisition of Cunard. See Note 7 in the accompanying financial statements.

The Company made scheduled principal payments totaling approximately $39.7 million under various individual vessel mortgage loans during the nine months ended August 31, 1998. In March 1998 the Company paid at maturity $200 million due on the 5.75% Notes Due March 15, 1998.

Future Commitments

The Company has contracts for the delivery of nine new vessels over the next five years. The Company will pay approximately $900 million during the twelve months ending August 31, 1999 relating to the construction and delivery of those new ships and approximately $1.9 billion beyond August 31, 1999.

In addition to the ship construction contracts discussed above, the Company has options to construct two additional vessels for Carnival Cruise Lines for delivery in 2001 and 2002. The Company is also in negotiations with several shipbuilding yards for a new class of vessel for Holland America Line and is in the initial planning phase related to the construction of a new ship for Cunard. No assurance can be given that the two options for Carnival Cruise Lines will be exercised, the negotiations for the Holland America Line vessel will be successful or that the new Cunard shipbuilding project will be continued.

At August 31, 1998, the Company had $1.45 billion of long-term debt of which $72.4 million is due during the twelve months ending August 31, 1999. See Note 3 in the accompanying financial statements for more information regarding the Company's debt.

Funding Sources

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. In addition, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs and/or through the issuance of long-term debt in the public or private markets. As of August 31, 1998, the Company had $1.07 billion available for borrowing under its revolving credit facilities.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities and/or commercial paper programs, the Company believes that it will be able to secure such financing from banks or through the offering of short-term debt and/or equity securities in the public or private markets. Also, the Company has filed Registration Statements on Form S-3 (the "Shelf Registration") relating to shelf offerings of debt or equity securities. As of August 31, 1998, the remaining aggregate principal amount of debt or equity securities available under the Shelf Registration is $400 million.

Year 2000

The Year 2000 computer issue is primarily the result of computer programs using a two digit format, as opposed to four digits, to indicate the year. Such programs will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors and a disruption in the operation of such systems.

The term "Company" as used in this Section refers to Carnival Corporation and its consolidated subsidiaries.

State of Readiness

The Company has established internally staffed project teams to address Year 2000 issues. Each team has implemented a plan that focuses on Year 2000 compliance efforts for IT and non-IT systems for their respective companies. The systems include (1) information systems software and hardware (e.g. reservations, accounting and associated systems, personal computers and software and various end-user developed applications) and (2) building facilities and shipboard equipment (e.g. shipboard navigation, control, power generation and distribution systems, operating systems and shipbuilding and communication systems).

The Company's Year 2000 plan addresses the Year 2000 issues in multiple phases, including: (1) inventory of the Company's systems, equipment and suppliers that may be vulnerable to Year 2000 issues; (2) assessment of inventoried items to determine risks associated with their failure to be Year 2000 compliant; (3) testing of systems and/or components to determine if Year 2000 compliant, both prior and/or subsequent to remediation; (4) remediation and implementation of systems; and (5) contingency planning to assess reasonably likely worst case scenarios.

Inventories have been substantially completed for all Company shoreside software applications, hardware and operating systems. A risk assessment was then prepared based on feedback from the Company's respective business units. Most of the Company's critical internally developed software systems have been successfully tested and remediated. Most of the Company's reservations systems have been remediated and tested and all are expected to be fully implemented by the end of calendar year 1998. Remediation of the Company's other critical shoreside software and hardware applications are also estimated to be completed by the end of calendar year 1998.

Inventories have been substantially completed for all building facilities and shipboard equipment systems. A risk assessment has been substantially completed and is expected to be finalized by the end of calendar year 1998. In certain cases, the Company has retained third party consultants to analyze the shipboard hardware and embedded system inventories and assist the Company in testing, remediation and implementation of these applications. This process is expected to be completed by the end of the third calendar quarter of 1999. Internally developed shipboard information systems have been remediated and will be tested and fully implemented on ships in mid 1999.

The Company is tracking the Year 2000 compliance status of its material vendors and suppliers via the Company's own internal vendor compliance effort. Year 2000 correspondence was sent to critical vendors and suppliers, with continued follow up for those who failed to respond. All vendor responses are currently being evaluated to assess any possible risk to or effect on the Company's operations. The Company expects to implement additional procedures for assessing its critical vendors.

Risks of Company's Year 2000 Issues

The Company is in the process of determining its contingency plans which will include the identification of its most reasonably likely worst case scenarios. Currently, the most reasonably likely sources of risk to the Company include (1) the disruption of transportation channels relevant to the Company's operations, including ports and transportation vendors (airlines) as a result of a general failure of support systems and necessary infrastructure; (2) the disruption of travel agency and other sales distribution systems; and (3) the inability of principal product suppliers to be Year 2000 ready, which could result in delays in deliveries from such suppliers.

Based on its current assessment efforts, the Company does not believe that Year 2000 issues will have a material adverse effect on its financial condition or results of operations. However, the Company's Year 2000 issues and any potential business interruptions, costs, damages or losses related thereto, are dependent, to a significant degree, upon the Year 2000 compliance of third parties, both domestic and international, such as governmental agencies, vendors and suppliers. Consequently, the Company is unable to determine at this time whether Year 2000 failures will materially affect the Company. The Company believes that its compliance efforts have and will reduce the impact on the Company of any such failures.

Contingency Plans

The Company is preparing its contingency plans to identify and determine how to handle its most reasonably likely worst scenarios. Preliminary contingency plans are currently being reviewed. Comprehensive contingency plans are estimated to be complete by mid 1999.

Costs

The Company does not expect the costs associated with its Year 2000 efforts will be material. The Company estimates aggregate expenditures of approximately $16 million to address Year 2000 issues through December 1999. These aggregate expenditures include $9 million of costs that are being charged to expense and $7 million of costs related to the accelerated replacement of non-compliant systems due to Year 2000 issues which will be capitalized. The total amount expended through August 31, 1998 was approximately $7 million, of which $4 million has been charged to expense and $3 million has been capitalized related to the accelerated replacement of non-compliant systems due to Year 2000 issues. These costs do not include costs incurred by the Company as a result of the failure of any third parties, including suppliers, to become Year 2000 compliant or costs to implement any contingency plans.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Several actions collectively referred to as the "Passenger Complaints" were previously reported in the Company's Annual Report on Form 10-K for the year ended November 30, 1997 (the "1997 Form 10-K") and Quarterly Reports on Form 10-Q for the quarters ended February 28 and May 31, 1998 (the "Quarterly Form 10-Q's"). The following are the material subsequent developments in such cases.

In the action filed against the Company in Ohio by Cathy J. Miller and others, the Company has filed a motion to dismiss on the grounds of improper forum, the plaintiffs have responded, and the Company's reply is due in October 1998. In the action filed against the Company in Georgia by Elizabeth Forsling, the United States District Court granted the plaintiff's motion to remand. Thereafter, the Company moved before the Georgia state court to dismiss the case on the grounds of improper forum. Plaintiff's response is due in October 1998. In the action filed against the Company in Tennessee by Brent Mezzacasa and others, the plaintiffs have appealed the Chancery Court's dismissal to the Tennessee Court of Appeals, the Company has responded, and plaintiffs' have replied. An argument date has not yet been set. In the action filed against the Company in Illinois by John R. Birdsell and others, the court has overruled the Company's objection to the court's exercise of personal jurisdiction. The Company must answer or otherwise respond in October 1998, and the Company intends to move to dismiss on the grounds of improper forum.

In the action filed against the Company in Florida by Michelle Hackbarth and others, the Company has reached an agreement in principle to settle the action under terms that would apply to a nationwide class of Carnival Cruise Lines passengers. Should the court approve the settlement, the Company will seek its enforcement with respect to the plaintiffs in each of the remaining Passenger Complaints, and will thereafter seek the dismissal of such Complaints under principles of res judicata. Under the terms of the settlement, the Company will issue travel vouchers with a face value of $15-$40, depending on specified criteria, to certain of its passengers who are residents of the U.S. or its territories and who sailed on a Carnival Cruise Lines ship between April 1992 and June 1997. The Company will also pay a portion of the plaintiffs legal fees. The terms of such settlement, however, are subject to the parties entering into a definitive agreement.

In the action filed against Holland America Westours in Washington by Francine Pickett, the settlement agreement received final court approval in September 1998. Certain plaintiffs have indicated that they may appeal. An appeal may delay the issuance of the travel vouchers contemplated by the settlement agreement.

Several actions referred to as the "Travel Agent Complaints" were previously reported in the 1997 Form 10-K and in the Quarterly Form 10-Q's, and the following are the material subsequent developments in such cases.

In the action filed against the Company in Florida by N.G.L. Travel Associates, a hearing will be held on November 19, 1998 to consider the Company's motion to dismiss the action. In the action filed against the Company in Alabama by Flora Price and others, the United States District Court has indicated that it will deny the plaintiffs' motion to remand and grant the Company's motion to dismiss the case. The plaintiffs have indicated that they may appeal.

The Company previously reported in the Quarterly Form 10-Q's that HAL Beheer, B.V., a Netherlands affiliate that employs crew members on board Holland America Line ships, entered into a Plea Agreement with the U.S. Department of Justice. On October 8, 1998, the Court accepted the Plea Agreement and entered judgment consistent therewith.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints if such claims should proceed to trial. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

For a description of other pending litigation, see the 1997 Form 10-K and the Quarterly Form 10-Q's.

ITEM 5: Other Information

(a) Forward-Looking Statements

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of an authorized executive officer constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises; pricing policies followed by competitors of the Company; increases in cruise industry capacity; changes in tax laws and regulations (see Part II, Item 5 (d) - Taxation of the Company in the Company's filing of Form 10-K for the period ended November 30, 1997); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; the impact of the Year 2000 issues on the Company; and changes in laws and government regulations applicable to the Company.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12	Ratio of Earnings to Fixed Charges
27	Financial Data Schedule
27.1	Restated Financial Data Schedule - February 28, 1998
27.2	Restated Financial Data Schedule - November 30, 1997
27.3	Restated Financial Data Schedule - August 31, 1997
27.4	Restated Financial Data Schedule - May 31, 1997
27.5	Restated Financial Data Schedule - February 28, 1997
27.6	Restated Financial Data Schedule - November 30, 1996
27.7	Restated Financial Data Schedule - August 31, 1996
27.8	Restated Financial Data Schedule - May 31, 1996
27.9	Restated Financial Data Schedule - February 29, 1996
27.10	Restated Financial Data Schedule - November 30, 1995

(b) Reports on Form 8-K

None.

SIGNATURES

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

CARNIVAL CORPORATION

Date: October 15, 1998 BY \s\ Howard S. Frank
Howard S. Frank
Vice Chairman and Chief
Operating Officer

Date: October 15, 1998 BY \s\ Gerald R. Cahill
Gerald R. Cahill
Senior Vice President Finance
and Chief Financial and
Accounting Officer

INDEX TO EXHIBITS

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EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Nine Months Ended August 31, 1998	1997
Net income	$615,262	$510,700
Income tax expense	5,877	8,557
Income before income tax expense	621,139	519,257
Adjustments to earnings:		
Minority interest	8,031	-
Dividends received in excess of income from affiliates	12,865	8,236
Earnings as adjusted	642,035	527,493
Fixed Charges:		
Interest expense, net	43,512	43,510
Interest portion of rental expense (1)	2,636	1,761
Capitalized interest	23,586	12,305
Total fixed charges	69,734	57,576
Fixed charges not affecting earnings:		
Capitalized interest	(23,586)	(12,305)
Earnings before fixed charges	$688,183	$572,764
Ratio of earnings to fixed charges	9.9 x	9.9 x

(1) Represents one-third of rental expense, which management believes to be representative of the interest portion of rental expense.

5
1,000

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AUG-31-1998
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73,268
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74,150
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1.03

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3-MOS
NOV-30-1998
FEB-28-1998
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56,026
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18,961
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109,914
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YEAR
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NOV-30-1997
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57,090
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54,970
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5,181,844
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6,233
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0
0
666,050
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9-MOS

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AUG-31-1997

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54,394

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38,951
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212,807
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3-MOS

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YEAR
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NOV-30-1996
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962,435
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68,568
462,485
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451,479
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EX-27.8
11
RESTATED ART. 5 FDS FOR 2ND QUARTER 10-Q

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26,065
35,385
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52,072
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