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

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

For the fiscal year ended November 30, 2008

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	Carnival plc
(Exact name of registrant as specified in its charter)	(Exact name of registrant as specified in its charter)
Republic of Panama	England and Wales
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
59-1562976	98-0357772
(I.R.S. Employer Identification No.)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom
(Address of principal executive offices) (Zip Code)	(Address of principal executive offices) (Zip Code)
(305) 599-2600	011 44 20 7940 5381
(Registrant’s telephone number, including area code)	(Registrant’s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:
Title of each class	Title of each class
Common Stock ($.01 par value)	Ordinary Shares each represented by American Depositary Shares ($1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust
Name of each exchange on which registered	Name of each exchange on which registered
New York Stock Exchange, Inc.	New York Stock Exchange, Inc.

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

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

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

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

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

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Act.

Large Accelerated filers ☑	Accelerated filers ☐
Non-Accelerated filers ☐	Smaller reporting company ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $16.0 billion as of the last business day of the registrant’s most recently completed second fiscal quarter.

At January 22, 2009, Carnival Corporation had outstanding 625,374,532 shares of its Common Stock, $0.01 par value.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $6.3 billion as of the last business day of the registrant’s most recently completed second fiscal quarter.

At January 22, 2009, Carnival plc had outstanding 213,249,933 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 625,374,532 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2008 annual report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

Item 5(a). Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities —Market Information, Holders and Performance Graph.

Item 6. Selected Financial Data.

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

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

Item 8. Financial Statements and Supplementary Data.

Portions of the Registrants' 2009 joint definitive proxy statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Item 11. Executive Compensation.

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

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Item 14. Principal Accountant Fees and Services.

PART I

Item 1. Business.

A. General

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association.

Carnival Corporation and Carnival plc are both public companies, with separate stock exchange listings and their own shareholders. The two companies operate as if they are a single economic enterprise, with a single executive management team and identical Boards of Directors, but each has retained its separate legal identity. See Note 3, "DLC Structure" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Together with their consolidated subsidiaries Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as "Carnival Corporation & plc," "our," "us," and "we."

We are the largest cruise company and one of the largest vacation companies in the world. We have a portfolio of widely recognized cruise brands and are a leading provider of cruises to all major vacation destinations. See Part I, Item 1. Business. B. – "Cruise Operations" for additional information.

As of January 28, 2009, the summary by brand of our passenger capacity, the number of cruise ships we operate, and the primary areas in which they are marketed is as follows:

Cruise Brands	Passenger Capacity (a)	Number of Cruise Ships	Primary Market
Carnival Cruise Lines	52,286	22	North America
Princess Cruises ("Princess")	37,532	17	North America
Costa Cruises ("Costa")	23,196	12	Europe
Holland America Line	21,088	14	North America
P&O Cruises	11,998	6	United Kingdom
AIDA Cruises ("AIDA")	7,812	5	Germany
Cunard Line ("Cunard")	4,572	2	United Kingdom and North America
Ibero Cruises ("Ibero")	3,570	3	Spain and Brazil
Ocean Village (b)	3,286	2	United Kingdom
P&O Cruises Australia	3,076	2	Australia and New Zealand
The Yachts of Seabourn ("Seabourn")	624	3	North America
	169,040	88	

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

(b) The Ocean Village brand will be phased-out with the transfer of both ships to P&O Cruises Australia in November 2009 and November 2010.

As of January 28, 2009, we had signed agreements with three shipyards providing for the construction of 17 additional cruise ships scheduled to enter service between March 2009 and June 2012. These additions are expected to result in an increase in our passenger capacity of 38,056 lower berths. The net impact of these additions is a 22.5% increase in passenger capacity as compared to our January 28, 2009 passenger capacity. It is possible that some of our other older ships may be sold or retired during the next few years, thus reducing the size of our fleet over this period. Alternatively, it is also possible that we could order more ships, which could enter service as early as 2012, or acquire more ships, thus increasing the size of our fleet over this period. See Part I, Item 1. Business. B. "Cruise Operations – Ship Information" and Note 6, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional information regarding our ship commitments.

In addition to our cruise operations, we own Holland America Tours and Princess Tours, the leading cruise/tour operators in the State of Alaska and the Yukon Territory of Canada, which primarily complement their respective cruise operations and own substantially all of the assets noted below. These tour companies currently market and operate:

- 16 hotels or lodges in the state of Alaska and the Yukon Territory of Canada, with 3,500 guest rooms;

- over 560 motorcoaches used for sightseeing and charters in the states of Washington and Alaska, the Canadian Yukon Territory and the Canadian province of British Columbia;
- 24 domed rail cars, which are run on the Alaska Railroad between Anchorage and Fairbanks, Whittier and Denali, and Whittier and Talkeetna;
- two luxury dayboats; one offering a tour to Portage Glacier in Alaska, and another offering a fully-narrated 102-mile cruise on the Yukon River between Eagle, Alaska and Dawson City in the Canadian Yukon Territory; and
- sightseeing packages, or individual components of such packages, sold either separately or as part of our cruise/tour packages to our Alaskan cruise guests and to other vacationers.

Mission, Primary Financial Goal and Related Strategies

Our mission is to deliver exceptional vacation experiences through some of the world's best-known cruise brands that cater to a variety of different lifestyles and budgets, all at an outstanding value unrivalled on land or at sea. In order to accomplish this mission, we believe we must profitably grow our cruise business, which is our primary financial goal.

Our first strategy to achieve this goal is to build new and innovative ships, and continually invest in our existing ships, to strengthen the leadership position of each of our brands. Our newbuilding program is the primary platform for our brands' growth. Secondly, we intend to redeploy some of our ships to emerging growth markets to develop an increasing appetite and awareness for cruising within these markets. After establishing a viable presence in a geographic area, we may add capacity to grow the business, and then we may further segment the market using multiple brands that target different demographic groups to achieve maximum penetration.

Our operating structure is decentralized, with each of our major brands having its own headquarters and operating team. We believe this approach results in delivering a product that is specifically tailored to identifiable geographic and economic markets and allows us to more effectively penetrate these individual markets. Although we operate under this decentralized structure, we leverage our size to obtain economies of scale and synergies, which reduces costs by consolidating our purchasing power and implementing common cost-containment initiatives, such as common reservation systems, cross-selling, shared data centers and shared port facilities.

We believe the successful execution of these and other ongoing strategies have enabled us to become one of the most profitable companies in the vacation industry. This success has given us the ability to fund the majority of our large capital spending program, while still maintaining a strong balance sheet. Maintenance of a strong balance sheet has always been and continues to be the primary objective of our capital structure policy. In light of the current uncertainties in the global economy, the highly volatile state of the financial markets, continuing concerns about financial institution liquidity and the unusually high cost of obtaining new debt, we believe preserving cash and liquidity at this point in time is a prudent step, which will further strengthen our balance sheet and enhance our financial flexibility. Accordingly in October 2008, the Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009, but will reevaluate our dividend policy based on the circumstances prevailing during the year.

Health, Environment, Safety and Security Policy

We and our cruise brands are committed to:

- Protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, ill health and loss.
- Protecting the environment, including the marine environment in which our vessels sail and the communities in which we operate, by minimizing adverse environmental consequences and using resources efficiently.
- Fully complying with or exceeding all legal and statutory requirements related to health, environment, safety and security throughout our business activities.
- Assigning health, environment, safety and security matters the same priority as other critical business matters.

B. Cruise Operations

I. Industry Background

The multi-night cruise industry has grown significantly over the past decade, but still remains a relatively small part of the wider global vacation market in which cruise companies compete for the discretionary income spent by vacationers. We estimate that the global cruise industry carried approximately 16.8 million passengers in 2008. The principal regions cruise passengers are sourced from are North America, which has increased by an estimated compound annual growth rate of 6.5% between 2002 and 2007, and Western Europe where cruise passengers have increased by a compound annual growth rate of approximately 11.4% between 2002 and 2007. In Europe cruising represents a smaller proportion of the overall vacation market than it does in North America and, accordingly, we believe the European market has significant growth potential. We also believe that the North American market continues to have considerable growth potential. Other areas such as Asia, the South Pacific, including Australia and New Zealand, and South America are a source of much lower numbers of cruise passengers, and we also believe these regions have growth potential. See Note 11, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for financial information regarding our cruise segment.

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

We are a provider of cruise vacations in most of the largest vacation markets in the world, including North America, the UK, southern Europe, Germany, Asia/Pacific and South America, with significant product offerings in each of the three classifications noted above. A brief description of the principal vacation areas where we source substantially all of our guests and our brands that market primarily to these vacationers is discussed below.

II. North America

Approximately 66% of the cruise passengers in the world are sourced from North America, where cruising has developed into a mainstream alternative to land-based resort and sightseeing vacations. Approximately 10.5 million North American-sourced cruise passengers took cruise vacations for two or more consecutive nights in 2007, and we estimate that approximately the same number of passengers cruised in 2008. This market has grown significantly in prior years and we expect that it will continue to grow in the future as new capacity is introduced.

At the end of 2008, 122 ships with an aggregate passenger capacity of approximately 211,000 lower berths were marketed primarily in North America. Based on the number of ships that are currently on order worldwide and scheduled for delivery between 2009 and 2012, we expect that the net capacity serving North America will continue to increase. Our projections indicate that by the end of 2009, 2010, 2011 and 2012, North America will be served by 124, 130, 136 and 138 ships, respectively, having an aggregate passenger capacity of approximately 213,000, 233,000, 248,000 and 253,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both North America and elsewhere during different times of the year. Our estimates of capacity do not include assumptions related to unannounced ship withdrawals due to factors such as the age of ships or changes in the location from where ships' guests are predominantly sourced and, accordingly, could indicate a higher percentage growth in North American capacity than will actually occur. Alternatively, our capacity growth estimates for 2012 may increase because of future shipbuilding orders, which have not yet been announced. Net capacity serving North American-sourced cruise guests has increased at a compound annual growth rate of 3.3% for the past three years. The future growth rate is currently expected to be 5.6% for the next three years before reductions for withdrawals or transfers to other parts of the world and unannounced ship orders.

The principal itineraries visited by North American-sourced cruise guests in 2008 were the Caribbean, the Bahamas, Mexico and Alaska. In addition, North American cruise guests visited northern Europe, the Mediterranean, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, including South and Central America, Africa, the South Pacific, the Far East and India.

Carnival Cruise Lines, Princess, Holland America Line and Seabourn source their guests primarily from North America. Cunard sources most of its guests from the United Kingdom, North America, Germany and Australia, and Costa sources some of its guests from North America, especially during the winter season when it has one ship homeported in Fort Lauderdale, Florida.

Carnival Cruise Lines, our largest brand, has been providing its fun and casual style of cruising for over 36 years, and currently operates 22 contemporary ships, with an additional ship contracted for delivery in each of 2009 and 2011. In November 2009, Carnival Cruise Lines' 1,450-passenger capacity *Holiday* is expected to be transferred to Ibero. Carnival Cruise Lines offers quality cruise vacations at affordable prices and its "FUN FOR ALL. ALL FOR FUN." service mark captures the authentic spontaneous fun of a Carnival Cruise Lines vacation experience. All of Carnival Cruise Lines' ships were designed and built as floating resorts, which is exemplified by Carnival Splendor, the newest and largest "fun ship" that debuted in July 2008. Carnival Cruise Lines' cruises typically range from three to seven days and sail from 22 different homeports, including 15 in North America. Carnival Cruise Lines' ships call year-round on ports in the Caribbean, the Bahamas and Mexican Riviera. In addition, Carnival Cruise Lines' ships also offer seasonal cruises to Alaska, Canada/New England, Europe, South America and the Hawaiian Islands.

In 2007, Carnival Cruise Lines announced its $250 million product enhancement initiative to its eight Fantasy Class ships under the "Evolutions of Fun" program, which is expected to be completed over a period of several years. This ship refurbishment and product enhancement initiative includes upgrades to all guest accommodations and a variety of public areas, introducing new water parks with a four deck-high waterslide, an 82-foot long racing waterslide and a fun-filled spray park, redesigning the mid-ship pool area and the creation of "Serenity," an adults-only deck area. Carnival Splendor is the newest ship in the fleet and it includes many of the features of Evolutions of Fun. Carnival Cruise Lines is continually seeking to introduce ways to keep its cruise experience fresh and exciting, including expanded dining choices, spacious staterooms featuring the Carnival Comfort Bed sleep system, spectacular entertainment, innovative children's programming, revitalizing spa services and action-packed casinos.

Princess, whose brand name was made famous by the *Love Boat* television show, recently celebrated its 43rd anniversary. Princess, the world's third largest cruise line, operates a fleet of 17 modern ships. Princess offers over 115 unique itineraries to more than 350 destinations, with cruises generally of seven to 14 days, and three world cruises in 2009 that exceed 100 days. Princess is a leading cruise line in international and exotic regions all over the world, including Alaska, Asia, Europe, the South Pacific, including Australia, and South America. Some of Princess' Caribbean cruise offerings feature a private island destination, known as Princess Cays which Princess leases and operates, that is located on the island of Eleuthra in the Bahamas.

Princess is widely recognized among travel agents as an innovative, premium cruise line. Substantially all of Princess' ships reflect an innovative design philosophy called "Big Ship Choice, Small Ship Feel," emphasizing a broad variety of amenities combined with the more intimate ambience found on smaller vessels. Virtually all of Princess' ships feature the Personal Choice Dining program, offering guests flexibility, convenience and quality in an array of anytime, traditional, specialty and casual dining options. A quality service program entitled C.R.U.I.S.E. (Courtesy, Respect, Unfailing In Service Excellence) helps ensure extremely high standards of service throughout the fleet.

The introduction of *Ruby Princess* represents the ninth ship in the evolving Grand Class series of vessels, featuring signatures such as "Movies Under the Stars" outdoor theaters, showing first-run Hollywood hits on a 330 square foot outdoor poolside LED screen and the adults' only sanctuary retreat deck. At least 57% of each of these Grand Class ship's staterooms have balconies; another hallmark of Princess' ships. Princess attracts consumers through a highly integrated brand campaign, encouraging them to "escape completely®" with a direct marketing effort supported by a range of advertising and point-of-sale materials.

Holland America Line, with 135 years of cruising experience, operates a premium fleet of 14 ships, with an additional ship, *Nieuw Amsterdam* contracted for delivery in 2010. Holland America Line cruises call at more than 320 destinations in more than 100 countries and territories on all seven continents. Homeports include New York, Boston, Fort Lauderdale, Tampa, San Diego, Seattle, Vancouver, Copenhagen, Amsterdam, Rotterdam, Rome, Rio de Janeiro, Valparaiso, Auckland, Sydney and Hong Kong. The majority of Holland America Line's cruise lengths are from seven to 21 days, however there are longer and more exotic cruises, such as the world cruise which lasts over 118 days. Most sailings in the Caribbean visit Holland America Line's private island, Half Moon Cay. Holland America's ships, which tend to be smaller and more intimate than the bigger contemporary cruise ships, were designed with airy viewing lounges, wraparound teak decks and private, roomy verandahs that offer guests the chance to experience wildlife and scenery, which is especially important during its Alaska cruises.

As Holland America Line introduces new guests to its premium brand, the brand continues to enjoy one of the highest rates of repeat cruisers in the cruise industry. Its onboard experience is distinguished by warm, welcoming personalized service, a timeless approach to interior design and one of the most extensive collections of art and antiques at sea. The five areas identified as pillars of the Holland America guest experience are (1)spacious, elegant ships and accommodations, (2)sophisticated five-star dining, (3)gracious, unobtrusive service, (4)extensive enrichment programs and activities and (5)compelling worldwide itineraries.

The brand's $525 million product enhancement initiative "Signature of Excellence," continues with ongoing refinements to service and enrichment activities onboard and ashore. Signature of Excellence includes the Culinary Arts Center, a state-of-the-art onboard show kitchen where visiting chefs and culinary experts provide cooking demonstrations and classes to our guests, three specialty theme bars that feature a multitude of martinis and champagnes, as well as an international selection of beers and premium whiskeys and brandies, and many other enhancements.

Seabourn provides ultra luxury cruising vacations in a unique, small-ship style that focuses on personalized services, all-suite accommodations, superb cuisine and unique experiences. Consistently rated among the top vacation choices, Seabourn pampers its' guests with complimentary open bars, open-seating dining and value-added extras such as Massage Moments℠ on deck, Caviar in the Surf℠ beach parties and water sports from the yachts' fold-down marina. Seabourn's ships offer destinations throughout the world, including Europe, Asia, the South Pacific and the Americas, with cruises generally from seven to 14 days, with some of longer length. Seabourn currently operates three 208-guest yachts and will begin a fleet expansion that is contracted to add three 450-guest sisters, one in each of 2009, 2010 and 2011. The new vessels will offer more categories of luxury suites, more dining alternatives and an 11,400-square foot spa facility that will be the largest on any ultra-luxury vessel. They will maintain the service ratio of nearly one staff member per guest, and the intimate, sociable atmosphere that is the hallmark of the Seabourn yachting lifestyle for over 20 years.

III. Europe

We believe that Europe is one of the largest single leisure travel vacation markets, but to date cruising in Europe has achieved a much lower penetration rate than in North America, and represents a relatively small percentage of the European vacation market.

Approximately 4.0 million European-sourced passengers took cruise vacations for two or more consecutive nights in 2007 compared to approximately 10.5 million North American-sourced passengers. Additionally, we estimate that about 4.6 million European-sourced passengers took a cruise in 2008. The number of European cruise passengers increased by a compound annual growth rate of approximately 11.4% between 2002 and 2007. We believe that the European market represents a significant growth opportunity for us, and we plan to introduce a number of new or existing ships into Europe over the next several years. This should enable us to achieve increasing economies of scale. Approximately 72%, or 27,296 berths, of our passenger capacity under construction has been designated for our European brands. Our European brands represent 32% of our total capacity at November 30, 2008, and we expect them to increase to 39% of our total capacity by 2012, assuming no additional ships are ordered for 2012 delivery.

At the end of 2008, 117 ships with an aggregate passenger capacity of approximately 130,000 lower berths were marketed primarily in Europe. Our projections indicate that by the end of 2009, 2010, 2011 and 2012, Europe will be served by 122, 127, 130 and 133 ships, respectively, having an aggregate passenger capacity of approximately 144,000, 156,000, 164,000 and 172,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both Europe and elsewhere during different times of the year. Net capacity serving European-sourced cruise guests has increased at a compound annual growth rate of 9.8% for the past three years. The future growth rate is currently expected to be 8.1% for the next three years. Our estimates of European capacity are based on similar assumptions as discussed previously for our North American estimates and do not consider any older ship withdrawals as a result of their noncompliance with mandated maritime regulations that become effective in 2010. See Part I, Item l. Business. B. – “Cruise Operations – Governmental Regulations – Maritime Regulations”.

The principal itineraries visited by European-sourced cruise guests in 2008 were the Mediterranean, the Caribbean (including the Bahamas), Bermuda, northern Europe (including Scandinavia and the Baltic) and the Atlantic Isles (including the Canary Islands and Madeira). In addition, European cruise guests visited the Arabian Gulf, the Indian Ocean, New England, Canada and other exotic locations around the world.

a. United Kingdom

The United Kingdom (“UK”) is one of the largest regions from which cruise passengers are sourced in Europe. Approximately 1.3 million UK passengers took cruises in 2007. Cruising in the UK has become an established alternative to land-based resort and sightseeing vacations. The number of UK cruise passengers increased by a compound annual growth rate of approximately 10.2% between 2002 and 2007. We believe that the UK has additional growth potential for the cruise industry, as the level of market penetration is estimated at approximately 70% of North America.

P&O Cruises and Ocean Village source substantially all of their guests from the UK. Cunard sources most of its guests from the UK, North America, Germany and Australia. Our North American brands and Costa also source guests from the UK. For example, Princess Cruises’ *Sea Princess* has been homeported in Southampton during the summer months and has Fort Lauderdale as its homeport during the winter season, has been primarily marketed to UK vacationers who desire an American style of cruising.

P&O CRUISES

P&O Cruises, with over 170 years of cruising experience, is the largest cruise operator and best known cruise brand in the UK, with six premium ships, and an additional ship contracted for delivery in 2010. These ships cruise to over 235 destinations in more than 82 countries, with most cruises ranging from two to 16 days, but with some cruises lasting longer, including three world cruises in 2009 and two in 2010. The P&O Cruises fleet is the youngest multi-ship UK brand, and their latest additions have enabled P&O Cruises to offer a more modern style of cruising to its UK cruise guests and broaden their appeal, reaching younger guests with and without families, while retaining older and more traditional British guests. *Artemis* and *Arcadia* are child-free ships, which generally appeal to an older demographic, while the rest of the fleet is well-equipped for families. P&O Cruises offers cruises from Southampton, England to the Mediterranean, the Atlantic Isles, the Baltic, Scandinavia and the Norwegian Fjords for the majority of the year, and primarily operates Caribbean cruises and a choice of world cruises during the winter.

P&O Cruises' ships deliver a world of extraordinary experiences for guests by ensuring that they offer high quality, a distinctly British experience and a variety of choices. Their fleet of ships are distinctly different from one another in both personality and facilities. This allows the British guest to tailor their holiday by selecting the ship that best reflects their own personality and matches their holiday requirements. It also means that repeat customers can enjoy a new and exciting experience each time they sail.

Ventura and *Oceana* offer a more contemporary and innovative experience with an informal atmosphere and range of alternative dining venues, from restaurants and food courts to grills and bistros. The elegant superliners *Arcadia*, *Aurora* and *Oriana* offer a stylish and classic cruise experience with their broad decks, traditional artwork and blend of formal and informal onboard experiences. As the smallest ship in the P&O Cruises fleet, *Artemis* offers a more traditional and intimate experience, her size enabling her to visit ports not charted by larger vessels as well as fostering a real sense of camaraderie.

Cunard, which was launched in 1839 and has the Most Famous Ocean Liners In The World[SM], operates two premium/luxury ships that evoke a golden era of luxurious cruising with an additional ship, *Queen Elizabeth*, contracted for delivery in 2010. Cunard's flagship, *Queen Mary 2*, is the largest and grandest ocean liner in the world and operates the northern transatlantic crossing route as well as a 90 day world cruise. Cunard's newest ship, *Queen Victoria* is a marriage of heritage and innovation with a three tier grand lobby that offers a sense of the lavish lifestyle that its guests will experience onboard. In 2009, *Queen Victoria*, will embark on a 107 day world cruise prior to sailing out of Southampton throughout the summer of 2009 on a series of Northern Europe and Mediterranean voyages. Most of Cunard's non-world cruise voyages are six or 14 days.

The Ocean Village brand will be phased-out with the transfer of both its ships to P&O Cruises Australia. The first ship will be transferred in November 2009. The second ship will be transferred in November 2010. We have recognized the growth potential in the Australian cruise market, and this decision is consistent with our strategy of redeploying ships to growth markets to invest in brands which show the greatest potential.

Prior to the transfer, the two ships will offer one or two week cruises, together with cruise and stay holidays, and operate out of Palma Majorca, Spain and Heraklion, Crete in the Mediterranean for the 2009 summer season. The remaining ship will operate from Barbados in the Caribbean during the winter 2009-2010 season and return to the Mediterranean for the 2010 summer season.

b. <u>Southern Europe</u>

The main countries in southern Europe for sourcing cruise passengers are Italy, France and Spain. Together, these countries generated approximately 1.5 million cruise passengers in 2007. Cruising by passengers from Italy, France and Spain combined increased by a compound annual growth rate of approximately 12.6% between 2002 and 2007. We believe that southern Europe has significant growth potential for the cruise industry, as the level of market penetration is estimated at approximately 26% of North America. We intend to increase our penetration in southern Europe through Costa, one of the most recognized cruise brands marketed in Europe, which currently has the most cruise ships on order of any cruise brand, and Ibero.

Costa is Italy and Europe's #1 Cruise Line based on guests carried and capacity of its ships, and boasts over 60 years of cruising history. Costa operates 12 contemporary ships, with two additional ships contracted for delivery in 2009 and one ship in each of 2010, 2011 and 2012. With these five new ship additions, Costa's existing capacity will grow by 58%.

Costa offers guests an international and multi-lingual ambiance with an Italian touch. Costa principally serves customers in Italy, France, Spain and Germany, but its 1.2 million 2008 guests came from over 160 different countries. The Costa brand offers a higher-end contemporary product in Germany and Spain and thus segments these markets where we also own and operate the more mid-contemporary AIDA and Ibero brands.

The Costa ships call on 250 ports around the world, with 100 different itineraries, most from seven to 11 days. Costa's ships operate in Europe from spring to fall. From fall to spring Costa repositions two of its ships to the Caribbean, three of its ships to South America, two of its ships to the Arabian Gulf to homeport in Dubai, one of its ships to the Indian Ocean to homeport from the Island of Mauritius and maintains a year-round presence with three of its ships in the Mediterranean. See Part I, Item 1. Business. B.- "Cruise Operations – Australia, New Zealand and Asia" for additional discussion of Costa's expanding operations in Asia.

We have a joint venture agreement with Orizonia Corporation, Spain's largest travel company, under which we operate Ibero, a Spanish cruise line that began operations in 2003. Ibero currently operates three contemporary cruise ships. Substantially all of Ibero's guests are sourced from Spain, Brazil and Portugal. Their ships are especially tailored to the Spanish market, including Spanish speaking officers and crew as well as Mediterranean and Spanish style food and entertainment. From March to October, Ibero's ships offer seven-day Mediterranean and Northern European sailings homeported in Barcelona, Spain, Venice, Italy, Athens, Greece, Istanbul, Turkey, Copenhagen, Denmark and Helsinki, Finland. From November 2008 to February 2009 two of its ships are time-chartered to an unaffiliated Brazilian tour operator. In November 2009, we expect to transfer Carnival Cruise Lines' 1,450-passenger capacity *Holiday* to Ibero. *Holiday* will undergo a multi-million dollar refurbishment before being renamed the *Grand Holiday* for her first Ibero sailing expected in spring 2010.

c. Germany

Germany is the largest source market for cruise passengers in continental Europe, with approximately 0.8 million cruise passengers in 2007. Germany had a compound annual growth rate in the number of cruise passengers carried of approximately 12.2% between 2002 and 2007. We believe that Germany has significant growth potential for the cruise industry as the level of market penetration is estimated at approximately 29% of North America. We intend to increase our penetration in Germany through AIDA, the most recognized cruise brand marketed in Germany.

AIDA, which began operating in 1996, sources substantially all of its guests from Germany and German speaking Austria and Switzerland, and is the leader in the German cruise market. AIDA operates five contemporary ships, with one additional ship contracted for delivery in each of fiscal 2009, 2010, 2011 and 2012. With these four new ship additions, AIDA's existing capacity will grow by 110%. AIDA's new vessels, including the *AIDAdiva* and *AIDAbella*, which AIDA took delivery of in 2007 and 2008, respectively, are innovative. For example, they introduced the "Theatrium," a completely new space concept that provides guests a central meeting space and an enhanced entertainment venue.

AIDA's product is especially tailored for the German-speaking market and offers an exceptionally relaxed, yet active, cruising experience with an emphasis on lifestyle, choice, informality, friendliness and activity. Spa and fitness areas and a variety of dining options, ranging from informal but excellent quality buffets to grills and exclusive restaurants characterize the experience onboard the vessels.

AIDA offers its guests cruises varying in length from three to 14 days, while calling on approximately 140 ports. During the summer, the AIDA ships sail in the Mediterranean, the North Sea and the Baltic Sea, while itineraries for the winter include the Caribbean, Central America, the Western Mediterranean, the Atlantic Isles, the Arabian Gulf and Trans-Suez Canal passages. In the fall of 2008, AIDA began offering New England and Canada cruises, to guests substantially all sourced from German speaking countries.

IV. Australia, New Zealand and Asia

Cruising in Australia continues to develop. Approximately 280,000 Australians and New Zealanders took cruise vacations in 2007. We serve this region primarily through the contemporary P&O Cruises Australia brand, which is a leading cruise line in Australia and New Zealand. In addition, our premium brand Princess has a very significant presence in the Australian market.

From Asia, we began sourcing passengers in 2006. Tourism is one of the most rapidly growing sectors in the Chinese economy. More than 35 million Chinese tourists traveled abroad in 2007. This figure is forecast to increase to over 50 million by 2010. We believe this market has growth potential given its large population and expanding international tourist travel.

P&O CRUISES
AUSTRALIA

P&O Cruises Australia, with over 75 years of cruising experience, caters specifically to Australians and New Zealanders. Its ships, *Pacific Dawn* and *Pacific Sun*, typically offer cruises from seven to 14 days homeported from Sydney and Brisbane, Australia and Auckland, New Zealand. These cruises enable its guests to discover the islands of the South Pacific from New Caledonia to Tahiti, as well as exploring Australia's magnificent coast line and New Zealand's Fjords. In response to growing demand, in October 2008, P&O Cruises Australia announced the more than doubling of their fleet with the transfer of the two Ocean Village ships. The first ship will be transferred in November 2009 and it will be renamed *Pacific Jewel.* The second ship will be transferred in November 2010.

PRINCESS CRUISES
escape completely

In November 2008, Princess deployed *Dawn Princess*, the second Princess ship to be based in the Australian market on a year-round basis. *Dawn Princess*' arrival has confirmed Princess as a substantial cruise line in the growing Australian cruise market and allowed us to enhance our market segmentation there. Both the *Sun Princess* and *Dawn Princess* are time chartered from Princess to P&O Cruises Australia for cruises departing from the homeports of Fremantle, Melbourne and Sydney, Australia. The doubling of this fleet allowed the expansion of homeporting out of Melbourne, Australia's second largest city. Princess' cruises visit the South Pacific islands, Australia, New Zealand and Asia and average 18 days in length with one world cruise lasting 104 days.

Costa Asia began in July 2006 with the *Costa Allegra* being homeported out of China to cater primarily to the Chinese and surrounding markets. Costa was the first international cruise line to homeport a ship in China. The Chinese vacation market is highly seasonal. In the peak Chinese vacation seasons during part of February and May, and from July through mid-October, the *Costa Allegra* sails from Hong Kong, Shanghai and Beijing, China, for 5-day cruises, with guests primarily sourced from China and surrounding markets. During the remaining non-peak vacation months, the *Costa Allegra* sails 14-day Far East cruises sourcing guests principally from Europe. In April 2009, Costa Cruises will deploy a second ship, the 1,302-passenger capacity *Costa Classica*, to Asia for 4-day and 5-day cruises sailing from Tianjin and Shanghai during the peak Chinese vacation seasons and 14-day and 15-day cruises sailing out of Hong Kong, Singapore and Shanghai during the remaining non-peak vacation months. The addition of *Costa Classica* will more than double Costa's capacity in this market.

V. <u>South America</u>

Cruise vacations have been marketed by Costa in South America, principally to Brazilian and Argentinean-sourced passengers, for many years, although cruising as a vacation alternative remains in a relatively early stage of development in the region. Approximately 380,000 Brazilians and Argentineans took cruise vacations in 2008. Cruises from South America typically occur during the Southern Hemisphere summer months of November through March. Our presence is primarily represented through the Costa brand, which will operate three vessels in 2009 in this region, *Costa Magica*, *Costa Mediterranea* and *Costa Romantica*, collectively offering 6,160 lower berths. These ships primarily offer seven to 14 day cruises visiting ports primarily in Brazil, Argentina, Uruguay and Chile. In addition, Ibero currently time charters two ships to an unaffiliated Brazilian tour operator and is directly offering three ships to this market for November 2009 through March 2010 cruises.

VI. Ship Information

a. Ships In Service

Summary information of our ships as of January 28, 2009 is as follows:

Brand and Ship	Registry	Calendar Year Delivered	Passenger Capacity
Carnival Cruise Lines			
Carnival Splendor	Panama	2008	2,998
Carnival Freedom	Panama	2007	2,966
Carnival Liberty	Panama	2005	2,966
Carnival Valor	Panama	2004	2,966
Carnival Miracle	Panama	2004	2,118
Carnival Glory	Panama	2003	2,966
Carnival Conquest	Panama	2002	2,966
Carnival Legend	Panama	2002	2,118
Carnival Pride	Panama	2001	2,118
Carnival Spirit	Panama	2001	2,120
Carnival Victory	Panama	2000	2,750
Carnival Triumph	Bahamas	1999	2,750
Carnival Paradise	Panama	1998	2,048
Carnival Elation	Panama	1998	2,050
Carnival Destiny	Bahamas	1996	2,634
Carnival Inspiration	Bahamas	1996	2,050
Carnival Imagination	Bahamas	1995	2,050
Carnival Fascination	Bahamas	1994	2,050
Carnival Sensation	Bahamas	1993	2,050
Carnival Ecstasy	Panama	1991	2,050
Carnival Fantasy	Panama	1990	2,054
Holiday(a)	Bahamas	1985	1,448
Total Carnival Cruise Lines			52,286
Princess			
Ruby Princess	Bermuda	2008	3,080
Emerald Princess	Bermuda	2007	3,082
Crown Princess	Bermuda	2006	3,080
Sapphire Princess	Bermuda	2004	2,678
Caribbean Princess	Bermuda	2004	3,100
Diamond Princess	Bermuda	2004	2,678
Island Princess	Bermuda	2003	1,974
Coral Princess	Bermuda	2002	1,974
Star Princess	Bermuda	2002	2,598
Royal Princess	Bermuda	2001	710
Golden Princess	Bermuda	2001	2,598
Tahitian Princess	Bermuda	2000	676
Pacific Princess	Bermuda	1999	676
Sea Princess	Bermuda	1998	2,016
Grand Princess	Bermuda	1998	2,592
Dawn Princess	UK	1997	1,998
Sun Princess	Bermuda	1995	2,022
Total Princess			37,532
Costa			
Costa Serena	Italy	2007	2,978
Costa Concordia	Italy	2006	2,978
Costa Magica	Italy	2004	2,702
Costa Fortuna	Italy	2003	2,702
Costa Mediterranea	Italy	2003	2,114
Costa Atlantica	Italy	2000	2,114
Costa Victoria	Italy	1996	1,928
Costa Romantica	Italy	1993	1,344
Costa Allegra	Italy	1992	784
Costa Classica	Italy	1991	1,302
Costa Marina	Italy	1990	762
Costa Europa	Italy	1986	1,488
Total Costa			23,196

Brand and Ship	Registry	Calendar Year Delivered	Passenger Capacity
Holland America Line(b)			
Eurodam	Netherlands	2008	2,104
Noordam	Netherlands	2006	1,918
Westerdam	Netherlands	2004	1,916
Oosterdam	Netherlands	2003	1,848
Zuiderdam	Netherlands	2002	1,916
Zaandam	Netherlands	2000	1,432
Amsterdam	Netherlands	2000	1,380
Volendam	Netherlands	1999	1,432
Rotterdam	Netherlands	1997	1,316
Veendam	Netherlands	1996	1,258
Ryndam	Netherlands	1994	1,260
Maasdam	Netherlands	1993	1,258
Statendam	Netherlands	1993	1,258
Prinsendam	Netherlands	1988	792
Total Holland America Line			21,088
P&O Cruises			
Ventura	Bermuda	2008	3,078
Arcadia	Bermuda	2005	2,016
Oceana	Bermuda	2000	2,016
Aurora	Bermuda	2000	1,870
Oriana	Bermuda	1995	1,818
Artemis	Bermuda	1984	1,200
Total P&O Cruises			11,998
AIDA			
AIDAbella	Italy	2008	2,050
AIDAdiva	Italy	2007	2,050
AIDAaura	Italy	2003	1,266
AIDAvita	Italy	2002	1,266
AIDAcara	Italy	1996	1,180
Total AIDA			7,812
Cunard			
Queen Victoria	UK	2007	1,980
Queen Mary 2	UK	2003	2,592
Total Cunard			4,572
Ibero(a)			
Grand Voyager	Italy	2000	832
Grand Mistral	Italy	1999	1,244
Grand Celebration	Portugal	1987	1,494
Total Ibero			3,570
Ocean Village(c)			
Ocean Village Two	UK	1990	1,708
Ocean Village	UK	1989	1,578
Total Ocean Village			3,286
P&O Cruises Australia(c)			
Pacific Dawn	UK	1991	1,596
Pacific Sun	UK	1986	1,480
Total P&O Cruises Australia			3,076
Seabourn			
Seabourn Legend	Bahamas	1992	208
Seabourn Spirit	Bahamas	1989	208
Seabourn Pride	Bahamas	1988	208
Total Seabourn			624
Total			169,040

(a) *Holiday* is expected to be transferred to Ibero to commence service in spring 2010 and renamed *Grand Holiday.*

(b) Since November 2004, the 1,214-passenger capacity former *Noordam* is being operated by an unrelated entity under a long-term bareboat charter agreement, which expires in April 2015 and, accordingly, is excluded from Holland America Lines' capacity.

(c) The Ocean Village brand will be phased-out with the transfer of both ships to P&O Cruises Australia. *Ocean Village Two* will be transferred in November 2009 and renamed the *Pacific Jewel,* and *Ocean Village* will be transferred in November 2010.

b. Ships Under Contract for Construction

Summary information of our ships under contract for construction as of January 28, 2009 is as follows:

Brand and Ship	Expected Service Date(a)	Passenger Capacity
Costa		
Costa Luminosa	5/09	2,260
Costa Pacifica	6/09	2,990
Costa Deliziosa	2/10	2,260
Newbuild	7/11	3,012
Newbuild	5/12	3,012
Total Costa		13,534
AIDA		
AIDAluna	3/09	2,050
AIDAblu	2/10	2,174
Newbuild	4/11	2,174
Newbuild	6/12	2,174
Total AIDA		8,572
Carnival Cruise Lines		
Carnival Dream	9/09	3,652
Carnival Magic	5/11	3,652
Total Carnival Cruise Lines		7,304
P&O Cruises		
Azura	4/10	3,098
Holland America Line		
Nieuw Amsterdam	7/10	2,106
Cunard		
Queen Elizabeth	10/10	2,092
Seabourn		
Seabourn Odyssey	6/09	450
Seabourn Sojourn	6/10	450
Newbuild	6/11	450
Total Seabourn		1,350
Grand Total		38,056

(a) The expected service date is the month in which the ship is currently expected to begin its first revenue generating cruise. All of our ship construction contracts are with the Fincantieri shipyards in Italy, except for AIDA's and Seabourn's which are with the Meyer Werft shipyard in Germany and T. Mariotti shipyard in Italy, respectively.

VII. Characteristics of the Cruise Vacation Industry

a. Exceptional Value Proposition

We believe that the cost of a cruise vacation represents an exceptional value in comparison to other comparable land-based vacation alternatives. This is especially true when one considers that a cruise provides its guests with transportation to various destinations, while also providing hotel accommodations, food and some entertainment for one all-inclusive, competitive price. In order to make cruising even more cost effective and more easily accessible to our guests, we offer a number of drive-to-homeports, which reduces certain cruise guests' overall vacation costs because the air transportation costs are eliminated.

b. <u>Relatively Low Market Penetration Levels</u>

About 20% of the U.S. population has ever taken a cruise, and this compares to 9 to 10% in the UK and 4 to 5% in Europe. Based on industry data, the 2007 annual penetration rate, computed based on the number of annual cruise passengers as a percentage of the total population, is 3.1% for North America, 2.2% in the UK, 0.9% in Germany and 0.8% in southern Europe. In addition, Europeans have significantly more vacation days in a year than North Americans, which presents opportunities for increases in the European penetration levels to the level of North America.

Elsewhere in the world cruising is at an early stage of development and has far lower penetration rates. However, there have been an increasing number of countries in the world whose economies have benefited from globalization. This global economic growth has fueled an increasing demand for vacations, including cruising, in these relatively lower penetrated countries.

c. <u>Wide Appeal</u>

Cruising appeals to a broad demographic range. Industry surveys estimate that there are approximately 127 million potential cruise guests in North America (defined as members of households with a minimum income of $40,000, that are headed by a person who is at least 25 years old). According to these surveys, more than half of these individuals have expressed an interest in taking a cruise as a vacation alternative.

d. <u>Positive Guest Demographics</u>

Between 2005 and 2015, the number of people in the cruise industry’s primary age group of 45 years and older are expected to grow by 24 million, or 20%, in the U.S. and Canada, and 20 million, or 15%, in the major Western European countries of Germany, the UK, France, Italy, Spain and Portugal. As the age of the U.S., Canadian and European populations is increasing, which is primarily as a result of the aging of the Baby-Boom generation and the advancements in healthcare, we believe the cruise industry is well-positioned to take advantage of these favorable demographic trends impacting its major markets for years to come.

e. <u>High Guest Satisfaction Rates</u>

Cruise guests tend to rate their overall satisfaction with a cruise-based vacation higher than comparable land-based hotel and resort vacations. We believe that a substantial number of cruise guests think the value of their cruise vacation experience is as good as, or better than, the value of other comparable vacation alternatives. According to industry surveys, North American cruise guests have a total satisfaction rate of 95%, including nearly 45% of cruise guests stating that they are extremely satisfied with the experience, which is defined in the surveys as the highest satisfaction rating of any vacation alternative they have experienced. In addition, based on our internal surveys our European cruise guests are very satisfied with their cruise vacations, which we believe is a very positive response to our European cruise experience.

f. <u>Significant Growth Potential</u>

The cruise vacation industry has experienced significant growth over the last decade. The number of new cruise ships currently on order from shipyards indicates that cruise capacity is set to grow by 23% through 2012. In order to fill this new capacity, continued growth in demand across the industry will be required. It is possible that some older ships may be retired, thus reducing cruise industry capacity. Alternatively, it is also possible that we or our competitors could order more ships, thus increasing cruise industry capacity. Given the exceptional value proposition cruising offers in comparison to other competitive land-based vacation alternatives, as well as its relatively low market penetration levels in major vacation markets, its wide appeal and positive guest demographics and its high guest satisfaction rates, we believe that there continue to be significant opportunities for growth in the demand for cruising.

VIII. Passengers, Capacity and Occupancy

Our cruise operations had worldwide cruise passengers, passenger capacity and occupancy as follows:

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY	OCCUPANCY(a)
2004	6,306,000	129,108	104.5%
2005	6,848,000	136,960	105.6%
2006	7,008,000	143,676	106.0%
2007	7,672,000	158,352	105.6%
2008	8,183,000	169,040	105.7%

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

Our passenger capacity has grown from 129,108 berths at November 30, 2004 to 169,040 berths at November 30, 2008, primarily because of the deliveries of 16 new cruise ships during this four-year period. See Part I, Item l. Business. B. “Cruise Operations – Ship Information” for additional information.

The occupancy level on our ships during each quarter indicated below was as follows:

Quarters Ended	Occupancy
February 28, 2007	104.1%
May 31, 2007	103.7%
August 31, 2007	111.1%
November 30, 2007	103.2%
February 29, 2008	104.3%
May 31, 2008	104.8%
August 31, 2008	110.9%
November 30, 2008	102.6%

IX. Cruise Ship Construction and Cruise Port and Repair Facility Development and Operations

As of January 28, 2009, we had signed agreements with three shipyards providing for the construction of 17 additional cruise ships scheduled to enter service between March 2009 and June 2012. These agreements cannot be cancelled by either party without cause, and such cancellation will subject the canceling party to contractual liquidated damages. See Part I, Item 1. Business. B. “Cruise Operations – Ship Information” and Note 6, “Commitments” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional information regarding our ship commitments.

We are involved in the development of new or enhanced cruise port facilities. These facilities are expected to provide our guests with an improved vacation experience. Our involvement, in cooperation with governmental entities, typically includes providing development and management expertise and/or providing financial commitments that are limited to long-term port usage agreements. However, sometimes we provide direct financial support or develop the port infrastructure ourselves.

During 2008, we were in various stages of involvement with the development and/or enhancement of government and privately-owned and operated cruise port facilities in Galveston, Texas, Miami, Florida, New York City, New York, San Diego, California, Southampton, England and St. Maarten, Netherlands Antilles. In addition, we currently operate port facilities in Barcelona, Spain, Cozumel, Mexico, Grand Turk, Turks and Caicos Islands, Juneau, Alaska, Long Beach, California and Savona, Italy. We are expanding the Savona, Italy facility. We are developing or co-developing port facilities in Marseilles, France, Civitavecchia, Italy, Naples, Italy and Roatan, Honduras pursuant to concession and other agreements.

We own a 40% interest in Grand Bahama Shipyard Ltd. ("GBSL"), which is the largest cruise ship dry-dock repair facility in the world. Royal Caribbean Cruises Ltd. ("RCCL"), one of our cruise competitors, also owns a 40% interest and the Grand Bahama Port Authority owns 20%. We account for our investment using the equity method, and our total net investment in and notes receivable from GBSL were $80 million at November 30, 2008. GBSL only had outstanding debt to RCCL and us at November 30, 2008. This facility, located in Freeport, Grand Bahama, has three dry-docks, which can handle ships up to 137,000 tons. During 2008, RCCL and our brands had an aggregate of 13 ships serviced at this facility. In addition, unaffiliated cruise ships and other types of ships were worked on at this facility. GBSL generated total revenues of $133 million in 2008.

X. Cruise Pricing and Payment Terms

Each of our cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship, by season and by itinerary. Brochure prices are regularly discounted through our early booking discount programs and other promotions. The cruise ticket price typically includes accommodations, meals, some beverages, and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including a fully equipped casino, nightclubs, theatrical shows, movies, parties, a disco, a jogging track, a health club, swimming pools, sun decks, whirlpools and saunas. Our brands' payment terms generally require that a guest pay a deposit to confirm their reservations with the balance due before the departure date, although some of our European brands provide certain of their travel agents and tour operators with credit terms even though these parties typically require the guest to pay for the entire cruise before sailing.

If our guests do not pay a vacation protection premium for the ability to obtain a refund if they cancel their cruise within a pre-defined period before sailing, then they are subject to a cancellation fee, which we recognize in passenger ticket revenues upon cancellation. For those guests who pay a vacation protection premium for the ability to obtain a refund, they will receive all or a portion of their deposit back in accordance with the terms of the program, while we will recognize this premium in other revenues.

Historically, our advance bookings have generally been taken from several months in advance of the departure date for some contemporary brand sailings, to more than a year in advance for some of our luxury and European brand sailings. Generally, the longer the cruise itinerary the further in advance the bookings are made. This lead-time provides us with more time to manage our prices in relation to demand for available cabins, with the goal of achieving higher overall net revenue yields (see "Key Performance Non-GAAP Financial Indicators" in our Management Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 to this Form 10-K). In addition, some of our fares such as Carnival Cruise Lines' Supersaver fares, Costa's Pronto Price Savings fares, Holland America Line's Early Savings and Mariner Savings fares and Princess' Early Booking Discounts, are designed to encourage potential guests to book cruise reservations earlier. In addition, AIDA has a "JustAIDA" booking program that allows guests to make a reservation two to three months before sailing, but the exact cruise ship and specific itinerary are not determined by AIDA until two weeks prior to sailing in order to help AIDA maximize their net revenue yields.

When a guest elects to purchase air transportation from us, both our revenues and expenses generally increase by approximately the same amount. Air transportation prices can vary by gateway and destination. Over the last several years about 15% of our guests purchased air transportation from us, which relatively low amount we believe is partially a result of having embarkation points close to our guests' homes and partially the result of competitively priced air tickets sold by third parties.

In 2007, we introduced a fuel supplement across substantially all of our cruise brands, which resulted in an additional fee being charged to the guests on these brands, commencing for the most part with cruises departing in early 2008. This temporary fuel supplement, which is included in cruise passenger ticket revenues, was introduced to partially offset a portion of the very high fuel costs we had been experiencing, and was usually charged on a daily basis, with established total maximums per passenger. As a result of the relatively recent and large decreases in fuel prices, most of our brands no longer charge the fuel supplement. However, if fuel prices increase to higher levels in the future, then we may decide to re-instate fuel supplements.

XI. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we collect either a percentage of their revenues or a fee. We earn onboard and other revenues from onboard activities and services not included in the cruise ticket price consisting of, but not limited to, bar and some beverage sales, shore excursions, casino gaming, gift shop sales, photo sales, spa services, art auctions, cellular phone and telephone usage, bingo games and lottery tickets, enhanced dining experiences in alternative restaurants, onboard promotional advertising for merchants located at our ports of call, internet cafes, entertainment arcades, laundry services, libraries, golf lessons, snorkel and bike equipment rentals, training conference facilities and video diaries.

Our casinos, which are operated directly by us, contain slot machines and gaming tables including blackjack, and in most cases craps and roulette. The casinos are only open when our ships are at sea in international waters or when otherwise specifically permitted by law.

Sales to our guests of shore excursions at each ship's ports of call include, among other things, general sightseeing and adventure outings and local boat and beach parties, typically utilizing locally-owned operators. For the Holland America Line, Princess and Carnival Cruise Lines ships operating to destinations in Alaska, shore excursions are operated by Holland America Tours and Princess Tours, as well as locally-owned operators.

In conjunction with our cruise vacations, all of our cruise brands also sell pre- and post-cruise land packages of one to four nights. Vacation packages offered in conjunction with homeports in North America include nearby attractions or other vacation destinations, such as Universal Studios and Walt Disney World in Orlando, Florida, Busch Gardens in Tampa, Florida, or individual/multiple city tours of Boston, Massachusetts, New York City, New York, Seattle, Washington, San Diego, California and/or Vancouver, British Columbia. Vacation packages offered in conjunction with homeports in Europe include stays in well-known European cities such as Athens, Greece, Barcelona, Spain, Copenhagen, Denmark, London, England, Paris, France and Rome, Italy.

In conjunction with our Alaska cruise vacations, principally on our Holland America Line, Princess and Carnival Cruise Lines ships, we sell pre- and post-cruise land packages, utilizing, to a large extent, our transportation and hotel assets.

XII. Sales Relationships and Marketing Activities

We are a customer service-driven company and continue to invest in our service organization to assist travel agents and guests. We believe that our support systems and infrastructure are among the strongest in the vacation industry.

We sell our cruises mainly through travel agents, including wholesalers and tour operators. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands, except for certain brands sourcing UK and Australian guests as discussed below. These travel agent relationships are not exclusive and most travel agents also sell cruises and other vacations provided by our competitors. Our policy towards travel agents is to train and motivate them to support our products with competitive sales and pricing policies and joint marketing programs. We also use a wide variety of marketing techniques, including websites, seminars and videos, to familiarize the agents with our cruise brands and products. As with our brands' travel agent relationships, each of our brands' marketing programs are generally independent of each of our other brands. In each of our principal markets, we have familiarized the travel agency community with our cruise brands and products.

Travel agents generally receive standard commissions of 10%, plus the potential of additional commissions based on sales volume. During fiscal 2008, no controlled group of travel agencies accounted for more than 10% of our revenues.

Our investment in customer service has been focused on the development of systems and employees. We have improved our systems within the reservations and customer relationship management functions, emphasizing the continued support of the travel agency community, while simultaneously developing greater contact and interactivity with our guest base. Each brand has its own website, which provides access to information about our products to users throughout the world, and substantially all provide booking engines to our travel partners and to our customers. We also support booking capabilities through global distribution systems, including Amadeus, Travelport and SABRE. Although the vast majority of our cruises are distributed through travel agents, we also accept telephone and internet bookings direct from customers who choose not to utilize the services of a travel agent.

We have pursued comprehensive marketing and advertising campaigns to promote our brands to vacationers. The principal medias used for marketing and advertising are television, magazine, radio, online, outdoor, direct mail, e-mail, and blogging. Our "Best Blogs at Sea" website links our growing array of blogs, online communities and newbuild delivery sites, which features over a dozen sites, including AIDA, Carnival Cruise Lines, Costa, Cunard, Holland America Line, Ocean Village, P&O Cruises, and Seabourn. Crew blogs are written by ship captains, cruise and entertainment directors, executive pursers and special guests. Newbuild sites are devoted to key milestones for ships, such as *Seabourn Odyssey* and *Carnival Dream*. Cruise line communities, such as AIDA's Web Lounge and The World of Costa, are a way for guests to connect through a shared interest in a particular brand. The blog of Carnival Cruise Lines Senior Cruise Director, John Heald, has attracted over 3.6 million visits since being launched two years ago and was named "Best Cruise Line Blog" in Porthole Magazine's 2009 Editor-In-Chief Awards. This popular blog provides readers with a unique behind-the-scenes look at the Carnival Cruise Lines experience while sharing John's humorous and insightful observations on a wide range of topics.

To stimulate demand, we offer a number of homeports that are closer to guests' homes as this enables certain guests to lower the price of their cruise vacation by substantially reducing or eliminating the cost of air travel to and from the port.

In the UK and Australia we have formed a sales alliance known as the "Complete Cruise Solution," whereby our UK and Australian sales forces and back-office operations are able to provide their guests with one-stop cruise shopping for a number of our brands. We also raise consumer and travel agent awareness through the "World's Leading Cruise Lines" alliance for our family of North American cruise brands, as well as Costa and Cunard. Finally, most of our cruise brands offer their own past guest recognition programs, such as Carnival's "Concierge Club", Princess' "Captain's Circle", Costa's "CostaClub" or Holland America Line's "Mariner Society," through which they reward repeat guests with special incentives such as discounted fares, expedited ship embarkation and disembarkation and onboard activities.

XIII. Seasonality

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

XIV. Competition

We compete with land-based vacation alternatives throughout the world, including, among others, hotels, resorts (including all-inclusives), theme parks, land-based casino operations and vacation ownership properties located in Las Vegas, Nevada, Orlando, Florida, the Bahamas, France, Dubai, Canary Islands and various Caribbean, Mediterranean, Mexican, and Hawaiian Island destinations, as well as numerous other vacation choices throughout the world.

Our primary cruise competitors for North American-sourced guests are RCCL, which owns Royal Caribbean International, Celebrity Cruises and Azamara Cruises; Norwegian Cruise Line, Disney Cruise Line, MSC Cruises, Crystal Cruises, Oceania Cruises, Regent Seven Seas Cruises, Silversea Cruises and Windstar Cruises.

Our primary cruise competitors for European-sourced guests in the UK are Royal Caribbean International, Celebrity Cruises, Norwegian Cruise Line, MSC Cruises, Thomson Cruises, which is owned by TUI, Fred Olsen Cruise Lines, Discovery Cruises and Saga Cruises; in Germany they are MSC Cruises, TUI Cruises, which is jointly owned by TUI and RCCL, Hapag-Lloyd, which is also owned by TUI, Phoenix Reisen and Transocean Cruises; and in southern Europe they are MSC Cruises, Louis Cruise Line, and Pullmantur and CDF Croisieres de France, both owned by RCCL. We also compete for guests throughout Europe with other North American cruise competitors, including Celebrity Cruises, Disney Cruise Line and Norwegian Cruise Line.

Our primary cruise competitors for guests sourced from other parts of the world, such as Australia, New Zealand, Asia and South America, are Royal Caribbean International, Celebrity Cruises, Star Cruises, Norwegian Cruise Line, CVC Cruise, MSC Cruises and Pullmantur.

Our North American, European and Australian brands also compete among themselves for guests.

XV. Governmental Regulations

a. Maritime Regulations

Our ships are regulated by various international, national, state and local laws, regulations and treaties in force in the jurisdictions in which our ships operate. In addition, our ships are registered in the Bahamas, Bermuda, Italy, Portugal, the Netherlands, Panama and the UK and are regulated by these jurisdictions. They are required to comply with the international conventions that govern the safety of our ships, guests and crew and the protection of the environment. Each country of registry conducts periodic inspections to verify compliance with these regulations as discussed more fully below. In addition, the directives and regulations of the European Union ("EU") and the many other international ports that our ships visit are applicable to some aspects of our ship operations.

Specifically, the International Maritime Organization ("IMO"), which operates under the auspices of the United Nations, has adopted safety standards as part of the International Convention for Safety of Life at Sea, sometimes referred to as SOLAS, which is applicable to all of our ships. Among other things, SOLAS establishes requirements for vessel design, structural features, materials, construction, life saving equipment, safe management and operation and security in order to help ensure guest and crew safety and security. The SOLAS requirements are revised from time to time, with the most recent modifications being phased-in through 2010. Our existing fleet is compliant with these 2010 requirements.

In 1993, SOLAS was amended to incorporate the International Safety Management Code ("ISM Code"). The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code is mandatory for passenger vessel operators. All of our operations and ships have obtained the required certificates demonstrating compliance with the ISM Code and are regularly inspected and controlled by the national authorities, as well as the international authorities acting under the provisions of the international agreements related to Port State Control, the process by which a nation exercises authority over foreign ships when the ships are in that nation's waters.

In December 2004, the Maritime Safety Committee approved for adoption amendments to SOLAS chapter II-I Parts A & B that relate to the damage stability of new cruise passenger vessels. These regulations were adopted in May 2005, and are applicable to those vessels whose keels are laid after January 1, 2009. These new standards do not affect our existing fleet or our vessels currently under contract whose keels were laid prior to January 1, 2009. For keels laid after January 1, 2009, compliance with these standards will require the development of new designs, which may significantly increase the costs for these ships.

The most important convention regulating and preventing marine and air pollution by ships is the IMO International Convention for the Prevention of Pollution from Ships ("MARPOL"), as amended. This convention applies to all of our ships and covers accidental and operational oil pollution as well as pollution by various items including, but not limited to, sewage, garbage and air emissions.

Our ships are subject to a program of periodic inspection by ship classification societies who conduct annual, intermediate, dry-docking and class renewal surveys. Classification societies conduct these surveys not only to ensure that our ships comply with international conventions adopted by their respective countries of registry and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and that recommended repairs have been satisfactorily completed.

Our ships are also subject to various security requirements, including the International Ship and Port Facility Security Code ("ISPS Code"), which is part of SOLAS. Among other things, the ISPS Code requires vessel owners to implement security measures, conduct vessel security assessments, and develop security plans. Under these requirements, we have prepared and submitted security plans for all our ships to their respective countries of registry, and International Ship Security Certificates have been issued demonstrating compliance with the ISPS Code. For ships that are registered in the U.S. or have operations located in the U.S. the Maritime Transportation Security Act of 2002 ("MTSA") is the governing regulation. The MTSA establishes Area Maritime Security requirements for geographic port areas that provide authority for the U.S. Coast Guard to implement operational and physical security measures on a port area basis that could affect our operation in those areas.

Our ships that call at U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with SOLAS, by the U.S. Public Health Service for sanitary standards, and by other agencies such as U.S. Customs and Border Protection, with regard to customs and immigration. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit.

In 2006, the International Labour Organization ("ILO") adopted a new Consolidated Maritime Labour Convention (the "Convention"). The ILO is also an agency of the United Nations that develops worldwide employment standards. There have been over 60 maritime labor conventions and recommendations developed since 1920 in areas such as minimum age of seafarers, medical certificates, recruitment practices, health and welfare, hours of work, and social security. The Convention is a comprehensive instrument that consolidates all of the existing standards and recommendations into one instrument to reflect modern conditions and language that will govern all aspects of crew management for all ships in international commerce. While many of the practices were widely adhered to by ships registered in different countries, this consolidated Convention will place additional requirements on shipowners not previously in effect. Thirty member countries representing 33% of the world's merchant ship tonnage will be required to ratify the Convention before it goes into effect 12 months after such ratification. We currently expect the Convention to be ratified in 2010, and to enter into force and require our implementation in 2011. Accordingly, if ratified, the Convention may increase our crew costs from 2011 and beyond.

We believe that maritime health, environmental, safety and security issues will continue to be an area of focus by relevant government authorities in the U.S., the EU and elsewhere. Resulting legislation, regulations or treaties, or changes thereto, could impact our operations and would likely subject us to increasing compliance costs in the future.

b. Permits for Glacier Bay, Alaska

In connection with certain of our Alaska cruise operations, Holland America Line, Princess and Carnival Cruise Lines rely on concession permits from the U.S. National Park Service ("NPS") to operate their cruise ships in Glacier Bay National Park and Preserve. Such permits must be periodically renewed, and we cannot be certain that they will continue to be renewed or that regulations relating to the renewal of such permits, including preference or historical rights, will remain unchanged in the future. In January 2009, the NPS renewed our permits through the 2019 Alaska cruise season.

c. Alaska Environmental Regulations

The State of Alaska enacted legislation which prohibits certain discharges in designated Alaskan waters, ports or near shorelines and requires that certain discharges be monitored to verify compliance with the standards established by the legislation. Both the state and federal environmental regimes in Alaska are more stringent than the federal regime under the Federal Water Pollution Control Act with regard to discharge from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters.

d. Other Environmental, Health, Safety and Security Matters

We are subject to various international, national, state and local environmental protection and health and safety laws, regulations and treaties that govern, among other things, air emissions, employee health and safety, waste discharge, water management and disposal, and the storage, handling, use and disposal of hazardous substances, such as chemicals, solvents, paints and asbestos. We are committed to helping to preserve the environment, not only because of the existing legal requirements, but because a pristine environment is one of the key elements that bring our guests on board our ships.

In particular, in the U.S., the Act to Prevent Pollution from Ships, implementing the MARPOL convention, provides for severe civil and criminal penalties related to ship-generated pollution for incidents in U.S. waters within three nautical miles and in some cases in the 200-mile exclusive economic zone.

Furthermore, in the U.S., the Oil Pollution Act of 1990 (the "OPA") provides for strict liability for water pollution, such as oil pollution or threatened oil pollution incidents in the 200-mile exclusive economic zone of the U.S., subject to monetary limits. These monetary limits do not apply where the discharge is caused by the gross negligence or willful misconduct, or the violation of an applicable safety, construction, or operating regulation by a responsible party. These monetary limits also do not apply where the responsible party fails or refuses to report the incident as required by law, provide all reasonable cooperation and assistance in connection with removal operations, or without sufficient cause, comply with an order issued by the federal on-scene coordinator. Pursuant to the OPA, in order for us to operate in U.S. waters, we are also required to obtain Certificates of Financial

Responsibility from the U.S. Coast Guard for each of our ships operating therein. These certificates demonstrate our ability to meet the maximum amount of liability that our ships could be subject to for removal costs and damages related to water pollution, such as from an oil spill or a release of a hazardous substance, up to each ships' statutory liability limit. Our financial responsibility under these certificates is supported by certain of our insurers who provide guarantees aggregating $957 million.

In addition, most U.S. states that border navigable waterways or seacoasts have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law and in some cases have no statutory limits of liability.

Furthermore, many countries have ratified and adopted IMO Conventions which, among other things, impose liability for pollution damage, subject to defenses and to monetary limits, which monetary limits do not apply where the spill is caused by the owner's actual fault or by the owner's intentional or reckless conduct. In jurisdictions that have not adopted the IMO Conventions, various national, regional or local laws and regulations have been established to address oil pollution.

Limitations on the sulfur content of fuel are part of new regulations approved by the International Convention for the Prevention of Pollution from Ships Annex VI ("MARPOL Annex VI"). Ships must carry an International Air Pollution Prevention Certificate issued by its flag state indicating that it is operating in compliance with MARPOL Annex VI. Among other things, MARPOL Annex VI establishes a limit on the sulfur content of fuel oil and calls on the IMO to monitor the worldwide average sulfur content of fuel oil supplied for use aboard vessels.

In addition, MARPOL Annex VI and EU rules also provide for special SOx, or Sulfur Emission Control Areas ("ECAs") to be established with more stringent limitations on sulfur emissions. There are currently two ECAs in operation, one in the Baltic and the other in the North Sea/English Channel. Compliance with these regulations has increased our operating costs, due to the higher cost of purchasing low sulfur fuel.

In 2008, MARPOL Annex VI was amended to require additional reductions in sulfur emissions by reducing the sulfur content requirements for fuel oil. Global sulfur fuel content limits are currently 4.5% and are required to be reduced to 3.5% by January 1, 2012. Thereafter, they are to be progressively reduced to 0.5% by January 1, 2020, subject to feasibility review to be completed no later than 2018. In addition, from July 1, 2010, ships operating in ECAs will have to reduce their fuel sulfur content from the current 1.5% to 1.0%; and from January 1, 2015 this content requirement will be further reduced to 0.1%. Additional ECAs may also be established in the future. Compliance with these new standards will increase fuel and operating costs and may result in the use of new sulfur abatement technologies, which may also increase costs. The MARPOL Annex VI amendments also introduce further progressive reductions in NOx, or nitrogen oxide, emissions from both existing and new marine diesel engines, with the most stringent requirements for those engines installed on ships contracted on or after January 1, 2016 operating in ECAs. These 2016 requirements will necessitate the development of new engine designs or exhaust gas treatment systems, which may result in significant additional costs.

A further EU directive regarding the use of low sulfur fuel for passenger ships on regular service between EU ports was introduced in 2005. The application of this legislation to cruise ships is unclear and varies among EU member states, leading to potentially higher fuel costs where it is applicable. In January 2010, a 0.1% sulfur limit on all marine fuels used in EU ports enters into force. This will require distillate fuels such as marine gas oil, to be used, further increasing fuel costs.

The California Air Resources Board ("CARB") has adopted regulations for ocean-going ship auxiliary engines, shore power requirements for commercial marine vessels, and ship onboard incineration. CARB is also developing regulations for ocean-going ship main engines. These requirements will require use of lower sulfur fuels and eventually distillate fuels, and limit in-port operations, further increasing fuel and operational costs.

If we violate or fail to comply with environmental legislation, regulations or treaties, we could be fined or otherwise sanctioned by regulators. We have made, and will continue to make, capital and other expenditures to comply with environmental legislation and regulations.

The International Organization for Standardization (“ISO”) is an international standard-setting body which produces worldwide industrial and commercial standards. ISO 14001 is one of the series of ISO 14000 environmental management standards that were developed to help organizations manage their processes, products and services to minimize environmental impacts. ISO 14001 presents a structured approach to setting environmental objectives and targets, and provides a framework for any organization to apply these broad conceptual tools to their own processes. During 2006, we completed our corporate-wide implementation and received certification of our ISO 14001 Environmental Management System at all our then existing brands. With the exception of two Ibero ships, which we acquired in September 2007, all our ships are currently ISO 14001 certified.

Several safety related amendments to SOLAS will enter into force in July 2010 including requirements for safety centers, emergency cabin lighting, local sounding audible alarm and amendments to fire detection and firefighting systems. Many of these requirements have already been incorporated into our current newbuilds. In addition, the enhanced safe return to port requirements related to the development of survivability standards for a vessel also enter into force for keels laid after July 1, 2010, and will require development of new designs to meet these new requirements for future ship orders. All of our ships under contract to be built are expected to have the keels laid before July 1, 2010.

From time to time, health, environmental, safety and security regulators consider more stringent regulations which may affect our operations and increase our compliance costs. As evidenced from certain of the preceding paragraphs, the cruise industry is affected by a substantial amount of environmental rules and regulations. We believe that the impact of cruise ships on the global environment will continue to be an area of focus by the relevant authorities throughout the world and, accordingly, this will likely subject us to increasing compliance costs in the future.

See Part 1, Item 1A. “Risk Factors.” for additional discussion of our environmental risks.

e. <u>Consumer Regulations</u>

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission (“FMC”). Public Law 89-777, which is administered by the FMC, requires most cruise line operators to establish financial responsibility for their liability to passengers for non-performance of transportation, as well as for casualty and personal injury. The FMC’s regulations require that a cruise line demonstrate its financial responsibility for non-performance of transportation through a guarantee, escrow arrangement, surety bond or insurance. Currently, the amount required must equal 110% of the cruise line’s highest amount of customer deposits over a two-year period, up to a maximum coverage level of $15 million. We have an aggregate of $65 million of guarantees provided by some of our insurers. See Part 1, Item 1. Business. B. “Cruise Operations – E. – Insurance – Other Insurance” for additional information.

In the UK, we are currently required to obtain licenses and/or bonds, in some cases, from various organizations in connection with the conduct of our business and our ability to meet liability in the event of non-performance of obligations to consumers. These organizations include Abta (formerly the Association of British Travel Agents) and the Civil Aviation Authority. See Part 1, Item 1. Business. B. “Cruise Operations – E. – Insurance – Other Insurance” for additional information.

We are also required by German and French law to obtain a guarantee from a reputable insurance company to ensure that, in case of insolvency, our customers will be refunded any monies they have paid on account of a booking and, in addition, that they will be repatriated without additional cost if insolvency occurs after a cruise starts. Additionally, in Australia we are a member of the Travel Compensation Fund which provides compensation, as a last resort, to consumers who suffer losses in their dealings with travel agents. Finally, other jurisdictions, including Argentina and Brazil, require the establishment of financial responsibility for passengers from their jurisdictions.

We believe we have all material licenses to conduct our business. From time to time, various other regulatory and legislative changes may be proposed or adopted that could have an effect on the cruise industry, in general, and our business, in particular.

XVI. <u>Financial Information</u>

For financial information about our cruise reporting segment and geographic information with respect to each of the three years in the period ended November 30, 2008, see Note 11, “Segment Information” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K.

C. Employees

Our shoreside operations have approximately 10,700 full-time and 4,700 part-time/seasonal employees. We also employ approximately 70,500 crew, including officers, and staff onboard our 88 ships at any one time. Due to the highly seasonal nature of our Alaskan and Canadian operations, Holland America Tours and Princess Tours increase their work force during the late spring and summer months in connection with the Alaskan cruise season, employing additional seasonal personnel, which have been included above. We have entered into agreements with unions covering certain employees in our hotel, transportation and ship operations. We consider our employee and union relations generally to be good.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. The remaining crew positions are manned by persons from around the world. We utilize various manning agencies in many countries and regions to help secure our shipboard employees.

D. Suppliers

Our largest purchases are for travel agency services, fuel, advertising, food and beverages, hotel and restaurant products and supplies, airfare, repairs and maintenance, including dry-docking, port facility utilization, communication services and for the construction and refurbishment of our ships. Although we utilize a select number of suppliers for most of our food and beverages, communication services, air transportation services and hotel and restaurant products and supplies, most of these products and services are available from multiple sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility services at some of our ports of call from a limited number of suppliers. In addition, we perform our major dry-dock and ship improvement work at dry-dock facilities in Australia, the Bahamas, British Columbia, Canada, the Caribbean, Europe, Singapore, and the U.S. Finally, as of January 28, 2009, we have agreements in place for the construction of 17 cruise ships with three shipyards. We believe there are sufficient dry-dock and shipbuilding facilities to meet our anticipated repair, maintenance, refurbishment and newbuild requirements.

E. Insurance

General

We maintain insurance to cover a number of risks associated with owning and operating vessels in international trade. All such insurance policies are subject to coverage limits, exclusions and deductible levels. Insurance premium increases are dependent on our own loss experience and the general premium requirements of our underwriters. We cannot be certain that affordable and viable direct and reinsurance markets will be available to us in the future. We maintain certain levels of self-insurance for some of the below-mentioned risks, some of which have increased in recent years, and we may increase our self-insurance levels further in the future to mitigate premium increases. We do not carry coverage related to loss of earnings or revenues from our ships.

Protection and Indemnity ("P&I") Coverage

Third-party liabilities in connection with our cruise activities are covered by entry in P&I clubs, which are mutual indemnity associations owned by ship owners. Our vessels are entered in three P&I clubs as follows: The West of England Ship Owners Mutual Insurance Association (Luxembourg), The Steamship Mutual Underwriting Association (Bermuda) Limited and the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. The P&I clubs in which we participate are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the "IG"). The IG insures directly, and through reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the P&I clubs' rules and the limit of coverage is determined by the IG. P&I coverage includes legal, statutory or pre-approved contract liabilities and other expenses related to crew, guests and other third parties. This coverage also includes shipwreck removal, pollution and damage to third party property.

Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships in amounts equal to the estimated market value of each ship. The coverage for hull and machinery is provided by international marine insurance carriers. Most insurance underwriters make it a condition for insurance coverage that a ship be certified as "in class" by a classification society that is a member of the International

Association of Classification Societies ("IACS"). All of our ships are currently certified as in class by an IACS member. These certifications have either been issued or endorsed within the last twelve months.

War Risk Insurance

We maintain war risk insurance coverage for liability and physical damage, subject to coverage limits, deductibles and exclusions for claims such as those arising from chemical, nuclear and biological attacks, on all of our ships covering our legal liability to crew, guests and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist incidents. This coverage is provided by international marine insurance carriers and Mutual War Risk Clubs. In addition, excess war risk insurance is provided by our three P&I clubs for all our ships. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled. However, the policy can be reinstated at different premium rates. This gives underwriters the ability to increase our premiums following events that they determine have increased their risk.

Other Insurance

As required by the FMC, we maintain performance bonds or insurance in the aggregate amount of $105 million for ships operated by our brands which embark guests in U.S. ports to cover guest ticket liabilities in the event of a cancelled or interrupted cruise. We also maintain other performance bonds or guarantees as required by various U.S. and foreign authorities that regulate certain of our operations in their jurisdictions; the most significant of which are required by Abta, which total $123 million of sterling-denominated bonds to cover our brands' UK passenger deposit liabilities.

We maintain standard property and casualty insurance policies to cover certain shoreside assets and liabilities to third parties, including our tour business and certain port facility assets, as well as appropriate workers' compensation and certain health insurance policies.

The Athens Convention

Current conventions generally in force applying to passenger ships are the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974, the 1976 Protocol to the Athens Convention and the Convention on Limitation of Liability for Maritime Claims 1976. The U.S. has not ratified any Athens Convention Protocol. However, a vessel's flag state or the port state that has ratified it may enforce the 1976 Athens Convention Protocol with regard to vessels registered under its flag or visiting a port located in its jurisdiction.

The IMO Diplomatic Conference agreed to a new protocol to the Athens Convention on November 1, 2002. The new protocol, which has not yet been ratified by the U.S. or any of our flag states, requires substantial levels of compulsory insurance which must be maintained by passenger ship operators and provides a direct action provision, which will allow claimants to proceed directly against insurers. This new protocol requires passenger ship operators to maintain insurance or some other form of financial security, such as a guarantee from a bank, to cover the limits of liability under the Athens Convention with regards to the death or personal injury of passengers. It is not certain when or if this new protocol will come into force. We cannot be certain that affordable and viable direct and reinsurance markets will be available to provide the level of coverage required under the new protocol. If the new protocol is ratified, we expect insurance costs will increase.

F. Trademarks and Other Intellectual Property

We own and have registered, or licensed, numerous trademarks and have also registered various domain names, which we believe are widely recognized throughout the world and have considerable value, which enables us to distinguish our cruise product from that of our competitors. These trademarks include the names of our cruise lines, each of which we believe is a widely-recognized brand name in the cruise vacation industry, as well as "World's Leading Cruise Lines." We have a license to use the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruises and related activities. Finally, we also have a license to use the "*Love Boat*" name and related marks. See Note 2, "Goodwill and Trademarks" to our Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates – Asset Impairment" in Exhibit 13 to this Form 10-K.

G. Taxation

U.S. Federal Income Tax

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

Our North American passenger vessel business and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on the itinerary of any particular vessel, that vessel may generate income from sources within the U.S. We believe that under Section 883 of the Internal Revenue Code and applicable income tax treaties, our income and the income of our ship-owning subsidiaries, to the extent derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. federal income tax. Regulations under Section 883 list items that the Internal Revenue Service (“IRS”) does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, shore excursions and pre-and post-cruise land packages to the extent earned from sources within the U.S.

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

Application of Section 883 of the Internal Revenue Code

In general, under Section 883, certain non-U.S. corporations are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide, in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. and (ii) the foreign corporation meets a defined publicly-traded test. In addition, to the extent a foreign corporation’s shares are owned by a direct or indirect parent corporation which itself meets the publicly-traded test, then such subsidiary will be deemed owned by individuals resident in the country of incorporation of such parent corporation and the subsidiary will satisfy the applicable stock ownership requirements in lieu of the publicly-traded test.

We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly traded corporation under the regulations and substantially all of its income, with the exceptions noted above under “U.S. Federal Income Tax,” will continue to be exempt from U.S. federal income taxes. If, in the future, Panama no longer qualified as an equivalent exemption jurisdiction or Carnival Corporation were to fail to qualify as a publicly traded corporation, it and all of its ship-owning or operating subsidiaries that rely on Section 883 for exempting cruise operations income would be subject to U.S. federal income tax on their U.S. source cruise operation income. In such event, the net income of Carnival Corporation’s ship-owning or operating subsidiaries would be materially reduced.

Although the above represents our interpretation of this Internal Revenue Code provision and the U.S. Treasury regulations, the IRS’s interpretation of these provisions could differ materially. In addition, the provisions of Section 883 are subject to change at any time by legislation. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares or with respect to the identity, residence, or holdings of Carnival Corporation’s direct or indirect shareholders that could affect Carnival Corporation’s and its subsidiaries eligibility for the Section 883 exemption. Accordingly, although we believe it is unlikely, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries’ whose tax exemption is based on Section 883 could lose this exemption. If Carnival Corporation and/or its ship-owning or operating subsidiaries were not entitled to the benefit of Section 883, Carnival Corporation and/or its ship-owning or operating subsidiaries would be subject to U.S. federal income and branch taxation on a portion of its income resulting in higher than normal tax rates.

Exemption Under Applicable Income Tax Treaties

We believe that the U.S. source transportation income earned by Carnival plc and its UK and Italian resident subsidiaries currently qualify for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties. There is, however, no authority that directly addresses the effect, if any, of DLC arrangements on the availability of benefits under the treaties and, consequently, the matter is not free from doubt. These treaties may be abrogated by either applicable country, replaced or modified with new agreements that treat income from international operation of ships differently than under the agreements currently in force. If any of our subsidiaries that currently claim exemption from U.S. income taxation on their U.S. source shipping income under an applicable treaty do not qualify for benefits under the existing treaties, or if the existing treaties are abrogated, replaced or materially modified in a manner adverse to our interests and, with respect to U.S. federal income tax only, if any such subsidiary does not qualify for exemption under Section 883, such ship-owning or operating subsidiary may be subject to U.S. federal income taxation on a portion of its income.

Taxation in the Absence of an Exemption under Section 883 or any Applicable U.S. Income Tax Treaty

Shipping income that is attributable to transportation of passengers which begins or ends in the U.S. is considered to be 50% derived from U.S. sources. Shipping income that is attributable to transportation of passengers which begins and ends in foreign countries is considered 100% derived from foreign sources. Shipping income that is attributable to the transportation of passengers which begins and ends in the U.S. without stopping at an intermediate foreign port is considered to be 100% derived from U.S. sources.

The legislative history of the transportation income source rules suggests that a cruise that begins and ends in a U.S. port, but that calls on more than one foreign port, will derive U.S. source income only from the first and last legs of the cruise. Because there are no regulations or other IRS interpretations of these rules, the applicability of the transportation income source rules in the aforesaid manner is not free from doubt.

In the absence of an exemption under Section 883 or any applicable U.S. income tax treaty, as appropriate, we and/or our subsidiaries would be subject to either the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code (the “net tax regime”) or the four percent of gross income tax regime of Section 887 of the Internal Revenue Code (the “four percent tax regime”).

Where the relevant foreign corporation has, or is considered to have, a fixed place of business in the U.S. that is involved in the earning of U.S. source shipping income and substantially all of this shipping income is attributable to regularly scheduled transportation, the net tax regime is applicable. If the foreign corporation does not have a fixed place of business in the U.S. or substantially all of its income is not derived from regularly scheduled transportation, the four percent tax regime will apply.

The net tax regime should be the tax regime applied to Carnival Corporation in the absence of an exemption under Section 883. Under the net tax regime, U.S. source shipping income, net of applicable deductions, would be subject to a federal corporate income tax of up to 35% and state income taxes at varying rates; and the net after-tax income would be potentially subject to a further branch tax of 30%. In addition, interest paid by the corporations, if any, would generally be subject to a branch interest tax.

The four percent tax regime should be the tax regime applicable to our vessel owning subsidiaries based outside the U.S., in the absence of an exemption under Section 883 or any applicable U.S. income tax treaty. Under the four percent tax regime, gross U.S. source shipping income would be subject to a four percent tax, without the benefit of deductions.

UK Income Tax

Cunard, Ocean Village, P&O Cruises and P&O Cruises Australia have all elected to enter the UK tonnage tax regime. Companies to which the tonnage tax regime applies pay corporation tax on profit calculated by reference to the net tonnage of qualifying vessels. UK corporation tax is not chargeable under the normal UK tax rules on these brands’ relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities. It also includes dividends from foreign companies, which are subject to a tax on profits in their country of residence or elsewhere and the activities of which broadly would qualify in full for the UK tonnage tax regime if they were UK resident.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime, which are not currently forecast to be significant, remain subject to normal UK corporation tax.

Italian, German and Spanish Income Tax

Carnival plc's German and Spanish brands, AIDA and Ibero, are both subsidiaries of Costa. AIDA's income is principally subject to Italian income tax and the majority of its profits are exempt from German corporation taxes by virtue of the Italy/Germany double tax treaty. Ibero's operations are largely subject to Italian tonnage tax and its Spanish operations are minimal.

Effective through fiscal 2014, Costa has elected to enter into the Italian Tonnage Tax regime. This regime taxes Costa's, AIDA's and Ibero's shipping profits, as defined and which is most of their income, calculated by reference to the net tonnage of their qualifying vessels. Most of the income not considered to be shipping profits for Italian Tonnage Tax purposes will be taxed under the favorable Italian tax regime for Costa's, AIDA's and Ibero's Italian-registered ships.

Australian Income Tax

P&O Cruises Australia is a division of Carnival plc, and the income from this operation is subject to UK tonnage tax as discussed above. The majority of this operation's profits are exempt from Australian corporation taxes by virtue of the UK/Australian tax treaty.

U.S. State Income Taxes

In addition to the U.S. federal income and branch level taxes discussed above, Carnival Corporation & plc and certain of its affiliates are subject to various U.S. state income taxes generally imposed on each state's portion of the U.S. source income subject to U.S. federal income taxes. However, the state of Alaska imposes an income tax on its allocated portion of the total income of companies doing business in Alaska and certain of their affiliated companies.

H. Website Access to Carnival Corporation & plc SEC Reports

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

Item 1A. Risk Factors.

You should consider carefully the specific risk factors set forth below and the other information contained or incorporated by reference in this Form 10-K, as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. You should note that the risks listed below are not the only risks we face. The risks described below are only those risks relating to our operations and financial condition that we consider material. There may be additional risks, that we currently consider not to be material, or which we are not currently aware of, and any of these risks could have the effects set forth above. Some of the statements in this section and elsewhere in this Form 10-K are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

- *General economic and business conditions, including fuel price increases and declines in the securities and real estate markets, and perceptions of these conditions may adversely impact the levels of our potential vacationers' discretionary income and net worth and this group's confidence in their country's economy and, consequently, reduce our cruise brands' net revenue yields and profitability.*

Demand for cruises is dependent on the underlying perceived or actual economic strength of the countries from which cruise companies source their guests. Adverse changes in the perceived or actual economic climate, such as higher fuel prices, higher interest rates, stock and real estate market declines and/or volatility, more restrictive credit markets, higher taxes, and changes in governmental policies could reduce the discretionary income or consumer confidence in the countries from which we source our guests. Consequently this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business. Decreases in discretionary income or consumer confidence could also result in lower onboard revenues, which could also have a negative effect on our profitability. In addition, these conditions can also impact our suppliers, which can result in disruptions in service and financial losses.

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

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, sterling, the Australian dollar and the Canadian dollar. In 2008, we derived approximately 50 percent of our revenues from passengers sourced from countries outside of the U. S. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. In addition, we must report currency transactions in the functional currencies of our reporting units. Therefore, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against our major currencies, will adversely affect our U.S. dollar reported financial results.

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

Demand for cruises and other vacation options has been, and is expected to continue to be, affected by the public's attitude towards the safety and security of travel. Events such as the terrorist attacks in the U.S. on September 11, 2001 and the threats of additional attacks in the U.S. and elsewhere, concerns of an outbreak of additional hostilities and national government travel advisories, together with the resulting political instability and concerns over safety and security aspects of traveling, have had a significant adverse impact on demand and pricing in the travel and vacation industry in the past, and may have an adverse impact in the future. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

- *We may lose business to competitors throughout the vacation market.*

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the types of ships, services and destinations being offered to cruise guests. We try to differentiate ourselves from our cruise competitors by offering new itineraries, products and services to our guests, but the acceptance of each offering is not certain and consumers' preferences are always subject to change. In addition, we may need to enhance our older ships with current innovative amenities in order for those ships to be more competitive with other cruise ships. Our principal competitors include the companies listed in this Form 10-K under Part I, Item 1. Business. B. – "Cruise Operations – Competition."

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

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

- *Overcapacity in the cruise ship and land-based vacation industries could have a negative impact on our net revenue yields and increase operating costs, thus resulting in ship, goodwill and/or trademark asset impairments, all of which could adversely affect profitability.*

Cruising capacity has grown in recent years and we expect it to continue to increase over the next four years as all of the major cruise vacation companies are expected to introduce new ships. In order to fill new capacity, the cruise vacation industry will probably need to increase its share of the overall vacation market. The overall vacation market is also facing increases in land-based vacation capacity, which will also impact us. Failure to increase our share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. In some prior years, our net revenue yields were negatively impacted as a result of a variety of factors, including capacity increases. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected, including the impairment of the value of our ships, goodwill and/or trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew, including officers, at competitive costs and, therefore, increase our shipboard employee costs. Furthermore, some of the same factors that impact our guests' decisions to cruise with us may also impact our ability to employ qualified crew.

- *Accidents, adverse weather conditions or natural disasters and other incidents affecting the health, safety, security and/or vacation satisfaction of guests could have an adverse effect on our sales and profitability.*

The operation of cruise ships, hotels, land tours and shore excursions involve the risk of accidents, including those caused by the improper operation of our ships, motorcoaches and trains, guest and crew illnesses such as the spread of contagious diseases, mechanical failures, fires, collisions, groundings, and other incidents at sea or while in port or on land, which may cause injury and death, or the alteration of itineraries or cancellation of a cruise or series of cruises or tours. These types of incidents may bring into question guest health, safety, security and/or vacation satisfaction, and thereby adversely affect our sales and profitability.

In addition, our cruises, hotels, port facilities, shore excursions and other service providers may be impacted by adverse weather patterns or natural disasters, such as hurricanes and earthquakes. These events could result in, among other things, increased port related and other costs as these third-party operators seek to charge us additional amounts in order to recover expenses caused by adverse events. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises due to these or other factors, which would have an adverse affect on sales and profitability.

- *Adverse publicity concerning the cruise industry in general, or us in particular, could impact the demand for cruises and affect our reputation and harm our future sales and profitability.*

Maintaining a good reputation is critical to our business. Reports, whether true or not, of ship accidents and other incidents at sea or while in port, including missing guests, inappropriate crew or guest behavior, onboard crimes, guest or crew illnesses such as incidents of stomach flu or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity, and the perception that cruising is more dangerous than other vacation alternatives. Anything that damages our reputation (whether or not justified), including adverse publicity about the safety and guest satisfaction of cruising, or the vacation industry in general, could have an adverse impact on demand, which could lead to price discounting and a reduction in our sales and profitability.

- *Environmental legislation and regulations could affect operations and increase our operating costs.*

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise industry and its environmental impact. The U.S. Congress, the IMO and the U.S. Environmental Protection Agency periodically consider new laws and regulations to manage cruise ship discharges. In addition, various other regulatory agencies in the States of Alaska, California, Florida, Hawaii, Maine, Washington and elsewhere, including European regulatory organizations, have enacted or are considering new regulations or policies, such as requirements to use low sulfur fuels and stricter emission limits to reduce greenhouse gas effects, which could adversely impact the cruise industry. See Part I, Item 1. Business. B. – "Cruise Operations – Governmental Regulations" for additional information.

The IMO has approved amendments to the MARPOL Annex VI regulations to reduce harmful emissions from ships. These changes will enter into force beginning 2010, and will result in a progressive reduction in ship sulfur oxide emissions by requiring progressive reductions in the sulfur content in fuel. These limits will be further reduced in designated ECAs. As a result of the new amendments, there may be less availability of low sulfur fuel because of the increased demand and/or the pricing of such fuel may increase and may result in the use of new sulfur abatement technologies, which may also increase costs. The MARPOL Annex VI amendments also introduce further progressive reductions in NOx emissions from both existing and new marine diesel engines, with the most stringent requirements for those engines installed on ships contracted on or after January 1, 2016, operating in ECAs. These requirements will necessitate the development of new engine designs or exhaust gas treatment systems, which may result in significant additional costs.

Initiatives to limit greenhouse gas emissions have been introduced or are being considered in several European countries. Similarly, as of January 2009, approximately 32 bills related to climate change have been introduced in the U.S. Congress, which could impact all industries. While not all are likely to become law, this is a strong indication that additional climate change related mandates will be forthcoming in the future.

Current and future environmental laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances or to vessel discharges, could increase our cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

- *New regulations relating to health, safety, security and other regulatory issues could increase our operating costs.*

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. Due to increasing regulatory requirements applicable to our operations, appropriate training of crewmembers has become more time-consuming and increased our operating costs. See Part I, Item 1. Business. B. – “Cruise Operations – Governmental Regulations” for a detailed discussion of some of these regulatory issues.

We believe that health, safety, security and other regulatory issues will continue to be areas of focus by relevant government authorities in the U.S., Europe and elsewhere. Resulting legislation, regulations or treaties, or changes thereto, could impact our operations and would likely subject us to increased compliance costs in the future.

- *We are subject to many economic, market and political factors, including changes in and compliance with numerous rules and regulations that are beyond our control, which could result in increases in our operating, financing and tax costs and could harm future sales and profitability.*

Some of our operating costs, including fuel, food, insurance, payroll and security costs, are subject to increases because of market forces, economic or political instability or decisions beyond our control. In addition, interest rates, currency exchange rate fluctuations and our ability to obtain debt or equity financing are dependent on many economic, market and political factors. Actions by taxing jurisdictions could also cause an increase in our costs.

For example, in 2008, 2007 and 2006 fuel costs accounted for 20.3%, 14.9% and 14.4%, respectively, of our total cruise operating expenses. Economic, market and political conditions in certain parts of the world, including fuel demand and supply disruptions, make it difficult to predict the price and availability of fuel in the future. We had taken actions to partially offset the effects of higher fuel costs through the addition of temporary fuel supplement fees charged by substantially all of our brands. Through these fuel supplement efforts, we managed to recover approximately 30% of the impact of increased annual 2008 fuel prices. In addition, our fuel conservation initiative and other best practices have been and are being implemented across all of our brands in response to significant fuel price increases. Success in trying to offset higher fuel costs with ticket price increases and fuel supplements is largely influenced by competitive factors and economic conditions, which can vary significantly depending on the market served, and the guests’ perception of these costs. As a result of the relatively recent and large decreases in fuel prices, most of our brands no longer charge the fuel supplement. Future increases in the global cost of fuel would increase the cost of our cruise ship operations. We may be unable to implement additional fuel conservation practices, or ticket price and/or fuel supplements, which would otherwise help offset these fuel cost increases.

In addition, the State of Alaska instituted income, excise and passenger head taxes in 2007, which directly impacted the cruise industry operating in Alaska. Separately in January 2008, the UK published draft changes to its tonnage tax regime which would have changed the scope of income that is includable within the UK tonnage tax regime, however, such changes have yet to be implemented. It is possible that other states, countries or ports of call that we regularly visit may also decide to assess new taxes or fees or change existing taxes or fees specifically targeted to the cruise industry and its employees and/or guests, including value added taxes on cruise tickets and onboard revenues and changes in the scope of income that is includable within tonnage tax regimes, which could increase our operating costs and/or could decrease the demand for cruises and ultimately decrease our net revenue yields and net income.

Increases in operating, financing and tax costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our guests and such increases may adversely impact our liquidity and credit ratings.

- *Delays in ship construction, refurbishments and repairs, problems encountered at shipyards and shipyard consolidation could reduce our profitability.*

The construction, refurbishments and repair of cruise ships is a complex process and involves risks similar to those encountered in other large and sophisticated construction, refurbishments and repair projects, which could cause delays in completion, delivery or repair. In addition, work stoppages, insolvency or financial problems of the shipyards building, refurbishing or repairing our ships could also delay or prevent the delivery of our ships under construction or the refurbishment, repair and maintenance of existing ships in our fleet. These events could adversely affect our profitability. However, the impact from a delay in delivery of our newbuilds could be partially mitigated by contractual provisions and bank guarantees that shipyards were obligated to provide to us. In addition, the consolidation of the control of certain European cruise shipyards could result in higher prices for future ships given the reduced number of competing shipyards, which could also reduce our profitability. Also, the lack of qualified shipyard repair facilities could result in the inability to repair and maintain our ships on a timely basis and also result in reduced profitability.

As of November 30, 2008, we had entered into foreign currency forwards and/or options to fix a portion of the cost in U.S. dollars of two of our euro-denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency forwards and/or options related to the shipyard's shipbuilding contracts would still have to be honored. This might require us to realize a loss on existing foreign currency forwards and/or options without an offsetting gain on our foreign currency denominated shipbuilding contracts, thus resulting in an adverse effect on our financial results. As all of our newbuilds are being built by European shipyards and substantially all our newbuild costs are priced in euros, the ability to purchase ships for our North American and UK brands at favorable U.S. dollar and sterling prices, respectively, has been, and may continue to be, adversely impacted as a result of the weaker U.S. dollar and weaker sterling compared to the euro. This can result in higher newbuild costs and reduced profitability for our North American and UK brands. Finally, the prices of various commodities that are used in the construction of ships, such as steel, are subject to volatile price changes and, accordingly, the cost of future newbuilds may increase, which could have an adverse impact on our net income.

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

We believe that our cruise brands have contributed significantly to the success of our business and that maintaining and enhancing our brands is critical to expanding their customer base. In addition, the ability of our brands to successfully target different segments of the various vacation markets in which they operate enables them to continue to expand and strengthen their business. Failure to protect our brands from infringers or to grow the value of the brands could have a material adverse effect on our business and results of operations.

- *Our international operations are subject to risks not generally applicable to our domestic operations.*

Our international operations are subject to numerous risks, including exposure to local economic conditions, potential adverse changes in the diplomatic relations between foreign countries, hostility from local populations, restrictions and taxes on the withdrawal of foreign investment and earnings, government policies against the cruise business, investment restrictions or requirements, diminished ability to legally enforce our contractual rights in foreign countries, foreign exchange restrictions and fluctuations in foreign currency exchange rates, withholding and other taxes on remittances and other payments by subsidiaries, and changes in and application of foreign taxation structures including value added taxes.

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

As we expand our global presence into both existing lower-penetrated markets and new developing markets, it requires, among other things, investments and start-up costs that we may not recover through future revenues from these markets. In addition, we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion may not produce the returns that we had expected. For instance, in 2006 we entered the Chinese market, and it is too early to determine if this market will develop as expected over the long-term.

- *Our future operating cash flow may not be sufficient to fund future obligations, and we may not be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations. In addition, our counterparties' ability to perform may adversely impact us.*

Our forecasted cash flow from future operations may be adversely affected by various factors, including, but not limited to, declines in guest demand, increased competition, overcapacity, the deterioration in general economic and business conditions, liquidity and other issues in the global debt and equity markets, terrorist and pirate attacks and the threats thereof, ship accidents and other incidents, adverse publicity, the impact of changes in, or disruptions to, the global credit markets on our financing costs and counterparty credit and performance risks, and increases in fuel prices, as well as other factors noted under these "Risk Factors" and under the "Cautionary Note Concerning Factors That May Affect Future Results" section below. To the extent that we are required, or choose, to fund future cash requirements, including current and future shipbuilding commitments, from sources other than cash flow from operations, available cash and current external sources of liquidity, including committed ship financings, we will have to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets or take other actions, such as our recently announced suspension of dividend payments. There is no guarantee that such financings will be available in the future to fund our future obligations.

Our access to, and the cost of, financing will depend on, among other things, the maintenance of our strong long-term credit ratings and the availability of sufficient amounts of financing. Carnival Corporation and Carnival plc's senior, unsecured long-term debt ratings are "A-" by Standard & Poor's and "A3" by Moody's. Carnival Corporation's and Carnival plc's short-term corporate credit ratings are "A-2" by Standard & Poor's and "P-2" by Moody's. Our Standard & Poor's A- debt rating recently was assigned a negative outlook, which reflects their concern that the weakened state of the economy and pull back in consumer spending will pressure our ability to sustain our A- debt rating. If we were to be downgraded by S&P to BBB+, this would result in a slight increase in our borrowing costs on a prospective basis, and this could have an impact on our ability to obtain committed credit facilities or issue debt. Similarly the ability of our counterparties, primarily associated with our cash equivalents, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, to perform may adversely impact us if any of their financial positions weaken materially or they suffer other financial disruptions.

- *We rely on external sales distribution channels for most of our guests' bookings and, therefore, major changes in the costs or availability of external distribution channels could result in a reduction in our sales revenues and net income.*

In 2008, the vast majority of our guests booked their cruises through independent travel agents, wholesalers and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Although we offer commissions and other incentives to them for booking our cruises that are comparable to those offered by others in the cruise industry, there can be no guarantee that our competitors will not offer higher commissions and incentives in the future. In addition, significant disruptions or contractions to these businesses, such as those caused by a reduction in travel and related commission income as a result of an economic slowdown, could have an adverse effect on our sales and related commission costs.

- *We rely to a large extent on scheduled commercial airline services for guest connections and, therefore, increases in the price of, or major changes or reduction in commercial airline services, could undermine our ability to provide reasonably priced vacation packages to our guests.*

Some of our guests depend on scheduled commercial airline services to transport them to or from the ports where our cruises embark and disembark. Increases in the prices of airfares would increase the overall vacation price to our guests and may adversely affect demand for our cruises. In addition, changes or disruptions in commercial airline services as a result of strikes, financial instability, adverse weather conditions or other events, or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests to or from our cruise ships and increase our cost of sales which would, in turn, have an adverse effect on our results of operations.

- *The impact of our decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates could result in higher expenses.*

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for various risks to minimize the cost of our insurance coverages. Accordingly, we are not protected against all risks, which could result in unexpected increases in our expenses in the event of an incident.

In addition, a new protocol to the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974, is in the process of being ratified, which would require some passenger ship operations to maintain compulsory insurance or some other form of financial security, to cover the per capita limit of strict liability for losses suffered by passengers that has been set under the Athens Convention. If the protocol is ratified, we cannot be certain that affordable and viable insurance markets will be available to provide the required coverage. If the new protocol is ratified we would expect our insurance costs to increase.

We may also be subject to additional premium costs, in amounts based not only on our own claim records, but also on the claim records of all other members of the P&I associations through which we receive indemnity coverage for tort liability. If we, or other members of our P&I associations, were to sustain significant losses in the future, our ability to obtain insurance coverage or coverage at commercially reasonable rates could be materially adversely affected. Finally, if other marine insurers experience more claims, this could result in additional premium costs for us.

- *Disruptions and other damages to our information technology networks could result in decreases in our net income.*

Our ability to increase revenues and decrease costs, as well as our ability to serve guests most effectively, depends in part on the reliability of our sophisticated information technology ("IT") networks. We use software and other IT systems to, among other things, manage our inventory of cabins held for sale and set pricing in order to maximize our revenue yields, and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Any disruptions and other damages to these computer systems or unauthorized access to confidential customer or employee personal information could adversely impact our guest services and satisfaction, employee relationships, decrease the volume of our business and result in increased costs. In addition, the operation, maintenance and updating of these networks is dependent on third-party technologies, systems and services for which there is no certainty of uninterrupted availability. While we have invested and continue to invest in IT security initiatives and disaster recovery plans, these measures cannot insulate us from IT disruptions that could result in adverse effects on our operations and net income.

- *The lack of continued availability of attractive port destinations for our cruise ships could reduce our net revenue yields and net income.*

We believe that attractive port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The availability of ports, including the specific port facility at which our guests will embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints, security and safety concerns, adverse weather conditions and natural disasters, financial limitations on port development, political instability, exclusivity arrangements that ports may have with our competitors, local governmental regulations and charges and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain, rebuild, if necessary, and increase the ports that our ships call on could adversely affect our net revenue yields and net income.

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

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

We maintain two separate public companies and comply with both Panamanian corporate law and English company laws and different securities and other regulatory and stock exchange requirements in the UK and the U.S. This structure requires more administrative time and cost than was the case for each company individually, which has an adverse effect on our operating efficiency.

- *Changes under the U.S. Internal Revenue Code, applicable U.S. income tax treaties, and the uncertainty of the DLC structure under the Internal Revenue Code may adversely affect the U.S. federal income taxation of our U.S. source shipping income. In addition, changes in the UK, Italian, German, Australian, Spanish and other countries' or states' income or other tax laws, regulations or treaties could also adversely affect our net income.*

We believe that substantially all of the U.S. source shipping income of each of Carnival Corporation and Carnival plc qualifies for exemption from U.S. federal income tax, either under (1) Section 883 of the Internal Revenue Code; or (2) applicable U.S. income tax treaties, and should continue to so qualify under the DLC structure. There is, however, no existing U.S. federal income tax authority that directly addresses the tax consequences of implementation of a DLC structure for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, these matters are not free from doubt.

If we did not qualify for exemption from substantially all U.S. federal income taxes or if such exemptions or laws were changed, we would have significantly higher U.S. income tax expenses. In addition, changes in the income or other tax laws affecting our cruise businesses in the UK, Italy, Germany, Australia, Spain and elsewhere could result in higher income and/or other taxes, such as value added taxes, being levied on our cruise operations, thus resulting in lower net income.

See Part I, Item 1. Business. G. "Taxation" for additional information.

- *A small group of shareholders collectively owned, as of January 22, 2009, approximately 28% of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.*

As of January 22, 2009 a group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned approximately 36% of the outstanding common stock of Carnival Corporation, which shares represent sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 28% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least to influence substantially, the outcome of certain shareholder votes and, therefore, the corporate actions requiring such votes.

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

Carnival Corporation's corporate affairs are governed by its third amended and restated articles of incorporation ("Articles") and second amended and restated by-laws ("by-laws") and by the corporate laws of Panama. Carnival plc is governed by its articles of association and memorandum of association and by the corporate laws of England and Wales. The contracts that control the relationship between Carnival Corporation and Carnival plc under the DLC are governed by the laws of Panama, the Isle of Man and the Cayman Islands. The corporate laws of Panama, England and Wales, the Isle of Man and the Cayman Islands may differ in some respects from the corporate laws in the U.S.

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

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

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

Cautionary Note Concerning Factors That May Affect Future Results

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

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 Form 10-K. 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/or tax costs, fuel costs, costs per available lower berth day, estimates of ship depreciable lives and residual values, liquidity, outlook or business prospects.

Certain of the risks we are exposed to are identified in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Concerning Factors That May Affect Future Results" in Exhibit 13 to this Form 10-K and in this Item 1A. "Risk Factors." These sections contain important cautionary statements and a discussion of many of the factors that could materially affect the accuracy of our forward-looking statements and/or adversely affect our business, results of operations and financial position.

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 Form 10-K, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Carnival Corporation and Carnival plc corporate headquarters and our larger shoreside locations are as follows:

Entity/Brand	Location	Square Footage	Own/Lease
Carnival Corporation headquarters and Carnival Cruise Lines	Miami, FL U.S.A.	456,000/26,000	Own/Lease
Princess	Santa Clarita, CA U.S.A.	361,000	Lease
Holland America Line, Holland America Tours and Princess Tours	Seattle, WA U.S.A.	38,000/233,000	Own/Lease
Costa	Genoa, Italy	159,000/15,000	Own/Lease
P&O Cruises, Ocean Village, Cunard, Carnival Corporation & plc's Technical Services and UK sales office	Southampton, England (a)	123,000	Lease
AIDA	Rostock, Germany	115,000	Lease
Carnival plc headquarters and UK sales office	London, England	8,000	Lease

(a) Carnival plc entered into a new Southampton office lease agreement for 150,000 square feet to replace the existing Southampton leased facility, which is expected to be occupied during fiscal 2009.

In addition, we own and/or lease port facilities that we operate in Barcelona, Spain, Cozumel, Mexico, Grand Turk, the Turks & Caicos Islands, Juneau, Alaska, Long Beach, California and Savona, Italy.

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

Our cruise ships and Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cays, respectively, are briefly described in Part I, Item 1. Business. B. "Cruise Operations." The hotel properties associated with Holland America Tours and Princess Tours operations, substantially all of which are owned, are briefly described in Part I, Item 1. Business. A. "General."

Item 3. Legal Proceedings.

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other unaffiliated cruise lines in the U.S. District Court for the Southern District of New York on behalf of James Jacobs and a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement.

The Office of the Attorney General of Florida ("Attorney General") is conducting an investigation to determine whether there is or has been a violation of Florida antitrust laws in connection with the setting by us and other unaffiliated cruise lines of certain fuel supplements. We are providing our full cooperation to the Attorney General's office.

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

None.

Executive Officers of the Registrants

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

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

NAME	AGE	TITLE
Micky Arison	59	Chairman of the Board of Directors and Chief Executive Officer
David Bernstein	51	Senior Vice President and Chief Financial Officer
Alan B. Buckelew	60	President and Chief Executive Officer of Princess Cruises
Gerald R. Cahill	57	President and Chief Executive Officer of Carnival Cruise Lines
David K. Dingle	51	Chief Executive Officer of Carnival UK
Pier Luigi Foschi	62	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	67	Vice Chairman of the Board of Directors and Chief Operating Officer
Larry Freedman	57	Chief Accounting Officer and Vice President-Controller
Stein Kruse	50	President and Chief Executive Officer of Holland America Line Inc.
Arnaldo Perez	48	Senior Vice President, General Counsel and Secretary

Business Experience of Executive Officers

Micky Arison has been Chairman of the Board of Directors since October 1990 and a director since June 1987. He has been Chief Executive Officer since 1979. Mr. Arison has been employed by us for 37 years.

David Bernstein has been Senior Vice President and Chief Financial Officer since July 2007. From July 2003 to July 2007, he was Vice President and Treasurer. From June 1998 to July 2003, he was Chief Financial Officer of Cunard and Seabourn. Mr. Bernstein has been employed by us for 10 years.

Alan B. Buckelew has been Chief Executive Officer of Princess Cruises since June 2007. He has been President from February 2004. From October 2004 to June 2007, he was Chief Operating Officer of Cunard. From October 2000 to January 2004, he was Executive Vice President and Chief Financial Officer of Princess. Mr. Buckelew has been employed by us or Carnival plc predecessor companies for 31 years.

Gerald R. Cahill has been President and Chief Executive Officer of Carnival Cruise Lines since July 2007. From December 2003 to June 2007, he was Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation & plc. From January 1998 to November 2003 he was Senior Vice President Finance, Chief Financial and Accounting Officer. Mr. Cahill has been employed by us for 14 years.

David K. Dingle has been Chief Executive Officer of Carnival UK, whose brands include P&O Cruises, Ocean Village and Cunard, since June 2007. In addition, he has also been Chairman of the Carnival plc Management Committee with responsibility for Carnival Australia since June 2007. From April 2003 to June 2007, he was Managing Director of Carnival UK and P&O Cruises. From June 2000 to April 2003, he was Managing Director of P&O Cruises UK. Mr. Dingle has been employed by us or Carnival plc predecessor companies for 30 years.

Pier Luigi Foschi has been a director since April 2003. He has been Chief Executive Officer of Costa Crociere, S.p.A. since October 1997 and Chairman of its Board since January 2000. Mr. Foschi has been employed by us for 11 years.

Howard S. Frank has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since April 1992. Mr. Frank has been employed by us for 19 years.

Larry Freedman has been Chief Accounting Officer since July 2007 and Vice President-Controller since April 1998. From April 1998 to June 2007, Mr. Freedman was also Vice President – Finance. Mr. Freedman has been employed by us for 10 years.

Stein Kruse has been the President and Chief Executive Officer of Holland America Line since December 2004. From November 2003 to November 2004, he was the President and Chief Operating Officer of Holland America Line. From October 1999 to October 2003, he was Senior Vice President, Fleet Operations for Holland America Line. Mr. Kruse has been employed by us for nine years.

Arnaldo Perez has been Senior Vice President, General Counsel and Secretary since March 2002. From August 1995 to February 2002 he was Vice President, General Counsel and Secretary. Mr. Perez has been employed by us for 16 years.

PART II

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

A. Market Information

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

B. Holders

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

C. Dividends

Carnival Corporation and Carnival plc declared cash dividends on all of their common stock and ordinary shares, respectively, in the amount of:

	Quarters Ended			
	February 28/29	**May 31**	**August 31**	**November 30**
2009	$ 0.00			
2008	$ 0.40	$ 0.40	$ 0.40	$ 0.40
2007	$ 0.275	$ 0.35	$ 0.35	$ 0.40

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

Maintenance of a strong balance sheet has always been and continues to be the primary objective of our capital structure policy. In light of the current uncertainties in the global economy, the highly volatile state of the financial markets, continuing concerns about financial institution liquidity and the unusually high cost of obtaining new debt, we believe preserving cash and liquidity at this point in time is a prudent step, which will further strengthen our balance sheet and enhance our financial flexibility. Accordingly in October 2008, the Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009, but will reevaluate our dividend policy based on the circumstances prevailing during the year. Payment of future dividends on Carnival Corporation common stock and Carnival plc ordinary shares will depend upon, among other factors, our earnings, financial condition, capital requirements and the availability and cost of obtaining new debt. The payment and amount of any future dividend is within the discretion of the Boards of Directors. We cannot be certain that Carnival Corporation and Carnival plc will reinstate their dividends in the future, and if so, the amount and timing of such future dividends are not determinable, and may be less than the 2008 levels and have a different timing than as noted above.

D. Performance Graph

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

E. Use of Proceeds from Registered Securities

On October 31, 2008, we filed a prospectus supplement to the base prospectus contained in our shelf registration statement on Form S-3ASR (File No. 333-132306-01) (the "Shelf Registration Statement") with the SEC to issue up to 19.2 million Carnival Corporation shares of common stock in the U.S. market, which are to be sold from time to time in ordinary broker's transactions by Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("Merrill Lynch"), as sales agent. The Shelf Registration Statement became effective upon filing with the SEC on March 9, 2006. The Carnival Corporation common stock has been and will be sold at market prices and the sale proceeds have been and will be used to repurchase ordinary shares of Carnival plc in the UK market on at least an equivalent basis, with the remaining net proceeds, if any, used for general corporate purposes. We expect to issue Carnival Corporation common stock in the U.S. market only to the extent we can complete the purchase of Carnival plc ordinary shares in open market transactions with a resulting economic benefit, which is derived from the fact that Carnival plc ordinary shares sometimes trade at a discount to Carnival Corporation common stock. Since the inception of this "stock swap" program, from November 3, 2008 through November 30, 2008, we have sold 633,000 shares of Carnival Corporation common stock at an average price of $23.24 per share for gross proceeds of $15 million and paid Merrill Lynch and others fees of $110,000 and $300,000, respectively. The shares sold were registered under the Securities Act of 1933. The proceeds of the sales were used to purchase 665,450 ordinary shares of Carnival plc, as described below. From December 1, 2008 through January 28, 2009, there were no sales of shares of Carnival Corporation common stock.

Each share of Carnival Corporation common stock issued is paired with a trust share of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share issued by Carnival plc in connection with the DLC transaction.

F. Issuer Purchases of Equity Securities

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining $578 million authorization back to $1 billion. The repurchase program does not have an expiration date and may be discontinued by our Boards of Directors at any time. During the 2008 fourth quarter, 32,450 ordinary shares of Carnival plc, which are not registered under Section 12 of the Securities Exchange Act, were repurchased pursuant to this program at an average share price of $18.77 for an aggregate total of $610,000, but no common stock of Carnival Corporation was repurchased pursuant to this program. In addition, from December 1, 2008 through January 28, 2009, there were no repurchases of Carnival plc ordinary shares or Carnival Corporation common stock. At January 28, 2009, the remaining availability pursuant to our repurchase program was $787 million. It is not our present intention to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares under our authorized share repurchase program, except for repurchases resulting from our stock swap program as discussed below.

During the period from November 3, 2008 through November 30, 2008, we purchased 633,000 ordinary shares of Carnival plc in open market transactions at an average share price of $21.98 per share for an aggregate total of $14 million pursuant to the stock swap program described above under "E. Use of Proceeds from Registered Securities."

The Carnival plc share repurchase authorization requires annual shareholder approval and is subject to a maximum of 21.3 million ordinary shares until the earlier of the conclusion of the Carnival plc 2009 annual general meeting, or October 21, 2009.

Item 6. Selected Financial Data.

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

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

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

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

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

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 28, 2009, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

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

Our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2008, 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 the quarter ended November 30, 2008 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2008.

PricewaterhouseCoopers LLP, the independent registered certified public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2008 as stated in their report which is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

Inherent Limitations of Disclosure Controls and Procedures and 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.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a code of ethics that applies to our chief executive officer, chief operating officer and senior financial officers, including the chief financial officer, chief accounting officer and controller and other persons performing similar functions. This code of ethics is posted on our website, which is located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our website, at the addresses specified above. Information contained in our website, whether currently posted or posted in the future, is not part of this document or the documents incorporated by reference in this document.

The additional information required by Item 10 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2008 fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Form 10-K.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2008 fiscal year.

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

Securities Authorized for Issuance under Equity Compensation Plans

Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2008.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	14,544,651(1)	$ 42.69	28,116,687(2)(3)
Equity compensation plans not approved by security holders			
Total	14,544,651	$ 42.69	28,116,687

(1) Includes outstanding options to purchase Carnival Corporation common stock under the Carnival Cruise Lines, Inc. 1987 Stock Option Plan, Carnival Corporation 1992 Stock Option Plan, Carnival Corporation 2002 Stock Plan, Carnival Corporation 1993 Outside Directors' Stock Option Plan and Carnival Corporation 2001 Outside Director Stock Plan. Also includes 820,653 restricted share units outstanding under the Carnival Corporation 2002 Stock Plan and 20,250 restricted share units outstanding under the Carnival Corporation 2001 Outside Director Stock Plan.

(2) Includes Carnival Corporation common stock available for issuance as of November 30, 2008 as follows: 2,576,988 under the Carnival Corporation Employee Stock Purchase Plan, which includes 24,585 shares subject to purchase during the current purchase period, 24,911,249 under the Carnival Corporation 2002 Stock Plan and 628,450 under the Carnival Corporation 2001 Outside Director Stock Plan.

(3) In addition to options, the Carnival Corporation 2002 Stock Plan and the Carnival Corporation 2001 Outside Director Stock Plan provide for the award of restricted shares and restricted share units without limitation on the number of shares than can be awarded in either form.

Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2008.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,577,291(2)	$ 39.01	12,760,174(3)
Equity compensation plans not approved by security holders			
Total	3,577,291	$ 39.01	12,760,174

(1) Converted from sterling, if applicable, using the November 30, 2008 exchange rate of $1.54:£1.

(2) Includes outstanding options to purchase Carnival plc ordinary shares under the Carnival plc Executive Share Option Plan and Carnival plc 2005 Employee Share Plan. Also includes 424,701 restricted share units outstanding under the Carnival plc 2005 Employee Share Plan.

(3) In addition to options, the Carnival plc 2005 Employee Share Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

The additional information required by Item 12 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2008 fiscal year.

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

The information required by Items 13 and 14 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2008 fiscal year.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) (1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

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

SIGNATURES

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

CARNIVAL CORPORATION

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

January 29, 2009

CARNIVAL PLC

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

January 29, 2009

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

CARNIVAL CORPORATION

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

January 29, 2009

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

January 29, 2009

/s/ David Bernstein
David Bernstein
Chief Financial Officer

January 29, 2009

/s/ Larry Freedman
Larry Freedman
Chief Accounting Officer

January 29, 2009

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

January 29, 2009

/s/*Robert H. Dickinson
Robert H. Dickinson
Director

January 29, 2009

/s/*Arnold W. Donald
Arnold W. Donald
Director

January 29, 2009

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director

January 29, 2009

/s/*Richard J. Glasier
Richard J. Glasier
Director

January 29, 2009

CARNIVAL PLC

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

January 29, 2009

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

January 29, 2009

/s/ David Bernstein
David Bernstein
Chief Financial Officer

January 29, 2009

/s/ Larry Freedman
Larry Freedman
Chief Accounting Officer

January 29, 2009

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

January 29, 2009

/s/*Robert H. Dickinson
Robert H. Dickinson
Director

January 29, 2009

/s/*Arnold W. Donald
Arnold W. Donald
Director

January 29, 2009

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director

January 29, 2009

/s/*Richard J. Glasier
Richard J. Glasier
Director

January 29, 2009

/s/*Modesto A. Maidique
Modesto A. Maidique
Director

January 29, 2009

/s/*Sir John Parker
Sir John Parker
Director

January 29, 2009

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director

January 29, 2009

/s/*Stuart Subotnick
Stuart Subotnick
Director

January 29, 2009

/s/*Laura Weil
Laura Weil
Director

January 29, 2009

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director

January 29, 2009

/s/*Uzi Zucker
Uzi Zucker
Director

January 29, 2009

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)

January 29, 2009

/s/*Modesto A. Maidique
Modesto A. Maidique
Director

January 29, 2009

/s/*Sir John Parker
Sir John Parker
Director

January 29, 2009

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director

January 29, 2009

/s/*Stuart Subotnick
Stuart Subotnick
Director

January 29, 2009

/s/*Laura Weil
Laura Weil
Director

January 29, 2009

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director

January 29, 2009

/s/*Uzi Zucker
Uzi Zucker
Director

January 29, 2009

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)

January 29, 2009

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
Underwriting Agreements					
1.1	ATM Equity Offering[sm] Sales Agreement, dated as of October 31, 2008, between Carnival Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporated.	8-K	99.2	10/31/08	
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Second Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	10/19/07	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/17/03	
3.4	Memorandum of Association of Carnival plc.	8-K	3.4	4/17/03	
Instruments defining the rights of security holders, including indentures					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 12, 2009 to furnish certain debt instruments to the Securities and Exchange Commission.				X
4.2	Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders.	10-Q	4.1	8/31/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	8/31/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc (formerly P&O Princess Cruises plc) Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	
4.9	SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C.	8-K	4.3	4/17/03	
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amend-ment to Form F-6	99-a	4/15/03	
4.11	Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, relating to unsecured and unsubordinated debt securities.	S-3	4.5	6/13/01	
4.12	Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.	S-3	4	3/2/93	
4.13	Second Supplemental Indenture, dated December 1, 2003, between Carnival plc and Carnival Corporation to The Bank of New York, as Trustee, relating to 7.875% debentures due 2027.	10-K	4.14	11/30/03	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
Material Contracts					
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	8/31/07	
10.2*	Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan.	10-K	10.2	11/30/03	
10.3	Facilities Agreement dated October 21, 2005, between Carnival Corporation, Carnival plc, and certain of Carnival Corporation and Carnival plc subsidiaries, The Royal Bank of Scotland as facilities agent and a syndicate of financial institutions.	10-K	10.3	11/30/05	
10.4*	Amended and Restated Carnival Corporation 1992 Stock Option Plan.	10-K	10.4	11/30/97	
10.5*	Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998.	10-K	10.5	11/30/98	
10.6*	Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.6	11/30/97	
10.7*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	2/28/07	
10.8*	Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.	10-K	10.4	11/30/90	
10.9*	Executive Long-term Compensation Agreement, dated as of January 16, 1998, between Robert H. Dickinson and Carnival Corporation.	10-K	10.2	11/30/97	
10.10*	Consulting Agreement/Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	S-3A	4.3	7/16/91	
10.11*	First Amendment to Consulting Agreement/Registration Rights Agreement between Carnival Corporation and Ted Arison.	10-K	10.40	11/30/92	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.12*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	5/31/08	
10.13*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	5/31/08	
10.14*	Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.2	8/31/05	
10.15*	Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.32	11/30/99	
10.16*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-K	10.31	11/30/00	
10.17*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.33	11/30/99	
10.18*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.2	2/28/07	
10.19*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.34	11/30/00	
10.20*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.37	11/30/01	
10.21*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.3	2/28/07	
10.22*	Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.1	5/31/05	
10.23*	Amended and Restated Carnival Corporation 2002 Stock Plan.	10-Q	10.1	5/31/03	
10.24*	Agreement with Pier Luigi Foschi.	10-Q	10.4	8/31/05	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.25	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	10-Q	10.2	5/31/02	
10.26*	Employment Agreement, dated as of April 17, 2003, by and between POPCIL and Peter Ratcliffe.	10-Q	10.2	5/31/03	
10.27*	Carnival Corporation & plc Non-Executive Board of Director Cruise Benefit Policy.	10-Q	10.1	8/31/05	
10.28*	Amendment to the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.1	2/28/06	
10.29*	Amendment No. 1 to the Employment Agreement, dated as of July 19, 2004, by and between P&O Princess International Ltd. and Peter Ratcliffe.	10-Q	10.1	8/31/04	
10.30*	Amendment of the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	2/28/03	
10.31*	Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.2	2/28/03	
10.32*	The P&O Princess Cruises Executive Share Option Plan.	20-F	4.9	12/30/01	
10.33*	The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan.	20-F	4.10	12/30/01	
10.34*	Carnival Cruise Lines Management Incentive Plan.	10-Q	10.1	8/31/08	
10.35*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	10-Q	10.1	2/29/04	
10.36*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.2	2/29/04	
10.37*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.3	2/29/04	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.38*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	2/28/05	
10.39*	Form of Nonqualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.5	8/31/05	
10.40*	Form of Restricted Stock Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.60	11/30/07	
10.41*	Form of Restricted Stock Unit Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.61	11/30/07	
10.42*	Form of Share Option Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.8	8/31/05	
10.43	Deed of Guarantee, dated October 21, 2005, between Carnival Corporation as guarantor and the Royal Bank of Scotland plc as facilities agent.	10-K	10.63	11/30/05	
10.44	Deed of Guarantee, dated October 21, 2005, between Carnival plc as guarantor and the Royal Bank of Scotland plc as facilities agent.	10-K	10.64	11/30/05	
10.45*	Corporate Aviation Administrative Policy Statement for the use of Carnival Corporation & plc aircraft.	10-Q	10.2	2/28/06	
10.46*	Form of Restricted Share Unit Award Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.3	2/28/06	
10.47*	Form of Restricted Stock Unit Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-K	10.67	ll/30/07	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.48*	Princess Cruises Chief Executive Officer Supplemental Retirement Plan for Peter Ratcliffe.	8-K	10.1	10/20/06	
10.49*	Amendment to the P&O Princess Cruises Executive Share Option Plan.	10-Q	10.5	2/28/07	
10.50*	Amendment to the P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan.	10-Q	10.6	2/28/07	
10.51*	Amendment to the Carnival plc 2005 Employee Share Plan.	10-Q	10.7	2/28/07	
10.52*	Form of Executive Restricted Stock Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan.	10-K	10.72	11/30/07	
10.53	Amendment Agreement, dated July 21, 2007, to the Facilities Agreement dated October 21, 2005, by and among Carnival Corporation, Carnival plc, and certain of Carnival Corporation and Carnival plc subsidiaries, The Royal Bank of Scotland, as Facilities Agent, and a syndicate of financial institutions.	10-Q	10.2	8/31/07	
10.54*	Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.	8-K	10.1	10/19/07	
10.55*	Amendment to the Carnival Corporation 2001 Outside Director Stock Plan.	10-K	10.75	ll/30/07	
10.56*	Retirement Agreement between Robert H. Dickinson and Carnival Corporation.	10-K	10.76	11/30/07	
10.57*	Form of Executive Restricted Stock Award Agreement with Executive Long-Term Compensation Agreements.	10-K	10.77	11/30/07	
10.58*	Amended and Restated Carnival Corporation & plc Management Incentive Plan for Executive Officers.				X

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.59*	Amended and Restated Executive Long-term Compensation Agreement, dated January 15, 2008, between Carnival Corporation and Micky Arison.	10-Q	10.2	2/29/08	
10.60*	Amended and Restated Executive Long-term Compensation Agreement dated January 15, 2008, between Carnival Corporation and Howard S. Frank.	10-Q	10.3	2/29/08	
Statements regarding computations of ratios					
12	Ratio of Earnings to Fixed Charges				X
Annual report to security holders					
13	Portions of 2008 Annual Report.				X
Subsidiaries of the registrants					
21	Significant Subsidiaries of Carnival Corporation and Carnival plc.				X
Consents of experts and counsel					
23	Consent of Independent Registered Certified Public Accounting Firm.				X
Power of attorney					
24.1	Powers of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2008 joint Annual Report on Form 10-K and any future amendments on their behalf.				X
24.2	Power of Attorney given by Randall J. Weisenburger as a Director of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2008 joint Annual Report on Form 10-K and any future amendments on their behalf.				X

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date	Filed/Furnished Herewith
Rule 13a-14(a)/15d-14(a) Certifications					
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.				X
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.				X
31.3	Certification of Senior Vice President and Chief Financial Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.4	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.				X
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.				X
31.6	Certification of Senior Vice President and Chief Financial Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 Certifications					
32.1**	Certification of Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2**	Certification of Chief 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.				X
32.3**	Certification of Senior Vice President and Chief Financial Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date	Filed/Furnished Herewith
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.				X
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.				X
32.6**	Certification of Senior Vice President and Chief Financial Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

* Indicates a management contract or compensation plan or arrangement.

** These items are furnished and not filed.

Exhibit 4.1

January 12, 2009

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

RE: Carnival Corporation, Commission File No. 1-9610, and
Carnival plc, Commission File No. 1-15136

Gentlemen:

Pursuant to Item 601(b)(4)(iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the "Companies") hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2008.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez
Senior Vice President, General Counsel
and Secretary

Exhibit 10.58

**AMENDED AND RESTATED
CARNIVAL CORPORATION & PLC
MANAGEMENT INCENTIVE PLAN FOR EXECUTIVE OFFICERS**

1. OBJECTIVE

This Carnival Corporation & plc Management Incentive Plan for Executive Officers (the "**Plan**") is designed to focus the attention of the "**Executive Officers**" (as defined by Rule 16a-1 of the Securities Exchange Act) of Carnival Corporation & plc (the "**Corporation**") on achieving outstanding performance results as reflected in the operating income of the Corporation, as well as other relevant measures.

2. PLAN ADMINISTRATION

The administrators of the Plan are the Compensation Committees of the Boards of Directors of the Corporation (the "**Committees**"). The Committees shall have sole discretion in resolving any questions regarding the administration or terms of the Plan not addressed in this document, as well as in resolving any ambiguities that may exist in this document.

3. PLAN YEAR

The "**Plan Year**" shall be the 12-month period ending November 30 of each year.

4. PARTICIPATION

All Executive Officers of the Corporation who are not employed by an operating unit shall be eligible to participate in the Plan. In their discretion, the Committees may select other employees to participate in the Plan or establish separate criteria to determine the bonus of specified employees.

Persons who commence employment or are promoted to the status of an Executive Officer following the beginning of the Plan Year may, with the approval of the Committees, be allowed to participate in the Plan.

In order to receive a cash bonus under the Plan, a participant must be employed by the Corporation or one of its subsidiaries on the day the bonus is paid; provided, however, that if a participant is on a leave of absence that does not meet the requirements of The Family and Medical Leave Act of 1993 on the day the bonus is paid to the other participants, such bonus shall not be payable until the participant returns to active duty. The only exceptions to this requirement are for participants whose employment is terminated prior to the day the bonus is paid as the result of death, disability or Retirement ("**Early Termination Employees**") or for other circumstances approved by the Committees on a case-by-case basis. If employment is terminated by reason of death, disability or Retirement, a participant or his/her estate will receive a pro-rata bonus based on the portion of the Plan Year the participant was employed. For purposes of this section, "**Retirement**" means a termination of employment by a participant on or after the earlier of (i) age 65 with at least five years of employment with Carnival Corporation, Carnival plc or any successor thereto and/or their subsidiaries or (ii) age 55 with at least 15 years of employment with Carnival Corporation, Carnival plc or any successor thereto and/or their subsidiaries.

5. <u>BONUS</u>

A. For purposes of this Plan, the terms below shall be defined as follows:

i. "**Operating Income**" shall mean the net income of the Corporation before interest income and expense, and other nonoperating income and expense and income taxes as reported by the Corporation in its full year earnings report issued following each Plan Year.

ii. The "**Operating Income Target**" for the Plan Year will be equal to the projected Operating Income for the Plan Year that corresponds to the midpoint of the diluted earnings per share guidance publicly announced during the first month of the Plan Year by the Corporation. The Committees may, in their discretion, increase or decrease the Operating Income Target or establish an alternative target for any reason they deem appropriate. In addition, in the discretion of the Committees, certain items, including, but not limited to, gains or losses on ship sales can be excluded from the Operating Income Target and the actual Operating Income for any Plan Year.

B. Within 75 days following the commencement of each Plan Year, the Committees will establish a Target Bonus (in the currency of his/her base salary), for each participant for the first year of his/her participation in the Plan. In the second and subsequent Plan Years of participation, the Target Bonus for each participant shall be calculated by multiplying the Target Bonus for the prior Plan Year by a percentage equal to 100 plus the percentage change in the Operating Income Target for the new Plan Year as compared to the Operating Income Target of the prior Plan Year. The Committees may, in their discretion, increase or decrease the Target Bonus for any reason they deem appropriate. The "**Target Bonus**" is the anticipated level of bonus for a participant if 100% of Corporation Operating Income Target is achieved, prior to the Committees exercising discretion to increase or decrease the bonus payable to a participant as provided in 5.C.ii.

C. Within 75 days following the end of each Plan Year, the Committees shall determine each participant's bonus for the prior Plan Year as follows:

i. The actual Operating Income for the Plan Year will be confirmed, and the Committees shall determine the preliminary bonus amount for each participant by reference to the schedule appended to this Plan (the "**Bonus Schedule**"), which calibrates the Operating Income Target for the Plan Year with the Target Bonus for each participant. The performance range in the Bonus Schedule shall be from 72% to 123% of the Operating Income Target with results at 72% or less producing a preliminary bonus amount equal to 50% of the Target Bonus and at 123% or more producing a preliminary bonus amount equal to 150% of the Target Bonus. Results from 97% to 103% of the Operating Income Target will result in a preliminary bonus amount equal to 100% of the Target Bonus. The preliminary bonus amount for results between 72% and 97% as well as results between 103% and 123% will be calculated using interpolation.

ii. The Committees may then consider other factors deemed, in their discretion, relevant to the performance of the Corporation, including, but not limited to, the impacts of changes in accounting principles, unusual gains and/or losses and other events outside the control of management. The Committees may also consider other factors they deem, in their discretion, relevant to the performance of the Corporation or each individual participant, including, but not limited to, operating performance metrics (such as return on investment, revenue yield, costs per available lower berth days), successful implementation of strategic initiatives and business transactions, significant business contracts, departmental accomplishments, executive recruitment, new ship orders, and management of health, environment, safety and security matters. Based on such factors, the Committees may, in their discretion, increase or decrease the preliminary bonus amount calculated pursuant to Section 5.C.i. by any amount deemed appropriate to determine the final bonus amount. The final bonus amount shall not exceed 200% of the Target Bonus of the participant.

In addition, the Committees may adjust a participant's bonus amount for any unpaid leaves of absence regardless of the nature of the leave.

6. PAYMENT OF BONUS

Except as otherwise provided in the section entitled "Participation," bonuses shall be paid as soon as administratively practicable following determination of the bonuses by the Committees. At the discretion of the Committees, special arrangements may be made for earlier payment to Early Termination Employees.

Notwithstanding any other provision of this Plan, the issuance of bonuses is at the sole discretion of the Committees. The Committees at their sole discretion, may increase, decrease or withhold bonuses.

Participants may elect to defer payment of all or a portion of their bonus in accordance with and under the terms of deferred compensation plans in effect from time to time, including non-qualified deferred compensation plans pursuant to Section 409A of the Internal Revenue Code. Any such deferrals will only be permitted under the terms of those plans and participants will be notified if they are eligible to participate in those plans.

7. DURATION OF PLAN

The Plan will be effective until terminated by the Committees.

8. AMENDMENT OF PLAN

The Committees may amend the Plan from time to time in such respects as the Committees may deem advisable.

Approved by the Compensation Committees: January 15, 2008 and amended July 12, 2008 and October 13, 2008

BONUS SCHEDULE

Percent of Operating Income Target Achieved	Percent of Target Bonus Funded
Under 72%	50.0%
72%	50.0%
73%	52.0%
74%	54.0%
75%	56.0%
76%	58.0%
77%	60.0%
78%	62.0%
79%	64.0%
80%	66.0%
81%	68.0%
82%	70.0%
83%	72.0%
84%	74.0%
85%	76.0%
86%	78.0%
87%	80.0%
88%	82.0%
89%	84.0%
90%	86.0%
91%	88.0%
92%	90.0%
93%	92.0%
94%	94.0%
95%	96.0%
96%	98.0%
97%	100.0%
98%	100.0%
99%	100.0%
100%	100.0%
101%	100.0%
102%	100.0%
103%	100.0%
104%	102.5%
105%	105.0%
106%	107.5%
107%	110.0%
108%	112.5%
109%	115.0%
110%	117.5%
111%	120.0%
112%	122.5%
113%	125.0%
114%	127.5%
115%	130.0%
116%	132.5%
117%	135.0%
118%	137.5%
119%	140.0%
120%	142.5%
121%	145.0%
122%	147.5%
123%	150.0%
Over 123%	150.0%

Exhibit 12

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

	Years Ended November 30,				
	2008	2007	2006	2005	2004
Net income	$2,330	$2,408	$2,279	$2,253	$1,809
Income tax expense, net	47	16	39	72	47
Income before income taxes	2,377	2,424	2,318	2,325	1,856
Fixed charges					
Interest expense, net	414	367	312	330	284
Interest portion of rent expense (a)	17	15	16	17	17
Capitalized interest	52	44	37	21	26
Total fixed charges	483	426	365	368	327
Fixed charges not affecting earnings					
Capitalized interest	(52)	(44)	(37)	(21)	(26)
Earnings before fixed charges	$2,808	$2,806	$2,646	$2,672	$2,157
Ratio of earnings to fixed charges	5.8x	6.6x	7.2x	7.3x	6.6x

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

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

	Years Ended November 30,		
	2008	2007	2006
Revenues			
Cruise			
Passenger tickets	$11,210	$ 9,792	$ 8,903
Onboard and other	3,044	2,846	2,514
Other	392	395	422
	14,646	13,033	11,839
Costs and Expenses			
Operating			
Cruise			
Commissions, transportation and other	2,232	1,941	1,749
Onboard and other	501	495	453
Fuel	1,774	1,096	935
Payroll and related	1,470	1,336	1,158
Food	856	747	644
Other ship operating	1,913	1,717	1,538
Other	293	296	314
Total	9,039	7,628	6,791
Selling and administrative	1,629	1,579	1,447
Depreciation and amortization	1,249	1,101	988
	11,917	10,308	9,226
Operating Income	2,729	2,725	2,613
Nonoperating (Expense) Income			
Interest income	35	67	25
Interest expense, net of capitalized interest	(414)	(367)	(312)
Other income (expense), net	27	(1)	(8)
	(352)	(301)	(295)
Income Before Income Taxes	2,377	2,424	2,318
Income Tax Expense, Net	(47)	(16)	(39)
Net Income	$ 2,330	$ 2,408	$ 2,279
Earnings Per Share			
Basic	$ 2.96	$ 3.04	$ 2.85
Diluted	$ 2.90	$ 2.95	$ 2.77
Dividends Per Share	$ 1.60	$ 1.375	$ 1.025

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

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

	November 30, 2008	November 30, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 650	$ 943
Trade and other receivables, net	418	436
Inventories	315	331
Prepaid expenses and other	267	266
Total current assets	1,650	1,976
Property and Equipment, Net	26,457	26,639
Goodwill	3,266	3,610
Trademarks	1,294	1,393
Other Assets	733	563
	$33,400	$34,181
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 256	$ 115
Current portion of long-term debt	1,081	1,028
Convertible debt subject to current put options	271	1,396
Accounts payable	512	561
Accrued liabilities and other	1,142	1,353
Customer deposits	2,519	2,807
Total current liabilities	5,781	7,260
Long-Term Debt	7,735	6,313
Other Long-Term Liabilities and Deferred Income	786	645
Commitments and Contingencies (Notes 6 and 7)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares authorized; 643 shares at 2008 and 2007 issued	6	6
Ordinary shares of Carnival plc; $1.66 par value; 226 shares authorized; 213 shares at 2008 and 2007 issued	354	354
Additional paid-in capital	7,677	7,599
Retained earnings	13,980	12,921
Accumulated other comprehensive (loss) income	(623)	1,296
Treasury stock; 19 shares at 2008 and 2007 of Carnival Corporation and 52 shares at 2008 and 50 shares at 2007 of Carnival plc, at cost	(2,296)	(2,213)
Total shareholders' equity	19,098	19,963
	$33,400	$34,181

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

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

	Years Ended November 30, 2008	2007	2006
OPERATING ACTIVITIES			
Net income	$ 2,330	$ 2,408	$ 2,279
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,249	1,101	988
Share-based compensation	50	64	68
Other	(37)	26	19
Changes in operating assets and liabilities, excluding businesses acquired and sold			
Receivables	(70)	(119)	118
Inventories	(8)	(57)	(5)
Prepaid expenses and other	(18)	(56)	6
Accounts payable	(66)	109	(53)
Accrued and other liabilities	37	163	(11)
Customer deposits	(76)	430	224
Net cash provided by operating activities	3,391	4,069	3,633
INVESTING ACTIVITIES			
Additions to property and equipment	(3,353)	(3,312)	(2,480)
Purchases of short-term investments	(4)	(2,098)	(18)
Sales of short-term investments	11	2,078	6
Acquisition of business, net of cash acquired and sales of businesses		(339)	
Other, net	91	(75)	49
Net cash used in investing activities	(3,255)	(3,746)	(2,443)
FINANCING ACTIVITIES			
Principal repayments of Facility	(4,237)	(135)	(324)
Proceeds from Facility	4,109	1,086	326
Proceeds from issuance of other long-term debt	2,243	2,654	2,241
Principal repayments of other long-term debt	(1,211)	(1,656)	(2,537)
Proceeds from (repayments of) short-term borrowings, net	138	(1,281)	659
Dividends paid	(1,261)	(990)	(803)
Purchases of treasury stock, net	(83)	(326)	(841)
Other, net	(13)	44	67
Net cash used in financing activities	(315)	(604)	(1,212)
Effect of exchange rate changes on cash and cash equivalents	(114)	61	7
Net decrease in cash and cash equivalents	(293)	(220)	(15)
Cash and cash equivalents at beginning of year	943	1,163	1,178
Cash and cash equivalents at end of year	$ 650	$ 943	$ 1,163

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Unearned stock compen-sation	Accumulated other comprehensive (loss) income	Treasury stock	Total share-holders' equity
Balances at November 30, 2005	$ 6	$ 353	$ 7,381	$ 10,141	$ (13)	$ 159	$ (1,144)	$ 16,883
Adoption of SFAS No. 123(R) (Note 12)								
Comprehensive income:			(13)		13			
Net income				2,279				2,279
Foreign currency translation adjustment						496		496
Minimum pension liability adjustments						2		2
Changes related to cash flow derivative hedges, net						4		4
Total comprehensive income								2,781
Cash dividends declared				(820)				(820)
Purchases of treasury stock							(837)	(837)
Other		1	111				91	203
Balances at November 30, 2006	6	354	7,479	11,600		661	(1,890)	18,210
Comprehensive income:								
Net income				2,408				2,408
Foreign currency translation adjustment						649		649
Unrealized loss on marketable security						(5)		(5)
Minimum pension liability adjustments						(8)		(8)
Changes related to cash flow derivative hedges, net						6		6
Total comprehensive income								3,050
Cash dividends declared				(1,087)				(1,087)
Purchases of treasury stock							(326)	(326)
Other			120				3	123
Adoption of SFAS No. 158 (Note 12)						(7)		(7)
Balances at November 30, 2007	6	354	7,599	12,921		1,296	(2,213)	19,963
Adoption of FIN 48 (Note 8)				(11)				(11)
Comprehensive income:								
Net income				2,330				2,330
Foreign currency translation adjustment						(1,816)		(1,816)
Unrealized loss on marketable security						(15)		(15)
Pension liability adjustments						(3)		(3)
Changes related to cash flow derivative hedges, net						(85)		(85)
Total comprehensive income								411
Cash dividends declared				(1,260)				(1,260)
Purchases of treasury stock, net							(83)	(83)
Other			78					78
Balances at November 30, 2008	$ 6	$ 354	$ 7,677	$ 13,980	$	$ (623)	$ (2,296)	$ 19,098

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

NOTE 1 – General

Description of Business

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

The accompanying consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this 2008 Annual Report as "Carnival Corporation & plc," "our," "us," and "we."

We are the largest cruise company and one of the largest vacation companies in the world. As of November 30, 2008, a summary by brand of our passenger capacity, the number of cruise ships we operate, and the primary areas in which they are marketed is as follows:

Cruise Brand	Passenger Capacity(a)	Number of Cruise Ships	Primary Market
Carnival Cruise Lines	52,286	22	North America
Princess Cruises ("Princess")	37,532	17	North America
Costa Cruises ("Costa")	23,196	12	Europe
Holland America Line	21,088	14	North America
P&O Cruises	11,998	6	United Kingdom
AIDA Cruises ("AIDA")	7,812	5	Germany
Cunard Line ("Cunard")	4,572	2	United Kingdom and North America
Ibero Cruises ("Ibero")	3,570	3	Spain and Brazil
Ocean Village(b)	3,286	2	United Kingdom
P&O Cruises Australia	3,076	2	Australia and New Zealand
The Yachts of Seabourn ("Seabourn")	624	3	North America
	169,040	88	

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

(b) The Ocean Village brand will be phased-out with the transfer of its ships to P&O Cruises Australia in November 2009 and November 2010.

Preparation of Financial Statements

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results could differ from these estimates. All significant intercompany balances and transactions are eliminated in consolidation.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control (see Notes 3 and 15), as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence over financial and operating policies exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost. At November 30, 2008 and 2007, cash and cash equivalents are comprised of cash on hand, money market funds and time deposits.

Marketable Securities

We account for our marketable security investments as trading, available-for-sale or held-to-maturity securities. As of November 30, 2008 and 2007, our marketable security investments were not significant and we had $20 million and $5 million of unrealized holding losses at such dates, respectively. All income generated from these investments is recorded as interest income.

Purchases and sales of short-term investments included in our 2007 Consolidated Statement of Cash Flows consisted of investments with original maturities greater than three months with variable interest rates, which typically reset every 28 days. Despite the long-term nature of their stated contractual maturities, prior to November 30, 2007 we had the ability to quickly liquidate these securities so they were considered short-term investments.

Inventories

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

Property and Equipment

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

	Residual Values	Years
Ships	15%	30
Ship improvements	0% or 15%	3-28
Buildings and improvements	0-10%	5-35
Computer hardware and software	0-10%	3-7
Transportation equipment and other	0-15%	2-20
Leasehold improvements, including port facilities		Shorter of lease term or related asset life

Ship improvement costs that we believe add value to our ships are capitalized to the ships, and depreciated over the improvements' estimated useful lives, while costs of repairs and maintenance, including minor improvement costs, are charged to expense as incurred. We capitalize interest as part of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written off upon replacement.

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

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of its undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value.

Goodwill and Trademarks

We review our goodwill for impairment annually, and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our cruise reporting units. The significant changes to our goodwill carrying amounts since November 30, 2006 were the changes resulting from using different foreign currency translation rates at each balance sheet date, the addition of $161 million of Ibero goodwill in fiscal 2007 (see Note 15), and the $20 million reduction to goodwill in fiscal 2006 resulting from the favorable resolution of certain P&O Princess Cruises plc's ("P&O Princess") tax contingency liabilities that existed at the time of the DLC transaction.

Our goodwill impairment reviews consist of a two-step process. The first step is to determine the fair value of the reporting unit and compare it to the carrying value of the net assets allocated to the reporting unit. Fair values of our reporting units were determined based on our estimates of market values. If this fair value exceeds the carrying value no further analysis or goodwill write-down is required. The second step is required if the fair value of the reporting unit is less than the carrying value of the net assets. In this step the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair values. If necessary, goodwill is then written-down to its implied fair value.

The costs of developing and maintaining our trademarks are expensed as incurred. For certain of our acquisitions we have allocated a portion of the purchase prices to the acquiree's identified trademarks. Trademarks are estimated to have an indefinite useful life and, therefore, are not amortizable, but are reviewed for impairment annually, and, when events or circumstances dictate, more frequently. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value.

Our annual goodwill and trademark impairment reviews are performed as of July 31st of each year. We determined that we had no goodwill or trademark impairments as of July 31, 2008, 2007 and 2006. Subsequent to July 31, 2008, we do not believe there have been any events or circumstances that would require us to perform interim goodwill or trademark impairment reviews.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure to achieve a desired proportion of variable and fixed rate debt (see Notes 5 and 10).

All derivatives are recorded at fair value, and the changes in fair value are immediately included in earnings if the derivatives do not qualify as effective hedges. If a derivative is a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged item. If a derivative is a cash flow hedge, then the effective portion of the changes in the fair value of the derivative are recognized as a component of accumulated other comprehensive income ("AOCI") until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable of occurring. If a derivative or a nonderivative financial instrument is designated as a hedge of our net investment in a foreign subsidiary, then changes in the fair value of the financial instrument are recognized as a component of AOCI to offset a portion of the change in the translated value of the net investment being hedged, until the investment is sold or liquidated. We formally document all hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair value of our derivative contracts and the fair value of our offsetting hedged firm commitments as either current or long-term, which are included in prepaid expenses and other assets and accrued and other liabilities, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged.

During fiscal 2008, 2007 and 2006, the ineffective portions of our hedges were immaterial. No fair value hedges or cash flow hedges were derecognized or discontinued in fiscal 2008, 2007 or 2006. In addition, the amount of realized net losses or gains from cash flow hedges that were reclassified into earnings during fiscal 2008, 2007 and 2006 were not significant. The amount of estimated cash flow hedges' unrealized net gains or losses which are expected to be reclassified to earnings in the next twelve months is also not significant.

If the shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency forwards and options related to these shipbuilding contracts. Accordingly, if the shipyard is unable to perform we may have to discontinue the accounting for these currency forwards and options as hedges. However, we believe that the risk of shipyard nonperformance is remote.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities (which include transportation and shore excursion revenues), and all associated direct costs of a voyage are recognized as cruise expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. Future travel discount vouchers issued to guests are typically recorded as a reduction of cruise passenger ticket revenues when such vouchers are utilized. Cancellation fees are recognized in cruise passenger ticket revenues at the time of the cancellation.

Our sale to guests of air and other transportation to and from our ships and the related cost of purchasing this service is recorded as cruise passenger ticket revenues and cruise transportation costs, respectively. The proceeds that we collect from the sale of third party shore excursions and on behalf of onboard concessionaires, net of the amounts remitted to them, are recorded as concession revenues, on a net basis, in onboard and other cruise revenues.

Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred.

Port and other taxes assessed on a per guest basis by a government or quasi-governmental entity are excluded from expenses as they are presented on a net basis against the corresponding amounts collected from our guests, which are excluded from revenues.

Insurance/Self-Insurance

We use a combination of insurance and self-insurance for a number of risks including claims related to crew and guests, hull and machinery, war risk, workers' compensation, shoreside employee health, property damage and general liability. Liabilities associated with certain of these risks, including crew and guest claims, are estimated actuarially based on historical claims experience, loss development factors and other assumptions. While we believe the estimated loss amounts accrued are adequate, the ultimate loss may differ from the amounts provided.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred, except for brochures and media production costs. The brochures and media production costs are recorded as prepaid expenses and charged to expense as consumed or upon the first airing of the advertisement, respectively. Advertising expenses totaled $524 million, $508 million and $464 million in fiscal 2008, 2007 and 2006, respectively. At November 30, 2008 and 2007, the amount of advertising costs included in prepaid expenses was not significant. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and include items such as salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

We translate the assets and liabilities of our foreign subsidiaries that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign subsidiaries are translated at weighted-average exchange rates for the reporting period. Equity is translated at historical rates and the resulting cumulative foreign currency translation adjustments are included as a component of AOCI. Therefore, the U.S. dollar value of these non-equity translated items in our financial statements will fluctuate from period to period, depending on the changing value of the dollar against these non-U.S. dollar functional currencies.

Exchange gains and losses arising from the remeasurement of monetary assets and liabilities and foreign currency transactions denominated in a currency other than the functional currency of the entity involved are immediately included in nonoperating earnings, unless such assets and liabilities have been designated to act as hedges of ship commitments or net investments in our foreign subsidiaries, respectively. In addition, the unrealized exchange gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as a foreign currency translation adjustment, which is included as a component of AOCI. Net foreign currency transaction exchange gains or losses recorded in our earnings were insignificant in fiscal 2008, 2007 and 2006.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock and ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing adjusted net income by the weighted-average number of shares of common stock and ordinary shares, common stock equivalents and other potentially dilutive securities outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights (see Note 3). All shares that are issuable under our outstanding convertible notes that have contingent share conversion features have been considered outstanding for our diluted earnings per share computations, if dilutive, using the “if converted” method of accounting from the date of issuance.

Share-Based Compensation

Effective December 1, 2005, we adopted the provisions of Statement of Financial Accounting Standard (“SFAS”) No. 123 (revised 2004), “Share-Based Payment” (“SFAS No. 123(R)”), which requires us to measure and recognize compensation expense for all share-based compensation awards. We adopted SFAS No. 123(R) using the modified prospective application transition method. Under this method, the share-based compensation cost recognized beginning December 1, 2005 includes compensation cost for (i) all share-based payments granted prior to, but not vested as of, December 1, 2005, based on the grant date fair value originally estimated in accordance with the provisions of SFAS No. 123, “Accounting for Stock-Based Compensation” (“SFAS No. 123”) and (ii) all share-based payments granted subsequent to November 30, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

Compensation cost under SFAS No. 123(R) is recognized ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. In addition, pursuant to SFAS No. 123(R) we are required to estimate the amount of expected forfeitures, which we estimate based on historical forfeiture experience, when calculating compensation cost. If the actual forfeitures that occur are different from the estimate, then we revise our estimates.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. We seek to minimize credit risk, including counterparty nonperformance primarily associated with our cash equivalents, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees by primarily conducting business with large, well-established financial institutions who have long-term credit ratings of A or above, and by diversifying our counterparties. In addition, we have established guidelines regarding credit ratings and investment maturities that we follow to help maintain safety and liquidity. We do not currently anticipate nonperformance by any of our significant counterparties.

We also monitor the creditworthiness of foreign travel agencies and tour operators to which we grant credit terms in the normal course of our business. Concentrations of credit risk associated with these receivables are considered minimal primarily due to their short maturities and the large number of accounts within our customer base. We have experienced only minimal credit losses on our trade receivables. We do not normally require collateral or other security to support normal credit sales. However, we normally do require collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards.

NOTE 3 – DLC Structure

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

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

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

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

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

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

Simultaneously with the completion of the DLC transaction, a partial share offer ("PSO") for 20% of Carnival plc's shares was made and accepted, which enabled 20% of Carnival plc shares to be exchanged for 41.7 million Carnival Corporation shares. The 41.7 million shares of Carnival plc held by Carnival Corporation as a result of the PSO, which cost $1.05 billion, are being accounted for as treasury stock in the accompanying balance sheets.

NOTE 4 – Property and Equipment

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

	November 30,	
	2008	2007
Ships	$30,557	$29,324
Ships under construction	707	1,655
	31,264	30,979
Land, buildings and improvements, including leasehold improvements and port facilities	762	717
Computer hardware and software, transportation equipment and other	847	844
Total property and equipment	32,873	32,540
Less accumulated depreciation and amortization	(6,416)	(5,901)
	$26,457	$26,639

Capitalized interest, primarily on our ships under construction, amounted to $52 million, $44 million and $37 million in fiscal 2008, 2007 and 2006, respectively. Ships under construction include progress payments for the construction of these ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2008, five ships with an aggregate net book value of $1.9 billion were pledged as collateral pursuant to mortgages related to $817 million of debt and a $423 million contingent obligation (see Notes 5 and 6).

Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, were $676 million, $597 million and $555 million in fiscal 2008, 2007 and 2006, respectively.

NOTE 5 – Debt

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

	November 30, 2008(a)	November 30, 2007(a)
Secured Long-term Debt		
Floating rate export credit facilities, collateralized by four ships, bearing interest from LIBOR plus 1.1% to LIBOR plus 1.3% (3.7% to 4.5%), due through 2015(b)	$ 441	$ 556
Fixed rate export credit facilities, collateralized by two ships, bearing interest at 5.4% and 5.5%, due through 2016(b)	376	378
Other	2	18
Total Secured Long-term Debt	819	952
Unsecured Long-term Debt		
Export Credit Facilities		
Fixed rate export credit facilities, bearing interest at 4.2% to 5.0%, due through 2020(c)(d)	2,867	1,724
Euro floating rate export credit facility, bearing interest at EURIBOR plus 0.2% or 5.4%, due through 2019	261	333
Bank Loans		
Fixed rate bank loan, bearing interest at 4.4%, due in 2015(d)(e)	500	
Euro floating rate bank loans, bearing interest at EURIBOR plus 0.2% to 0.3% (3.8% to 4.2%), due through 2010(g)	607	546
Euro fixed rate bank loan, bearing interest at 4.7%, due through 2012	82	122
Revolving Credit Facility (f)(g)		
Loans, bearing interest at LIBOR plus 0.175% or 1.6%	583	240
Euro loans, bearing interest at EURIBOR plus 0.175% or 1.6%	208	779
Private Placement Notes		
Fixed rate notes, bearing interest at 4.9% to 6.0%, due through 2016	229	338
Euro fixed rate notes, bearing interest at 6.7% to 7.3%, due through 2018(d)	236	
Publicly-Traded Notes		
Fixed rate notes, bearing interest at 6.7% to 7.2%, due through 2028	530	731
Euro fixed rate notes, bearing interest at 4.3%, due through 2013	949	1,108
Sterling fixed rate notes, bearing interest at 5.6%, due in 2012	320	437
Publicly-Traded Convertible Notes		
Notes, bearing interest at 2%, due in 2021, with next put option in 2011	595	595
Notes, bearing interest at 4.6%, net of discount, with a 2008 face value of $422 million, due in 2033, with next put option in 2009	271	575
Zero-coupon notes, net of discount		226
Other	30	31
Total Unsecured Long-term Debt	8,268	7,785
Unsecured Short-term Borrowings		
Euro bank loans, with weighted-average interest rates of 4.3%, due through January 2009	244	100
Bank loans, with weighted-average interest rates of 5.3%, repaid in December 2008	12	15
Total Unsecured Short-term Borrowings	256	115
Total Unsecured Debt	8,524	7,900
Total Debt	9,343	8,852
Less short-term borrowings	(256)	(115)
Less current portion of long-term debt	(1,081)	(1,028)
Less convertible debt subject to current put options	(271)	(1,396)
Total Long-term Debt	$ 7,735	$ 6,313

(a) All interest rates are as of November 30, 2008. At November 30, 2008, 62%, 30% and 8% (53%, 37% and 10% at November 30, 2007) of our debt was U.S. dollar, euro and sterling- denominated, respectively, including the effect of foreign currency swaps. At November 30, 2008, 74% and 26% (69% and 31% at November 30, 2007) of our debt bore fixed and variable interest rates, including the effect of interest rate swaps, respectively. Substantially all of our debt agreements contain one or more of the following financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables (See Note 10) could become due, and all debt and derivative contracts could be terminated. At November 30, 2008, we believe we were in compliance with all of our debt covenants.

(b) A portion of two Princess ships has been financed with export credit facilities having both fixed and variable interest rate components.

(c) In 2008, we borrowed $523 million, $443 million and $353 million under three export credit facilities, which proceeds were used to pay a portion of *Ventura*, *Carnival Splendor* and *Ruby Princess* purchase prices, respectively. These facilities bear an aggregate weighted-average interest rate of 4.3% at November 30, 2008, and are repayable in semi-annual installments through 2020.

(d) Includes an aggregate $3.1 billion of debt whose interest rate will increase upon a reduction in the senior unsecured credit ratings of Carnival Corporation or Carnival plc from A-/A3 to BBB/Baa2 and will increase further upon additional credit rating reductions, exclusive of the amount shown in Note(g).

(e) In June 2008, we borrowed $500 million, of which a portion of the proceeds were effectively used to pay a portion of *Eurodam's* purchase price. The loan principal is due in seven years and interest is paid semi-annually. The lenders have a one-time option on the third anniversary of the loan to elect to switch the interest rate to a floating rate of LIBOR plus 55 basis points ("bps").

(f) Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries are parties to an unsecured multi-currency revolving credit facility for $2.0 billion (comprised of $1.2 billion, €400 million and £200 million) (the "Facility"). Under the Facility we can draw loans in U.S. dollars, euros and sterling.

(g) Includes an aggregate $1.4 billion of debt whose interest rate and, in the case of the Facility, its commitment fees, will increase upon a reduction in the senior unsecured credit ratings of Carnival Corporation or Carnival plc from A-/A3 to BBB+/Baa1 and will increase further upon additional credit rating reductions.

At November 30, 2008, the scheduled annual maturities of our debt was as follows (in millions):

	2009	2010	2011	2012	2013	There-after
Short-term borrowings	$ 256					
Facility	649			$ 142		
Convertible notes	271		$ 595			
Other long-term notes	432	$1,001	432	934	$1,357	$3,274
Total	$1,608	$1,001	$1,027	$1,076	$1,357	$3,274

Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the notes or the noteholders first put option date, whichever is earlier. In addition, all debt issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Revolving Credit Facilities

We are required to pay a commitment fee of 30% of the margin per annum on the undrawn portion of the Facility. If more than 50% of the Facility is drawn, we will incur an additional 5 bps utilization fee on the total amount outstanding. All of the Facility matures in October 2012, except for $39 million which matures in October 2011. At November 30, 2008, $1.2 billion was available under the Facility, using the November 30, 2008 exchange rates.

At November 30, 2008, we also had $660 million available under two other revolving credit facilities. The first facility of $470 million was to mature on December 31, 2008, but was terminated earlier in December 2008. The second euro-denominated facility is for $190 million (€150 million based on the November 30, 2008 exchange rate), and matures in November 2011.

In December 2008, we entered into a $100 million unsecured revolving credit facility, which matures in January 2012.

Convertible Notes

At November 30, 2008, Carnival Corporation's 2% convertible notes ("2% Notes") and 1.75% convertible notes ("1.75% Notes") are convertible into 15.2 million shares and 5.1 million shares (a maximum of 9.9 million shares if certain Carnival Corporation share prices are achieved) of Carnival Corporation common stock, respectively.

The 2% Notes are convertible at a conversion price of $39.14 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than $43.05 per share for a defined duration of time in the preceding fiscal quarter. The conditions for conversion of the 2% Notes were not satisfied during 2008, however they were satisfied throughout 2007, and during the first and last quarters of fiscal 2006. Since their issuance in 2000, only a nominal amount of our 2% Notes have been converted.

The 1.75% Notes are convertible at a conversion price of $53.65 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than a specified trigger price for a defined duration of time in the preceding fiscal quarter. During the fiscal quarters ending from August 31, 2003 through April 29, 2008, the trigger price was $63.73 per share. Since April 29, 2008, this conversion trigger price has been increasing each quarter based on an annual rate of 1.75%, until maturity. The conditions for conversion of the 1.75% Notes have not yet been satisfied. In addition, holders may also surrender the 1.75% Notes for conversion if the 1.75% Notes credit rating is Baa3 or lower by Moody's Investors Service and BBB- or lower by Standard & Poor's Rating Services. Since April 30, 2008, the 1.75% Notes have no longer required a 1.75% cash interest payment, but interest has begun to accrete at a 1.75% yield to maturity.

In April 2008, we amended the terms of the 1.75% Notes to give the holders another put option, which, if exercised, requires us to repurchase all or a portion of the outstanding 1.75% Notes on October 29, 2009 at their accreted value, and suspended our right to redeem the 1.75% Notes until that date. The $8 million estimated fair value of this new put option is being amortized to interest expense over its eighteen-month term using the straight-line method, which approximates the effective interest rate method. The terms of the 1.75% Notes were also amended to include an additional semi-annual cash interest payment of 0.5% per annum through October 29, 2009 and certain other covenants and agreements were changed for the benefit of the holders of this debt. On April 30, 2008, as a result of certain holders exercising their April 29, 2008 put option, we repurchased $302 million of the outstanding 1.75% Notes at their accreted value, plus accrued interest, leaving $271 million of the 1.75% Notes outstanding at their accreted value.

At November 30, 2008, the 1.75% Notes have a 4.6% yield through October 29, 2009. At November 30, 2008, these 1.75% Notes were classified as current liabilities, since we may be required to repurchase all or a portion of these notes at the option of the noteholders on October 29, 2009. If the 1.75% noteholders do not exercise their options, then we will change the classification of the 1.75% Notes to long-term, as the next holders' optional redemption date does not occur until April 29, 2013.

On October 24, 2008, we repurchased substantially all the then outstanding Zero-coupon convertible notes ("Zero-Coupon Notes") at their accreted value, leaving a nominal amount outstanding. In addition, during fiscal 2007 and 2006, $4 million and $69 million of Zero-Coupon Notes were converted at their accreted value into 0.1 million and 2.1 million shares of Carnival Corporation common stock, respectively, of which a nominal amount and 1.9 million shares were issued from treasury stock, respectively.

On October 29, 2009 and April 29 of 2013, 2018, 2023 and 2028 the 1.75% noteholders and on April 15, 2011 the 2% noteholders may require us to repurchase all or a portion of the outstanding 1.75% Notes at their accreted values and the 2% Notes at their face values plus any unpaid accrued interest.

Subsequent to October 29, 2009, we may redeem all or a portion of the 1.75% Notes at their accreted values, subject to the noteholders' right to convert. We currently may redeem all or a portion of our 2% Notes at their face values plus any unpaid accrued interest, subject to the noteholders' right to convert.

Upon conversion, redemption or repurchase of the 1.75% Notes and the 2% Notes, we may choose to deliver Carnival Corporation common stock, cash or a combination of cash and common stock with a total value equal to the value of the consideration otherwise deliverable.

Committed Ship Financing Facilities

We have unsecured long-term export credit facilities for which we have the option to borrow a portion of certain ships' purchase prices. These euro-denominated facilities are repayable semi-annually over a 12 year period and we have the option to terminate each facility up until 60 days prior to the underlying ship's delivery date. Details of the facilities, with U.S. dollar amounts based on the November 30, 2008 exchange rate, are as follows:

Ship	Date Committed	Scheduled for Funding	Amount (in millions)
AIDAluna	6/05	3/09	$ 298
Carnival Dream	8/07	9/09	515
AIDAblu	10/08	2/10	333
AIDA Newbuild	12/08	4/11	366
AIDA Newbuild	12/08	5/12	371
Total			$ 1,883

NOTE 6 – Commitments

Ship Commitments

As of November 30, 2008, we had 17 ships under contract for construction with an aggregate passenger capacity of 38,056. The estimated total cost of these ships is approximately $9.1 billion, which includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We have paid $719 million through November 30, 2008 and anticipate paying the remaining estimated total costs as follows: $2.6 billion, $2.8 billion, $1.9 billion and $1.0 billion in fiscal 2009, 2010, 2011 and 2012, respectively.

Operating Leases, Port Facilities and Other Commitments

Rent expense under our operating leases, primarily for office and warehouse space, was $52 million, $46 million and $47 million in fiscal 2008, 2007 and 2006, respectively. At November 30, 2008, minimum amounts payable for our operating leases, with initial or remaining terms in excess of one year, and for the annual usage of port facilities and other contractual commitments with remaining terms in excess of one year, were as follows (in millions):

Fiscal	Operating Leases	Port Facilities and Other
2009	$ 41	$ 143
2010	34	104
2011	31	77
2012	30	69
2013	26	68
Thereafter	112	513
Total	$ 274	$ 974

NOTE 7 – Contingencies

Litigation

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other unaffiliated cruise lines in New York on behalf of a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. In the event that an award is given in favor of the plaintiffs, the amount of damages, if any, which Carnival Corporation and its subsidiaries and affiliates would have to pay is not currently determinable. The ultimate outcome of this matter cannot be determined at this time. However, we intend to vigorously defend this matter.

The Office of the Attorney General of Florida ("Attorney General") is conducting an investigation to determine whether there is or has been a violation of Florida antitrust laws in connection with the setting by us and other unaffiliated cruise lines of certain fuel supplements. We are providing our full cooperation to the Attorney General's office.

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, net of any insurance recoverables, 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 – Lease Out and Lease Back Type Transactions

At November 30, 2008, Carnival Corporation had estimated contingent obligations totaling $1.1 billion and recorded long-term obligations of $80 million, excluding termination payments as discussed below, to participants in lease out and lease back type transactions for three of its ships. At the inception of these leases, the aggregate of the net present value of all these obligations was paid by Carnival Corporation to a group of major financial institutions, one of which includes American International Group Inc. ("AIG"), who agreed to act as payment undertakers and directly pay these obligations. Accordingly, the $1.0 billion of contingent obligations are considered extinguished, and neither the funds nor the contingent obligations have been included on our balance sheets.

In the event that Carnival Corporation were to default on its obligations and assuming performance by all other participants, we estimate that we would, as of November 30, 2008, be responsible for a termination payment of approximately $175 million. Between 2017 and 2022, we have the right to exercise options that would terminate these three lease transactions at no cost to us.

In certain cases, if the credit ratings of the financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to replace these financial institutions with other financial institutions whose credit ratings are at least AA or meet other specified credit requirements. In such circumstances we will incur additional costs, although we estimate that they will be immaterial to our financial statements. All of these financial institutions have credit ratings of AAA. If Carnival Corporation's credit rating, which is A-, falls below BBB, it will be required to provide a standby letter of credit for $72 million, or alternatively provide mortgages for this aggregate amount on two of these ships.

In September 2008, the credit ratings of AIG and its subsidiaries involved in two of these transactions were downgraded from AA- to A-. As a result of this downgrade, AIG pledged collateral to support its continuing payment undertaker obligations as required under the terms of one of the transactions. Under the other transaction in which AIG was also a payment undertaker, we replaced them by purchasing $80 million of long-term U.S. Treasury strip securities (the "Treasury Strips"), which are pledged as our collateral for the repayment of the $80 million long-term recorded obligation noted above. In November 2008, AIG remitted $77 million to reimburse us. At November 30, 2008, the Treasury Strips are restricted, are recorded in long-term other assets and are accounted for as marketable securities held-to-maturity.

Contingent Obligations – Indemnifications

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 and changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 8 – Income and Other Taxes

We are foreign corporations primarily engaged in the international operation of vessels. Generally, income from the international operation of vessels is subject to preferential tax regimes in the countries where the vessel owning and operating companies are incorporated, and generally exempt from income tax in other countries where the vessels call due to the application of income tax treaties or domestic law which, in the U.S., is Section 883 of the Internal Revenue Code. Income that we earn which is not associated with the international operation of ships or earned in countries without preferential tax regimes is subject to income tax in the countries where such income is earned.

AIDA, Costa, Cunard, Ibero, Ocean Village, P&O Cruises and P&O Cruises Australia are subject to income tax under the tonnage tax regimes of either Italy or the United Kingdom. Under both tonnage tax regimes, shipping profits, as defined under the applicable law, are subject to corporation tax by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits under tonnage tax rules is taxable under either the Italian tax regime applicable to Italian registered ships or the normal UK income tax rules. We believe that the majority of the ordinary income attributable to these brands constitutes shipping profits and, accordingly, Italian and UK income tax expenses for these operations have been minimal under the existing tax regimes.

Carnival Cruise Lines, Princess, Holland America Line and Seabourn are primarily subject to the income tax laws of Panama, Bermuda, the Netherlands Antilles and Bermuda, respectively. As a general matter, the laws of Panama and the Netherlands Antilles exempt earnings derived from international ship operations and Bermuda does not have an income tax. With respect to the U.S. domestic law exemption, Section 883 regulations limit the types of income deemed to be derived from the international operation of a ship that are exempt from income tax. Accordingly, our provision for U.S. federal and state income taxes includes taxes on a portion of our ship operations, in addition to the transportation, hotel and tour businesses of Holland America Tours and Princess Tours.

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. All interest expense related to income tax liabilities are classified as income tax expenses. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes and/or fees based on guest counts, ship tonnage, ship capacity or some other measure.

On December 1, 2007, we adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies, among other things, the accounting for uncertain income tax positions by prescribing a minimum probability threshold that a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position that, based solely on its technical merits, is more likely than not to be sustained upon examination by the relevant taxing authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. FIN 48 was applied to all existing tax positions upon adoption. Our adoption of FIN 48 resulted in an $11 million reduction to our opening fiscal 2008 retained earnings. In addition, based on all known facts and circumstances and current tax law, we believe that the total amount of our uncertain income tax position liabilities and related accrued interest are not material to our November 30, 2008 financial position.

NOTE 9 – Shareholders' Equity

Carnival Corporation's articles of incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock, and Carnival plc has 100,000 authorized preference shares. At November 30, 2008 and 2007, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued.

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation Common Stock and/or Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining $578 million authorization back to $1 billion. During fiscal 2008, 2007 and 2006, we purchased 0.6 million, 0.2 million and 18.7 million shares of Carnival Corporation common stock, respectively. During fiscal 2008, 2007 and 2006, we purchased 1.3 million, 7.3 million and 0.6 million shares of Carnival plc ordinary shares, respectively. At January 28, 2009, the remaining availability pursuant to our repurchase program was $787 million. No expiration date has been specified for this authorization; however, the Carnival plc share repurchase authorization requires annual shareholder approval.

In November 2008, we issued 633,000 shares of Carnival Corporation common stock for $15 million of net proceeds, substantially all of which was used to fund the repurchase of 633,000 shares of Carnival plc ordinary shares. In this offering, we have issued Carnival Corporation common stock in the U.S., only to the extent we could repurchase shares of Carnival plc in the UK on at least an equivalent basis, with the remaining net proceeds used for general corporate purposes.

At November 30, 2008, there were 53.5 million shares of Carnival Corporation common stock reserved for issuance pursuant to its convertible notes and its employee benefit and dividend reinvestment plans. In addition, Carnival plc shareholders have authorized 12.8 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2008 and 2007, accumulated other comprehensive (loss) income was as follows (in millions):

	November 30,	
	2008	2007
Cumulative foreign currency translation adjustments, net	$(478)	$1,338
Unrecognized pension expenses	(35)	(32)
Unrealized loss on marketable security	(20)	(5)
Unrealized losses on cash flow derivative hedges, net	(90)	(5)
	$(623)	$1,296

NOTE 10 – Fair Value Measurements

Whenever possible, quoted prices in active markets are used to determine the fair value of our financial instruments. Our financial instruments are not held for trading or other speculative purposes. At November 30, 2008 and 2007, the estimated carrying and fair value of our financial instruments that are not measured at fair value on a recurring basis was as follows (in millions):

Financial Instruments	2008 Carrying Value	2008 Fair Value	2007 Carrying Value	2007 Fair Value
Cash equivalents(a)	$ 65	$ 65	$ 360	$ 360
Long-term other assets(b)	$ 507	$ 491	$ 385	$ 378
Debt-non-convertible(c)	$ 8,477	$ 6,591	$ 7,456	$ 7,407
Debt-convertible(d)	$ 866	$ 754	$ 1,396	$ 1,601

(a) Cash equivalents are comprised of certificates of deposit and due to their short maturities the carrying amounts approximate their fair values.

(b) At November 30, 2008 and 2007, long-term other assets includes Treasury Strips, and notes and other receivables. The fair values of Treasury Strips were based on public market prices. The fair values of notes and other receivables were based on estimated discounted future cash flows.

(c) The net difference between the fair value of our non-convertible debt and its carrying value was due primarily to the market interest rates in existence at the respective measurement dates being higher or lower than the rates on our debt obligations. The fair values of our publicly-traded notes were based on their market prices. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

(d) The net difference between the fair value of our publicly-traded convertible notes and their carrying value is largely due to the impact of lower interest rates in 2008 and changes in the Carnival Corporation common stock price on the value of our convertible notes in 2007. The fair values of our publicly-traded convertible notes were based on their market prices.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, the standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. The adoption of SFAS No. 157 did not materially impact our financial statements.

At November 30, 2008, the fair value and basis of valuation of our financial assets and financial liabilities that are required to be measured at fair value on a recurring basis were as follows (in millions):

Financial Instruments	Fair Value Measurements on a Recurring Basis Level 1(a)	Level 2(b)
Cash equivalents(c)	$ 305	
Marketable securities held in Rabbi Trusts(d)	$ 92	$ 21
Derivatives(e):		
Ship foreign currency forwards and options(f)		$ (20)
Net investment hedges(g)		$ 13
Debt related currency swaps(h)		$ 104
Interest rate swaps(i)		$ 5

(a) Level 1 measurements are based on inputs from quoted prices for identical assets in active markets.

(b) Level 2 measurements are based on inputs from quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset or liability.

(c) Cash equivalents are comprised of money market funds.

(d) Marketable securities held in Rabbi Trusts are comprised of common stock, bond and other mutual funds.

(e) Derivatives are included in prepaid expenses and other, long-term other assets, other current liabilities and long-term other liabilities and marketable securities are included in long-term other assets.

(f) At November 30, 2008, we have foreign currency forwards and options that are designated as foreign currency cash flow hedges for two of our euro-denominated shipbuilding contracts. These foreign currency forwards mature in 2009 and the options mature through 2010.

(g) At November 30, 2008 and 2007, we have foreign currency forwards totaling $284 million and $378 million that are designated as hedges of our net investments in foreign subsidiaries, which have a euro-denominated functional currency. These foreign currency forwards were entered into to effectively convert U.S. dollar-denominated debt into euro debt and mature through 2017. In addition to these derivative hedges, as of November 30, 2008 and 2007 we have designated $1.6 billion and $1.9 billion of our euro debt and $343 million and $457 million of our sterling debt and other obligations, respectively, which mature through 2019, as nonderivative hedges of our net investments in foreign subsidiaries. Accordingly, we have included $319 million and $372 million of cumulative foreign currency transaction gains and losses, respectively, in the cumulative translation adjustment component of AOCI at November 30, 2008 and 2007, respectively.

(h) At November 30, 2008 and 2007, we also have designated foreign currency cash flow swaps that effectively converted $398 million and $438 million, respectively, of U.S. dollar fixed interest rate debt into sterling fixed interest rate debt. The fair value of these foreign currency swaps is included in the cumulative translation adjustment component of AOCI. These currency swaps mature through 2019.

(i) We have interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making variable interest rate payments. At November 30, 2008 and 2007, these interest rate swap agreements effectively changed $96 million and $204 million, respectively, of fixed rate debt to EURIBOR or LIBOR-based floating rate debt. These interest rate swaps mature through 2010.

The implementation of SFAS No. 157 did not result in material changes to the models or processes used to value our financial assets and financial liabilities that are recorded at fair value on a recurring basis. We value our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs to the valuation model including interest rates, currency exchange rates, credit spreads, volatilities and netting arrangements. We have elected to use the income approach to value the derivatives, using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact. SFAS No. 157 states that the fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the entity and the counterparty. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position and our creditworthiness was considered when we are in a liability position in the fair value measurement of our derivative instruments. Creditworthiness did not have a material impact on the fair value of our derivative instruments. Both the counterparty and we are expected to continue to perform under the contractual terms of the instruments.

In February 2008, the FASB issued FASB Staff Position FAS 157-2, "Effective date of FASB Statement No. 157." This statement provides a one year deferral of SFAS No. 157's effective date for nonfinancial assets and liabilities. Accordingly, for nonfinancial assets and liabilities SFAS No. 157 will become effective for us as of December 1, 2008, and may impact the determination of our goodwill, trademarks and other long-lived assets' fair values, when or if we have to perform impairment reviews.

At November 30, 2007, we had foreign currency forwards that were designated as foreign currency fair value hedges for one of our euro-denominated shipbuilding contracts and a portion of another shipbuilding contract. In addition, at November 30, 2007 we had $439 million of euro cash equivalents that were designated as a fair value hedge for a portion of a shipbuilding contract.

NOTE 11 – 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, including the products and services they provide. Substantially all of our other segment represents the hotel, tour and transportation operations of Holland America Tours and Princess Tours. The significant accounting policies of our segments are the same as those described in Note 2 – "Summary of Significant Accounting Policies." Information for our cruise and other segments as of and for the years ended November 30 was as follows (in millions):

	Revenues(a)	Operating expenses	Selling and adminis- trative	Depreciation and amortization	Operating income	Capital expend- itures	Total assets
2008							
Cruise	$ 14,254	$ 8,746	$1,594	$ 1,213	$ 2,701	$3,321	$32,833
Other	561	462	35	36	28	32	567(b)
Intersegment elimination	(169)	(169)					
	$ 14,646	$ 9,039	$1,629	$ 1,249	$ 2,729	$3,353	$33,400
2007							
Cruise	$ 12,638	$ 7,332	$1,547	$ 1,065	$ 2,694	$3,265	$33,602
Other	553	454	32	36	31	47	579(b)
Intersegment elimination	(158)	(158)					
	$ 13,033	$ 7,628	$1,579	$ 1,101	$ 2,725	$3,312	$34,181
2006							
Cruise	$ 11,417	$ 6,477	$1,405	$ 954	$ 2,581	$2,395	$29,968
Other	533	425	42	34	32	85	584(b)
Intersegment elimination	(111)	(111)					
	$ 11,839	$ 6,791	$1,447	$ 988	$ 2,613	$2,480	$30,552

(a) A portion of other segment revenues include revenues for the cruise portion of a tour, when a cruise is sold along with a land tour package by Holland America Tours or Princess Tours, and shore excursion and port hospitality services provided to cruise guests by these tour companies. These intersegment revenues, which are included in full in the cruise segment, are eliminated directly against the other segment revenues and operating expenses in the line "Intersegment elimination."

(b) Other segment assets primarily included hotels and lodges in the state of Alaska and the Canadian Yukon Territory, motorcoaches used for sightseeing and charters and domed rail cars, which run on the Alaska Railroad.

Foreign revenues for our cruise brands represent sales generated from outside the U.S. primarily by foreign tour operators and foreign travel agencies. Substantially all of our long–lived assets are located outside of the U.S. and consist principally of our ships and ships under construction.

Revenues by geographic area, which is based on where the guest is from, were as follows (in millions):

	Years Ended November 30,		
	2008	2007	2006
North America	$ 8,090	$ 7,803	$ 7,679
Europe	5,443	4,355	3,473
Others	1,113	875	687
	$14,646	$13,033	$11,839

NOTE 12 – Benefit Plans

Stock Incentive Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 38.3 million shares available for future grant at November 30, 2008. These plans allow us to issue stock options, restricted stock awards and restricted stock units (collectively "incentive awards"). Incentive awards are primarily granted to management level employees and members of our Board of Directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which incentive awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our incentive award obligations using shares purchased in the open market, or with unissued or treasury shares. Certain incentive awards provide for accelerated vesting if we have a change in control, as defined.

Effective December 1, 2005 we adopted the provisions of SFAS No. 123(R), which required us to measure and recognize compensation expense for all share-based compensation awards. The total share-based compensation expense was $50 million, $64 million and $68 million for fiscal 2008, 2007 and 2006, of which $44 million, $57 million and $60 million has been included in the Consolidated Statements of Operations as selling, general and administrative expenses and $6 million, $7 million and $8 million as cruise payroll expenses, respectively.

As permitted by SFAS No. 123(R), the fair values of options were estimated using the Black-Scholes option-pricing model. The Black-Scholes weighted-average values and assumptions were as follows:

	Years ended November 30,	
	2007	2006
Fair value of options at the dates of grant	$ 11.76	$ 12.25
Risk-free interest rate (a)	4.9%	4.5%
Expected dividend yield	3.3%	2.6%
Expected volatility (b)	29.3%	29.2%
Expected option life (in years)(c)	5.00	4.75

(a) The risk-free interest rate was based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected option life assumed at the date of grant.

(b) The expected volatility was based on a weighting of the implied volatilities derived from our exchange traded options and convertible notes and the historical volatility of our common stock.

(c) The average expected life was based on the contractual term of the option and expected employee exercise behavior. Based on our assessment of employee groupings and observable behaviors, we determined that a single grouping was appropriate.

Stock Option Plans

The Committee generally set stock option exercise prices at 100% or more of the fair market value of the underlying common stock/ordinary shares on the date the option was granted. All stock options granted during fiscal 2007 and 2006 were granted at an exercise price per share equal to or greater than the fair market value of the Carnival Corporation common stock and Carnival plc ordinary shares on the date of grant. Generally employee options either vest evenly over five years or at the end of three years. Our employee options granted prior to October 2005 have a ten-year term and those options granted thereafter have a seven-year term. In the fourth quarter of fiscal 2007, the Committee decided to cease granting employee stock options, and to grant restricted stock units ("RSUs") or restricted stock awards ("RSAs") to our employee groups who were previously granted options. This change from options to RSUs/RSAs will enable us to have a more uniform method of granting incentive awards to our employees. Since fiscal 2001, Carnival Corporation Board of Director options vest evenly over five years and have a ten-year term. In 2008, the Committee decided to also cease granting stock options to non-executive board members, and will only grant them RSAs and/or RSUs.

A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2008 was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a) (in millions)
Outstanding at November 30, 2007	17,716,892	$ 44.22		
Exercised	(510,434)	$ 29.38		
Forfeited or expired	(518,306)	$ 44.82		
Outstanding at November 30, 2008	16,688,152	$ 42.03	4.2	$ 1
Exercisable at November 30, 2008	13,771,397	$ 40.38	3.8	$ 1

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2008.

As of the dates of exercise, the total intrinsic value of options exercised in fiscal 2008, 2007 and 2006 was $5 million, $31 million and $48 million, respectively. As of November 30, 2008, there was $23 million of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock Awards and Restricted Stock Units

RSAs generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. Prior to fiscal 2006, unearned stock compensation was recorded within shareholders' equity at the date of award based on the quoted market price of the Carnival Corporation common stock on the date of grant. In fiscal 2006 upon adoption of SFAS No. 123(R), the $13 million of unearned stock compensation as of November 30, 2005 was required to be charged against additional paid-in capital. RSAs have been granted to certain officers and non-executive board members and either have three or five-year cliff vesting or vest evenly over five years after the grant date. In addition, Carnival Corporation and Carnival plc grant RSUs that vest evenly over five years or at the end of three or five years after the grant date and accrue dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense associated with RSAs and RSUs is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant, and is amortized to expense using the straight-line method from the grant date through the earlier of the vesting date or the estimated retirement eligibility date.

During the year ended November 30, 2008, RSA and RSU activity was as follows:

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2007	918,307	$ 45.39	737,439	$ 51.10
Granted	261,879	$ 41.58	806,800	$ 41.43
Vested	(224,991)	$ 31.41	(73,032)	$ 52.22
Forfeited			(37,417)	$ 48.09
Outstanding at November 30, 2008	955,195	$ 47.63	1,433,790	$ 45.68

The total grant date fair value of RSAs and RSUs vested was $11 million during fiscal 2008 and $9 million in each of 2007 and 2006. As of November 30, 2008, there was $33 million of total unrecognized compensation cost related to RSAs and RSUs. This cost is expected to be recognized over a weighted-average period of 1.8 years.

Defined Benefit Pension Plans

We have several single-employer defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. The remaining defined benefit plans are primarily unfunded. In determining all of our plans' benefit obligations at November 30, 2008, we assumed a weighted-average discount rate of 7.1%. The net assets or liabilities related to the obligations under these single-employer defined benefit pension plans are not material.

In addition, P&O Cruises, Princess and Cunard participate in an industry-wide British Merchant Navy Officers Pension Fund ("MNOPF"), a defined benefit multiemployer pension plan available to certain of their British shipboard officers. The MNOPF is divided into two sections, the "New Section" and the "Old Section," each of which covers a different group of participants, with the Old Section closed to further benefit accrual and the New Section only closed to new membership. At November 30, 2008, both the New Section and the Old Section were estimated to have funding deficits.

Substantially all of any MNOPF New Section deficit liability which we may have relates to the obligations of P&O Cruises and Princess, which existed prior to the combination in 2003 of Carnival Corporation's and Carnival plc's businesses into a DLC. However, since the MNOPF New Section is a multiemployer plan and it was not probable that we would withdraw from the plan nor was our share of the liability certain, we could not record our estimated share of the ultimate deficit as a Carnival plc acquisition liability that existed at the DLC transaction date. The amount of our share of the fund's ultimate deficit could vary considerably if different pension assumptions and/or estimates were used. Therefore, we expense our portion of any deficit as amounts are invoiced by, and become due and payable to, the fund's trustee. In 2007, we received a special assessment invoice from the fund for what the trustee calculated to be our additional share of the entire MNOPF New Section liability, based on their most recent actuarial valuation. Accordingly, we recorded the full invoiced liability of $20 million in cruise payroll and related expense in 2007. It is still possible that the fund's trustee may invoice us for additional amounts in the future for various reasons, including if they believe the fund requires further contributions.

As of the DLC formation date in April 2003 and through November 30, 2007, the MNOPF's Old Section had a funding surplus and, accordingly, no expenses had been recorded for this section of the plan in our financial statements. However, as noted above, the Old Section is currently estimated to have a deficit, which could result in the fund's trustee invoicing us for amounts in the future, if they believe the fund requires further contributions. Our share of the Old Section deficit, if any, which covers predecessor employers' officers prior to 1978, is not currently known and, accordingly, the amount of any such contribution is not currently determinable.

Total expense for all defined benefit pension plans, including multiemployer plans, was $42 million, $55 million and $28 million in fiscal 2008, 2007 and 2006, respectively.

On November 30, 2007, we adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment to FASB Statements No. 87, 88, 106 and 132(R)" ("SFAS No. 158"). SFAS No. 158 required us upon adoption to recognize the funded status of our defined benefit single employer pension plans. Accordingly, as of November 30, 2007, we recorded an increase in our pension plan assets and liabilities of $17 million and $24 million, respectively, and a reduction to AOCI of $7 million. The adoption of SFAS No. 158 had no effect on our Consolidated Statement of Operations for fiscal 2007, or for any prior period presented, and it will not effect our results of operations in future periods.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was $22 million, $18 million and $17 million in fiscal 2008, 2007 and 2006, respectively.

NOTE 13 – Earnings Per Share

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

	Years Ended November 30,		
	2008	2007	2006
Net income	$2,330	$2,408	$2,279
Interest on dilutive convertible notes	34	34	36
Net income for diluted earnings per share	$2,364	$2,442	$2,315
Weighted-average common and ordinary shares outstanding	786	793	801
Dilutive effect of convertible notes	28	33	33
Dilutive effect of stock plans	2	2	2
Diluted weighted-average shares outstanding	816	828	836
Basic earnings per share	$ 2.96	$ 3.04	$ 2.85
Diluted earnings per share	$ 2.90	$ 2.95	$ 2.77

Options to purchase 11.9 million, 8.3 million and 8.5 million shares for fiscal 2008, 2007 and 2006, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 14 – Supplemental Cash Flow Information

Total cash paid for interest was $449 million, $414 million and $363 million in fiscal 2008, 2007 and 2006, respectively. In addition, cash paid for income taxes was $23 million, $14 million and $47 million in fiscal 2008, 2007 and 2006, respectively. Finally, in 2007 and 2006, $8 million and $69 million of our convertible notes were converted through a combination of the issuance of Carnival Corporation treasury stock and newly issued Carnival Corporation common stock, which represented a noncash financing activity.

NOTE 15 – Acquisition

In September 2007, we entered into an agreement with Orizonia Corporation, Spain’s largest travel company to operate Ibero, a Spanish cruise line, for an investment of $403 million, which we funded with $146 million of cash and $257 million in proceeds that Ibero borrowed under a portion of our Facility. Orizonia contributed $49 million of assets, principally trademarks and goodwill, for their 25% interest in the venture. Ibero operated two contemporary Spanish cruise ships in September 2007, the 834-passenger capacity *Grand Voyager*, and the 1,244-passenger capacity *Grand Mistral*, which were built in 2000 and 1999, respectively. For reporting purposes, we have included Ibero’s results of operations within our consolidated financial results since September 1, 2007. The pro forma impact of including Ibero in our results as if the acquisition took place on December 1, 2005 and December 1, 2006 has not been presented due to its immaterial effect.

The acquisition was accounted for as a business purchase combination using the purchase method of accounting under the provisions of SFAS No. 141, “Business Combinations”. The purchase price was allocated to tangible and identifiable intangible assets acquired based on their estimated fair values at the acquisition date. The $451 million purchase price was allocated as follows: $254 million to ships, $161 million to goodwill, $35 million to trademarks and $1 million to other.

NOTE 16 – Recent Accounting Pronouncement

In May 2008, the FASB issued Financial Accounting Standards Board Staff Position Accounting Principles Board 14-1 “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (“APB 14-1”). APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash, or other assets, on conversion to separately account for the debt and equity components in a manner that reflects the issuer’s non-convertible debt borrowing rate. APB 14-1 will be adopted by us in the first quarter of fiscal 2010 on a retrospective basis. We believe that the impact of adopting APB 14-1 will not have a material effect on previously reported diluted earnings per share, however, our net income will be reduced. We are still in the process of determining the amount of such net income reductions.

Report of Independent Registered Certified Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") at November 30, 2008 and November 30, 2007, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the 2008 Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 12 to the consolidated financial statements, effective November 30, 2007 the Company adopted Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R). In addition, as discussed in Note 8 to the consolidated financial statements, effective December 1, 2007 the Company adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

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

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

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 28, 2009

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this 2008 Annual Report are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have tried, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “forecast,” “future,” “intend,” “plan,” “estimate” and similar expressions of future intent or the negative of such terms.

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 2008 Annual Report. 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/or tax costs, fuel costs, costs per available lower berth day (“ALBD”), estimates of ship depreciable lives and residual values, liquidity, outlook or business prospects. These factors include, but are not limited to, the following:

- general economic and business conditions, including fuel price increases and declines in the securities and real estate markets, and perceptions of these conditions may adversely impact the levels of our potential vacationers’ discretionary income and net worth and this group’s confidence in their country’s economy;
- fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against the euro and sterling;
- the international political climate, armed conflicts, terrorist and pirate attacks and threats thereof, and other world events affecting the safety and security of travel;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and overcapacity offered by cruise ship and land-based vacation alternatives;
- accidents, adverse weather conditions or natural disasters, such as hurricanes and earthquakes and other incidents (including machinery and equipment failures or improper operation thereof) which could cause injury or death or the alteration of itineraries or cancellation of a cruise or series of cruises or tours, and the impact of the spread of contagious diseases;
- adverse publicity concerning the cruise industry in general, or us in particular;
- lack of acceptance of new itineraries, products and services by our guests;
- changing consumer preferences;
- changes in and compliance with laws and regulations relating to environmental, health, safety, security, tax and other regulatory regimes under which we operate;
- increases in global fuel demand and pricing, fuel supply disruptions and/or other events on our fuel and other expenses, liquidity and credit ratings;
- increases in our future fuel expenses of implementing recently approved International Maritime Organization regulations, which require the use of higher priced low sulfur fuels in certain cruising areas;
- changes in operating and financing costs, including changes in interest rates, food, insurance, payroll and security costs;
- our ability to implement our shipbuilding programs and ship refurbishments and repairs, including ordering additional ships for our cruise brands from European shipyards on terms that are favorable or consistent with our expectations;
- our ability to implement our brand strategies and to continue to operate and expand our business internationally;
- whether our future operating cash flow will be sufficient to fund future obligations and whether we will be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations;
- our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;

- continuing financial viability of our travel agent distribution system and air service providers;
- availability and pricing of air travel services, especially as a result of significant increases in air travel costs;
- changes in the global credit markets on our counterparty risks, including those associated with our cash equivalents, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees;
- our decisions to self-insure against various risks or our inability to obtain insurance for certain risks at reasonable rates;
- disruptions and other damages to our information technology networks;
- lack of continued availability of attractive port destinations; and
- risks associated with the DLC structure, including the uncertainty of its tax status.

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 2008 Annual Report, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Executive Overview

Consistent with our strategy to continue to increase our penetration of markets with high growth potential, during 2008 we had a 21% increase in our European passenger capacity, whereas our North American capacity grew by only 3.6%, resulting in a worldwide capacity increase of 8.9%. In the face of a difficult economic environment, including the deterioration in consumer confidence and reduction in their discretionary spending, which significantly intensified towards the later part of 2008, we managed to increase our North American net revenue yields. This was driven in part by the lower North American capacity growth, which allowed us to capture higher ticket pricing from increased demand, partially offset by lower onboard spending. We believe our European brands also performed relatively well in 2008, even though their ticket pricing and onboard spending, on a constant dollar basis, were weaker than in 2007. This is especially true after considering the significant 2008 European capacity increase and the difficult economic environment. In summary, for 2008 we posted solid earnings in an extremely challenging year. We were able to offset the majority of the impacts from significant fuel price increases and softer onboard yields we experienced throughout 2008 with increased ticket pricing, due in part to fuel supplement revenues, and capacity growth. Our capacity growth allowed us to achieve cost savings from economies of scale, and we also benefited from tight cost controls. In addition, we benefited from higher U.S. dollar earnings from our European operations as a result of the weaker U.S. dollar relative to the euro.

From 2003 through 2008, the cruise industry has been adversely impacted by substantial increases in fuel prices. In 2003 our fuel cost per metric ton was $179, whereas in 2008 our fuel cost per metric ton was $558, an increase of 212%. The increase in fuel price since 2003 has negatively impacted our 2008 fuel expense by $1.2 billion. In addition, we believe higher fuel prices have caused a reduction in consumer spending and have also driven considerable inflationary cost pressures on a number of our other operating expenses.

Although fuel prices have recently receded from record high levels, we continue to face a very challenging economic environment, including weaker consumer spending resulting in softer cruise pricing and a stronger U.S. dollar, which is having an unfavorable impact on our European brands' U.S. dollar earnings. We believe we are well positioned to weather the current economic environment as a result of our strong balance sheet and our cost efficient operations. We are working diligently to maintain our cost efficient culture. There are a variety of actions that we are taking that are expected to improve our cost structure in 2009. For example, we have committees from our operating companies investigating fuel consumption initiatives, sharing best practices, finding ways to drive economies of scale and evaluating a variety of other initiatives.

Maintenance of a strong balance sheet has always been and continues to be the primary objective of our capital structure policy. In light of the current uncertainties in the global economy, the highly volatile state of the financial markets, continuing concerns about financial institution liquidity and the unusually high cost of obtaining new debt, we believe preserving cash and liquidity at this point in time is a prudent step, which will further strengthen our balance sheet and enhance our financial flexibility. Accordingly in October 2008, the Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009, but will reevaluate our dividend policy based on the circumstances prevailing during the year. On an annualized basis this will preserve approximately $1.3 billion of our cash. Our cash from operations and committed financing facilities for 2009 along with our available cash and cash equivalent balances are forecasted to be sufficient to fund our expected 2009 cash requirements. Therefore, we believe we will not be required to obtain new debt during 2009, however, we may do so opportunistically to enhance our liquidity. Our operations are subject to many risks, as noted under the caption “Cautionary Note Concerning Factors That May Affect Future Results,” which could adversely impact our future results and liquidity.

We believe the cruise industry is characterized by relatively low market penetration levels, among other things, and, accordingly, it has significant growth potential. In order to capture some of this growth, as of January 28, 2009 we had contracts with three shipyards providing for the construction of 17 additional cruise ships, the majority of which have been designated for our European brands (see Note 6 in the accompanying financial statements). These new ships should help us maintain our leadership position in the world-wide cruise industry. The year-over-year percentage increase in our ALBD capacity for fiscal 2009, 2010, 2011 and 2012, resulting primarily from new ships entering service is currently expected to be 5.5%, 7.8%, 5.8% and 3.7%, respectively. The above percentages exclude any other future ship orders, acquisitions, retirements or sales.

Outlook For Fiscal 2009

As of December 18, 2008, we said that we expected our 2009 full year earnings per share will be in the range of $2.25 to $2.75. We also said that we expected our first quarter 2009 earnings per share to be in the range of $0.20 to $0.22. Our guidance, which we are not updating at this time, was based on the then current spot prices for fuel of $295 per metric ton and currency exchange rates of $1.38 to the euro and $1.53 to sterling.

As of January 21, 2008, the current spot prices for fuel have remained at $295 per metric ton. However, as of this date, the U.S. dollar currency exchange rates to the euro and sterling have strengthened to $1.29 to the euro and $1.38 to sterling. Based on these currency exchange rates our earnings per share for the 2009 full year would decrease by $0.12.

The above forward-looking statements involve risks and uncertainties. Various factors could cause our actual results to differ materially from those expressed above including, but not limited to, economic conditions, foreign currency exchange rates, fuel costs, weather, regulatory changes, geopolitical and other factors that could impact consumer demand or costs. You should read the above forward-looking statements together with the discussion of these and other risks under “Cautionary Note Concerning Factors That May Affect Future Results.”

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships and ships under construction, which represent 76% of our total assets. We make several critical accounting estimates dealing with our ship accounting. First, we compute our ships’ depreciation expense, which represented approximately 10% of our cruise costs and expenses in fiscal 2008 and which requires us to estimate the average useful life of each of our ships as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs which we believe will add value to our ships and depreciate those improvements over their estimated useful lives, while expensing repairs and maintenance and minor improvement costs as they are incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate its net book value.

We determine the average useful life of our ships and their residual values based primarily on our estimates of the weighted-average useful lives and residual values of the ships' major component systems, such as cabins, engines and hull. In addition, we consider, among other things, long-term vacation market conditions, competition and historical useful lives of similarly-built ships. We have estimated our new ships' average useful lives at 30 years and their average residual values at 15% of our original ship cost.

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

If materially different conditions existed, or if we materially changed our assumptions of ship lives and residual values, our depreciation expense or loss on replacement of ship components and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance costs could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our fiscal 2008 ship depreciation expense would have increased by approximately $30 million for every year we reduced our estimated average 30 year ship useful life. In addition, if our ships were estimated to have no residual value, our fiscal 2008 depreciation expense would have increased by approximately $150 million.

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

Asset Impairment

The impairment reviews of our ships and goodwill and trademarks, which has been allocated to our cruise line reporting units, require us to make significant estimates to determine the fair values of these assets or reporting units.

The determination of fair value includes numerous uncertainties, unless a viable actively traded market exists for the asset or for a comparable reporting unit, which is usually not the case for cruise ships, cruise lines and trademarks. For example, in determining fair values of ships utilizing discounted forecasted cash flows, significant judgments are made concerning, among other things, future net revenue yields, net cruise costs per ALBD, interest and discount rates, cruise itineraries, technological changes, consumer demand, governmental regulations and the effects of competition. In addition, third party appraisers are sometimes used to help determine fair values of ships and cruise lines and some of their valuation methodologies are also subject to similar types of uncertainties. Also, the determination of fair values of cruise line reporting units using a price earnings multiple approach requires significant judgments, such as determining reasonable multiples. Finally, determining trademark fair values also requires significant judgments in determining both the estimated trademark cash flows, and the appropriate discount and royalty rates to be applied to those cash flows to determine their fair value. We believe that we have made reasonable estimates and judgments in determining whether our ships, goodwill and trademarks have been impaired. However, if there is a material change in the assumptions used in our determination of fair value or if there is a material change in the conditions or circumstances influencing fair value, we could be required to recognize a material impairment charge.

Our goodwill and trademarks have been assigned at an individual cruise brand level for our goodwill and trademark impairment reviews, as each of our significant brands are considered an operating segment. As of July 31 of each year, we review our goodwill and trademarks for possible impairment. As of July 31, 2008, we determined that these intangible assets were not impaired.

Since early November 2008, our stock market capitalization has generally been lower than our shareholders' equity or book value. However, our brands have continued to generate substantial cash flow from their operations, and we expect that they will continue to do so in 2009 and in future years. Furthermore, given the relatively small difference between our stock price and our book value per share, we believe that a reasonable potential buyer would offer a control premium for our business franchise that would adequately cover the difference between our trading prices and our book value. Accordingly, we do not believe there have been any events or circumstances that would require us to perform interim goodwill and/or trademark impairment reviews.

However, due to the ongoing uncertainty in market conditions, which may negatively impact the performance of our reporting units, we will continue to monitor and evaluate the carrying values of our goodwill and trademarks. If market and economic conditions or our units' business performance deteriorates significantly, this could result in our performance of interim impairment reviews prior to or after our July 31, 2009 annual impairment reviews. Any such impairment reviews could result in recognition of a goodwill and/or trademark impairment charge in 2009 or thereafter.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, guest and crew, and tax matters. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is probable, or more likely than not ("MLTN") for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable or MLTN loss, if any, can be made. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability when we believe a loss is probable or MLTN for income tax matters, and the amount of the loss can be reasonably estimated, in accordance with the provisions of SFAS No. 5, "Accounting for Contingencies," as amended, or FIN 48, as appropriate. Such accruals are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other non-income tax similar matters, historical claims experience and actuarially determined assumptions of liabilities, and any related insurance coverage. See Notes 7 and 8 in the accompanying financial statements for additional information concerning our contingencies.

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

Results of Operations

We earn our cruise revenues primarily from the following:

– sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from our ships. The cruise ticket price includes accommodations, most meals, some non-alcoholic beverages, entertainment and many onboard activities, and

- sales of goods and/or services primarily onboard our ships (which include, among other things, bar and some beverage sales, shore excursions, casino gaming, and gift shop, spa, photo, and art sales) and pre and post-cruise land packages. These goods and services are provided either directly by us or by independent concessionaires, from which we receive a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise bookings, which represent costs that vary directly with passenger cruise ticket revenues, and include travel agent commissions, air and other transportation related costs and credit card fees,
- onboard and other cruise costs, which represent costs that vary directly with onboard and other revenues, and include the costs of liquor and some beverages, costs of tangible goods sold by us from our gift, photo and art auction activities, costs of pre and post-cruise land packages and credit card fees. Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires,
- payroll and related costs, which represent costs for all our shipboard personnel, including deck and engine officers and crew and hotel and administrative employees,
- fuel costs, which include fuel delivery costs,
- food costs, which include both our guest and crew food costs, and
- other ship operating costs, which include repairs and maintenance, including minor improvements and dry-dock expenses, port costs, entertainment, insurance, and all other shipboard operating costs and expenses.

For segment information related to our revenues, expenses, operating income and other financial information see Note 11 in the accompanying financial statements.

Selected Cruise and Other Information

Selected cruise and other information was as follows:

	Years Ended November 30,		
	2008	2007	2006
Passengers carried (in thousands)	8,183	7,672	7,008
Occupancy percentage (a)	105.7%	105.6%	106.0%
Fuel consumption (metric tons in thousands)	3,179	3,033	2,783
Fuel cost per metric ton (b)	$ 558	$ 361	$ 334
Currency			
U.S. dollar to €1	$ 1.49	$ 1.36	$ 1.25
U.S. dollar to £1	$ 1.90	$ 2.00	$ 1.83

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

(b) Fuel cost per metric ton is calculated by dividing the cost of our fuel by the number of metric tons consumed.

Fiscal 2008 (“2008”) Compared to Fiscal 2007 (“2007”)

Revenues

Our total revenues increased $1.6 billion, or 12.4%, from $13.0 billion in 2007 to $14.6 billion in 2008. Of this increase, $1.1 billion was capacity driven by our 8.9% increase in ALBDs (see “Key Performance Non-GAAP Financial Indicators”) and the remaining increase of $490 million was primarily due to increases in cruise ticket pricing, including the implementation of our fuel supplements, and the impact of the weaker U.S. dollar against the euro compared to 2007. Our capacity increased 3.6% for our North American cruise brands and 21.0% for our European cruise brands in 2008 compared to 2007, as we continue to implement our planned strategy of expanding in the European cruise marketplace.

Onboard and other revenues included concessionaire revenues of $924 million in 2008 and $830 million in 2007. Onboard and other revenues increased in 2008 compared to 2007, because of the 8.9% increase in ALBDs.

Costs and Expenses

Operating costs increased $1.4 billion, or 18.5%, from $7.6 billion in 2007 to $9.0 billion in 2008. Of this increase, $651 million was capacity driven by our 8.9% increase in ALBDs and the balance of the increase of $760 million was primarily due to increased fuel expenses, increased travel agent commissions on higher ticket revenues and the weaker U.S. dollar against the euro compared to 2007.

Selling and administration expenses increased $50 million, or 3.2%. Of this increase, $137 million was driven by our 8.9% increase in ALBDs, partially offset by a $26 million gain from our hurricane insurance settlement for damages to our Cozumel, Mexico port facility in 2005 and by savings achieved through economies of scale and tight cost controls.

Depreciation and amortization expense increased $148 million, or 13.4%, from $1.1 billion in 2007 to $1.2 billion in 2008, largely due to the 8.9% increase in ALBDs through the addition of new ships, the weaker U.S. dollar compared to the euro and additional ship improvement expenditures.

Our total costs and expenses as a percentage of total revenues rose from 79.1% in 2007 to 81.4% in 2008.

Operating Income

Our operating income increased $4 million primarily due to increased fleet capacity and the effect of increased cruise ticket pricing partially offset by increased fuel expenses.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased $86 million to $430 million in 2008 from $344 million in 2007. This increase was primarily due to a $53 million increase in interest expense from a higher level of average borrowings, a $24 million decrease in interest income due to a lower average level of invested cash and an $8 million decrease from lower average interest rates on invested balances. Capitalized interest increased $8 million during 2008 compared to 2007 primarily due to higher average levels of investment in ship construction projects.

Income Taxes

Income tax expense increased $31 million to $47 million in 2008 from $16 million in 2007 primarily because 2008 included a Mexican deferred income tax expense related to our hurricane insurance settlement and 2007 included the reversal of previously recorded deferred tax valuation allowances and uncertain income tax position liabilities, which were no longer required.

Key Performance Non-GAAP Financial Indicators

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

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. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business. We believe these non-GAAP measures provide a better gauge to measure our revenue and cost performance instead of the standard U.S. GAAP-based financial measures. There are no specific rules for determining our non-GAAP financial measures and, accordingly, it is possible that they may not be exactly comparable to the like-kind information presented by other cruise companies, which is a potential risk associated with using them to compare us to other cruise companies.

Net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard and other revenues. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices, 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 rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues to calculate net cruise costs to avoid duplicating these variable costs in these two non-GAAP financial measures.

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 and report our two non-GAAP financial measures assuming the current period currency exchange rates have remained constant with the prior year's comparable period rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure since it facilitates a comparative view of the growth of our business in a fluctuating currency exchange rate environment.

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	Years Ended November 30,				
	2008	2008 Constant Dollar	2007	2007 Constant Dollar	2006
	(in millions, except ALBDs and yields)				
Cruise revenues					
Passenger tickets	$ 11,210	$ 11,064	$ 9,792	$ 9,487	$ 8,903
Onboard and other	3,044	3,016	2,846	2,786	2,514
Gross cruise revenues	14,254	14,080	12,638	12,273	11,417
Less cruise costs					
Commissions, transportation and other	(2,232)	(2,201)	(1,941)	(1,872)	(1,749)
Onboard and other	(501)	(498)	(495)	(485)	(453)
Net cruise revenues	$ 11,521	$ 11,381	$ 10,202	$ 9,916	$ 9,215
ALBDs	58,942,864	58,942,864	54,132,927	54,132,927	49,945,184
Gross revenue yields	$ 241.83	$ 238.88	$ 233.47	$ 226.72	$ 228.58
Net revenue yields	$ 195.46	$ 193.08	$ 188.48	$ 183.18	$ 184.50

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Years Ended November 30,				
	2008	2008 Constant Dollar	2007	2007 Constant Dollar	2006
	(in millions, except ALBDs and costs per ALBD)				
Cruise operating expenses	$ 8,746	$ 8,667	$ 7,332	$ 7,116	$ 6,477
Cruise selling and administrative expenses	1,594	1,576	1,547	1,500	1,405
Gross cruise costs	10,340	10,243	8,879	8,616	7,882
Less cruise costs included in net cruise revenues					
Commissions, transportation and other	(2,232)	(2,201)	(1,941)	(1,872)	(1,749)
Onboard and other	(501)	(498)	(495)	(485)	(453)
Net cruise costs	$ 7,607	$ 7,544	$ 6,443	$ 6,259	$ 5,680
ALBDs	58,942,864	58,942,864	54,132,927	54,132,927	49,945,184
Gross cruise costs per ALBD	$ 175.43	$ 173.78	$ 164.02	$ 159.17	$ 157.81
Net cruise costs per ALBD	$ 129.06	$ 127.98	$ 119.03	$ 115.63	$ 113.73

Net cruise revenues increased $1.3 billion, or 12.9%, to $11.5 billion in 2008 from $10.2 billion in 2007. The 8.9% increase in ALBDs between 2008 and 2007 accounted for $907 million of the increase, and the remaining $412 million was from increased net revenue yields, which increased 3.7% in 2008 compared to 2007 (gross revenue yields increased by 3.6%). Net revenue yields increased in 2008 primarily due to higher North American ticket prices and the weaker U.S. dollar relative to the euro, partially offset by lower ticket pricing in Europe. Net revenue yields as measured on a constant dollar basis increased 2.4% in 2008 compared to 2007, which was comprised of a 3.7% increase in passenger ticket yields, partially offset by a 1.6% decrease in onboard and other revenue yields. The decrease in onboard and other revenue yields was the result of the significant increase in our European brands' capacity, as they typically have lower onboard and other revenue yields, and lower onboard spending by our guests. Gross cruise revenues increased $1.6 billion, or 12.8%, to $14.3 billion in 2008 from $12.6 billion in 2007 for largely the same reasons as discussed above for net cruise revenues.

Net cruise costs increased $1.2 million, or 18.1%, to $7.6 billion in 2008 from $6.4 billion in 2007. The 8.9% increase in ALBDs between 2008 and 2007 accounted for $573 million of the increase. The balance of $591 million was from increased net cruise costs per ALBD, which increased 8.4% in 2008 compared to 2007 (gross cruise costs per ALBD increased 7.0%). This 8.4% increase was driven by a 54.6% per metric ton increase in fuel cost to $558 per metric ton in 2008, which resulted in an increase in fuel expense of $626 million compared to 2007. This increase was partially offset by a $31 million gain from Cunard's sale of the *Queen Elizabeth 2* ("*QE2*"), a $26 million gain from a hurricane insurance settlement for damages to our Cozumel, Mexico port facilities in 2005 and lower selling and administrative expenses achieved primarily through economies of scale and tight cost controls. Net cruise costs per ALBD as measured on a constant dollar basis increased 7.5% in 2008 compared to 2007. On a constant dollar basis, net cruise costs per ALBD excluding fuel were flat. Gross cruise costs increased $1.5 billion, or 16.5%, in 2008 to $10.3 billion from $8.9 billion in 2007 for largely the same reasons as discussed above for net cruise costs.

Fiscal 2007 ("2007") Compared to Fiscal 2006 ("2006")

Revenues

Our total revenues increased $1.2 billion, or 10.1%, from $11.8 billion in 2006 to $13.0 billion in 2007. Of this increase, $957 million was capacity driven by our 8.4% increase in ALBDs and the remaining increase of $237 million was primarily due to the weaker U.S. dollar relative to the euro and sterling and higher onboard guest spending, partially offset by slightly lower occupancy. Our capacity increased 7.0% for our North American cruise brands and 12.4% for our European cruise brands in 2007 compared to 2006.

Onboard and other revenues included concessionaire revenues of $830 million in 2007 and $694 million in 2006. Onboard and other revenues increased in 2007 compared to 2006, primarily because of the 8.4% increase in ALBDs and increased spending on our ships.

Costs and Expenses

Operating costs increased $837 million, or 12.3%, from $6.8 billion in 2006 to $7.6 billion in 2007. Of this increase, $543 million was capacity driven by our 8.4% increase in ALBDs and the balance of the increase of $293 million was primarily due to a weaker U.S. dollar relative to the euro and sterling, higher fuel expenses, a $20 million Merchant Navy Officers Pension Fund expense and higher repair costs from ship incidents. These increases were partially offset by $21 million of lower dry-dock costs as fewer ships went into dry-dock in 2007 compared to 2006.

Selling and administration expenses increased $132 million, or 9.1%, from $1.4 billion in 2006 to $1.6 billion in 2007. Of this increase, $118 million was capacity driven by our 8.4% increase in ALBDs.

Depreciation and amortization expense increased $113 million, or 11.4%, from $988 million in 2006 to $1.1 billion in 2007, largely due to the 8.4% increase in ALBDs through the addition of new ships, the weaker U.S. dollar compared to the euro and sterling and additional ship improvement expenditures.

Our total costs and expenses as a percentage of total revenues rose from 77.9% in 2006 to 79.1% in 2007.

Operating Income

Our operating income increased $112 million, or 4.3%, primarily due to our increased fleet capacity and weaker U.S. dollar against the euro and sterling, partially offset by our increased fuel expenses.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased $21 million to $344 million in 2007 from $323 million in 2006. This increase was due to a $57 million increase in interest expense from a higher level of average borrowings and a $6 million increase from higher average interest rates on average borrowings, partially offset by $33 million of higher interest income due to a higher average level of invested cash and $9 million due to higher average interest rates on invested balances. Capitalized interest increased $7 million during 2007 compared to 2006 primarily due to higher average levels of investment in ship construction projects.

Other expenses in 2006 included a $10 million expense for the write-down of a non-cruise investment, partially offset by a $4 million gain on the subsequent sale of this investment.

Income Taxes

Income tax expense decreased by $23 million to $16 million in 2007 from $39 million in 2006 primarily because 2006 included $11 million of income tax expense for the Military Sealift Command charters and the reversal in 2007 of some uncertain income tax position liabilities, partially offset by higher state income taxes in Alaska.

Key Performance Non-GAAP Financial Indicators

Net cruise revenues increased $987 million, or 10.7%, to $10.2 billion in 2007 from $9.2 billion in 2006. The 8.4% increase in ALBDs between 2007 and 2006 accounted for $772 million of the increase, and the remaining $215 million was from increased net revenue yields, which increased 2.2% in 2007 compared to 2006 (gross revenue yields increased by 2.1%). Net revenue yields increased in 2007 primarily due to the weaker U.S. dollar relative to the euro and sterling and higher onboard guest spending, partially offset by slightly lower occupancy. Net revenue yields as measured on a constant dollar basis decreased 0.7% in 2007 compared to 2006, which was comprised of a 1.8% decrease in passenger ticket yields partially offset by a 3.0% increase in onboard and other yields. This decrease in constant dollar net revenue yields was primarily driven by the softer cruise ticket pricing from North American-sourced contemporary Caribbean cruises especially in the first half of 2007. We believe this decrease in yields was primarily the result of a weaker U.S. economy, including the impact of higher fuel costs and interest rates which impacted demand and the lingering effects of the 2005 hurricane season, which was partially offset by the higher prices we achieved from our European brands, also mostly in the first half of 2007. Gross cruise revenues increased $1.2 billion, or 10.7%, to $12.6 billion in 2007 from $11.4 billion in 2006 for largely the same reasons as discussed above for net cruise revenues.

Net cruise costs increased $763 million, or 13.4%, to $6.4 billion in 2007 from $5.7 billion in 2006. The 8.4% increase in ALBDs between 2007 and 2006 accounted for $476 million of the increase. The balance of $287 million was from increased net cruise costs per ALBD, which increased 4.7% in 2007 compared to 2006 (gross cruise costs per ALBD increased 3.9%). Net cruise costs per ALBD increased in 2007 primarily due to a weaker U.S. dollar relative to the euro and sterling, a $27 per metric ton increase in fuel cost to $361 per metric ton in 2007, which resulted in an increase in fuel expense of $82 million compared to 2006, a $20 million Merchant Navy Officers Pension Fund expense and higher repair costs from ship incidents. These increases were partially offset by $21 million of lower dry-dock costs as fewer ships went into dry-dock in 2007 compared to 2006. Net cruise costs per ALBD as measured on a constant dollar basis increased 1.7% in 2007 compared to 2006. On a constant dollar basis, net cruise costs per ALBD, excluding fuel increased 1.0%. Gross cruise costs increased $997 million, or 12.6%, in 2007 to $8.9 billion from $7.9 billion in 2006 for largely the same reasons as discussed above for net cruise costs.

Liquidity and Capital Resources

As discussed in our Executive Overview, we believe preserving cash and liquidity at this point in time is a prudent step which will further strengthen our balance sheet and enhance our financial flexibility. Accordingly in October 2008, the Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009. Our cash from operations and committed financing facilities for 2009 along with our available cash and cash equivalent balances are forecasted to be sufficient to fund our expected 2009 cash requirements. Therefore, we believe we will not be required to obtain new debt during 2009; however, we may do so opportunistically to enhance our liquidity. Our immediate objective is to ensure we have sufficient liquidity available with a high degree of certainty throughout 2009 despite current market conditions.

Our overall strategy is to maintain an acceptable level of liquidity with cash and cash equivalents and with committed credit facilities for immediate and future liquidity needs and a reasonable debt maturity profile that is spread out over a number of years. To date, although our costs of borrowing have increased in certain cases and the availability of funding is not as widespread as it has been in the past, we continue to opportunistically put in place committed credit facilities. Given the decision by our Board of Directors to suspend the quarterly dividend and our current financial position, we do not expect the current highly volatile state of the financial markets will have a significant adverse impact on our ability to maintain an acceptable level of liquidity during 2009.

Sources and Uses of Cash

Our business provided $3.4 billion of net cash from operations during fiscal 2008, a decrease of $678 million, or 16.7%, compared to fiscal 2007. The majority of this decrease resulted from a $506 million year-over-year decrease in cash received from customers' deposits. This decrease resulted primarily from guests booking cruises and paying their deposits closer to the sailing dates and cruises being purchased for lower ticket prices compared to the comparable prior period when guests booked their cruises and paid their deposits further in advance of the sailing dates and cruises were purchased for higher ticket prices.

At November 30, 2008 and 2007, we had working capital deficits of $4.1 billion and $5.3 billion, respectively. Our November 30, 2008 deficit included $2.5 billion of customer deposits, which represent the passenger revenues we collect in advance of sailing dates and, accordingly, is substantially more of a deferred revenue item rather than an actual current cash liability. We use our long-term ship assets to realize a portion of this deferred revenue in addition to consuming current assets. In addition, our November 30, 2008 working capital deficit included $1.6 billion of current debt obligations, which included $649 million outstanding under our Facility. Our Facility, substantially all of which matures in 2012, is available to provide long-term rollover financing of our current debt. After excluding customer deposits and current debt obligations from our working capital deficit balance, our non-GAAP adjusted working capital deficit was only $4 million.

We continue to generate substantial cash from operations and have strong investment grade credit ratings of A-/A3, which provide us with flexibility in most financial credit market environments to refinance our current debt, if necessary. Accordingly, we believe we have the ability to maintain a substantial working capital deficit and still meet our operating, investing and financing needs over the next 12 months. As explained above, our business model allows us to operate with a significant working capital deficit and, accordingly, we believe we will continue to have a working capital deficit for the foreseeable future.

Our Standard & Poor’s Rating Services A- credit rating recently was assigned a negative outlook, which reflects their concern that the weakened state of the economy and the pull back in consumer spending will pressure our ability to sustain our A- credit rating. If we were to be downgraded by S&P to BBB+, although this would result in a slight increase in our borrowing costs on a prospective basis, we do not believe it would have a material adverse impact on our financial results or our ability to obtain committed credit facilities or issue debt.

During fiscal 2008, our net expenditures for capital projects were $3.4 billion, of which $2.7 billion was spent for our ongoing new shipbuilding program, including $2.1 billion for the final delivery payments for *Ventura*, *AIDAbella*, *Eurodam*, *Carnival Splendor* and *Ruby Princess*. In addition to our new shipbuilding program, we had capital expenditures of $391 million for ship improvements and replacements and $231 million for Alaska tour assets, cruise port facility developments and information technology and other assets. Also during fiscal 2008, we received an aggregate of $141 million from the sale of the *QE2* and the final payment on the 2003 sale of Holland America Line’s *Nieuw Amsterdam*.

During fiscal 2008, under our Facility we borrowed and repaid $4.1 billion and $4.2 billion, respectively, in connection with our needs for cash at various times throughout the year. In addition, during fiscal 2008 we borrowed $2.2 billion of other long-term debt, principally under ship financing and related facilities compared to $2.7 billion in 2007, or a decrease of $500 million. We repaid $1.2 billion of other long-term debt, which was primarily comprised of $302 million of our 1.75% Notes, $233 million of our Zero-Coupon Notes, $308 million upon maturity of our 4.4% and 6.15% fixed rate notes and $206 million of our semi-annual export credit facility payments. Finally, we paid cash dividends of $1.3 billion in 2008 and purchased $83 million, net, of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions.

Future Commitments and Funding Sources

At November 30, 2008, our contractual cash obligations were as follows (in millions):

	Payments Due by Fiscal Year						
Contractual Cash Obligations	Total	2009	2010	2011	2012	2013	Thereafter
Recorded Contractual Obligations							
Short-term borrowings (a)	$ 256	$ 256					
Facility (a)	791	649			$ 142		
Convertible notes (a)	866	271		$ 595			
Other long-term notes (a)	7,430	432	$1,001	432	934	$1,357	$ 3,274
Other long-term liabilities reflected on the balance sheet (b)	696	64	111	84	68	32	337
Unrecorded Contractual Obligations							
Shipbuilding (c)	8,342	2,647	2,827	1,887	981		
Operating leases (c)	274	41	34	31	30	26	112
Port facilities and other (c)	974	143	104	77	69	68	513
Purchase obligations (d)	434	358	43	16	8	5	4
Fixed-rate interest payments (e)	2,265	322	301	284	267	225	866
Variable-rate interest payments (e)	224	67	45	37	31	17	27
Total contractual cash obligations (f)	$22,552	$5,250	$4,466	$3,443	$2,530	$1,730	$ 5,133

(a) Our 2009 cash obligations include $649 million of debt outstanding under our long-term Facility, and as such these obligations can be rolled-over on a long-term basis under this Facility, if we so desire. Also included in 2009 and 2011 is $271 million and $595 million of our convertible notes, respectively, since the noteholders have put options in October 2009 and April 2011, respectively. If these notes are put to us, at our election we can settle these obligations through the issuance of common stock, cash, or a combination thereof. Based on the Carnival Corporation current common stock price, we expect that the $271 million will be put to us in October 2009, and we currently anticipate that we will repay this obligation in cash. Our debt, excluding short-term borrowings, has a weighted-average maturity of five years. See Note 5 in the accompanying financial statements for additional information regarding these contractual cash obligations.

(b) Represents cash outflows for certain of our long-term liabilities that could be reasonably estimated. The primary outflows are for estimates of our employee benefit plan obligations, crew and guest claims, lease out and lease back obligations, uncertain income tax position liabilities, certain deferred income taxes, derivative contracts payable and other long-term liabilities. Deferred income and certain deferred income taxes have been excluded from the table because they do not require a cash settlement in the future or the timing of the cash flows cannot be reasonably estimated.

(c) Our shipbuilding commitments are contractual commitments and, accordingly, cannot be cancelled by us or the shipyards without the incurrence of significant contractual liquidating damage payments. See Note 6 in the accompanying financial statements for additional information regarding these contractual cash obligations.

(d) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.

(e) Fixed-rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a variable-rate to a fixed-rate. Variable-rate interest payments represent forecasted cash outflows for interest payments on variable-rate debt, including interest swapped from a fixed-rate to a variable-rate, using the November 30, 2008 interest rates for the remaining terms of the loans.

(f) Amounts payable in foreign currencies, which are usually euro and sterling, are based on the November 30, 2008 exchange rates.

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining $578 million authorization back to $1 billion. During fiscal 2008, we purchased 1.3 million Carnival plc ordinary shares at an average price of $43.77, and 0.6 million shares of Carnival Corporation common stock at an average price of $44.63. At January 28, 2009, the remaining availability pursuant to our repurchase program was $787 million. It is not our present intention to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares under our authorized share repurchase program, except for repurchases resulting from our stock swap program as discussed below. No expiration date has been specified for this authorization; however, the Carnival plc share repurchase authorization requires annual shareholder approval.

In October 2008, we filed a prospectus supplement with the SEC to issue up to 19.2 million Carnival Corporation shares of common stock in the U.S. market. The Carnival Corporation common stock has been and will be sold at market prices and the sale proceeds have been and will be used to repurchase ordinary shares of Carnival plc in the UK market on at least an equivalent basis, with the remaining net proceeds, if any, used for general corporate purposes, including repurchases under our authorized share repurchase program. Under this "stock swap program", we expect to issue Carnival Corporation common stock in the U.S. market only to the extent we can complete the purchase of the Carnival plc ordinary shares in open market transactions with a resulting economic benefit, which is derived from the fact that Carnival plc ordinary shares sometimes trade at a discount to Carnival Corporation common stock.

As previously discussed, in October 2008 the Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009, but will reevaluate our dividend policy based on circumstances prevailing during the year.

At November 30, 2008, as adjusted for the termination of our $470 million short-term revolver and including the long-term revolving credit facility and ship financing commitments we entered into subsequent to our year-end, we had liquidity of $3.6 billion. Our liquidity consisted of $370 million of cash and cash equivalents, excluding cash on hand of $280 million used for current operations, $1.4 billion available for borrowing under our revolving credit facilities and $1.9 billion under committed ship financing facilities. Of this $1.9 billion of committed ship facilities, $813 million is expected to be funded in 2009 and the balance of $1.1 billion is expected to be funded in 2010, 2011 and 2012. Substantially all of our Facility matures in 2012. We rely on, and have banking relationships with, numerous banks that have credit ratings of A or above, which we believe would assist us in attempting to access multiple sources for funding just in case some lenders are unwilling or unable to lend to us. However, we believe that our revolving credit facilities and committed ship financings will be honored as required pursuant to their contractual terms.

Substantially all of our debt agreements contain one or more financial covenants as described in Note 5 in the accompanying financial statements. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

As of and for the year ended November 30, 2008, we believe we had met all of our debt covenants. In addition, based on our forecasted operating results, financial condition and cash flows for fiscal 2009, we expect to be in compliance with our debt covenants during fiscal 2009. However, our forecasted cash flow from operations and access to the capital markets can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results."

Based primarily on our historical results, current financial condition and forecasts, we believe that our existing liquidity and cash flow from future operations will be sufficient to fund the majority of our expected capital projects (including shipbuilding commitments), debt service requirements, convertible debt redemptions, working capital and other firm commitments over the next several years. In addition, we believe that in most financial credit market environments we will be able to secure the necessary financings from banks or through the offering of debt and/or equity securities in the public or private markets or take other actions to fund these remaining future cash requirements.

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.

Foreign Currency Exchange Rate Risks

Operational and Investment Currency Risk

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and nonderivative financial instruments. Our focus is to manage the economic risks faced by our operations, which are the real foreign currency exchange risks that will ultimately be realized by us when we exchange one currency for another, and not the accounting risks. The financial impacts of these hedging instruments are generally offset by corresponding changes in the underlying exposures being hedged. Our policy is to not use any financial instruments for trading or other speculative purposes.

Our growing international business operations, conducted primarily through AIDA in Germany, Costa in southern Europe and China, Ibero in Spain, P&O Cruises, Cunard, and Ocean Village in the UK and P&O Cruises Australia in Australia, subject us to an increasing level of foreign currency exchange risk related to the euro, sterling and Australian dollar because these operations have either the euro, sterling or Australian dollar as their functional currency. Accordingly, exchange rate fluctuations of the euro, sterling or Australian dollar against the U.S. dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar and the functional currency for our international operations is generally the local currency. Any strengthening of the U.S. dollar against these local functional currencies has the financial statement effect of decreasing the U.S. dollar values reported for cruise revenues and cruise expenses in our Consolidated Statements of Operations. Weakening of the U.S. dollar has the opposite effect.

Most of our brands have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and includes the same currencies noted above, as well as the U.S. and Canadian dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, a weakening of the U.S. dollar against these currencies results in both increased revenues and increased expenses, resulting in some degree of natural offset due to currency exchange movements within our Consolidated Statements of Operations for these transactional currency gains and losses. Therefore, we do not seek to hedge these risks with financial instruments but rather manage them as described above. The strengthening of the U.S. dollar against these currencies has the opposite effect.

We consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and of a long-term nature. In addition to the net investment hedging strategy discussed below under “Newbuild Currency Risk”, we also partially address these net investment currency exposures by denominating a portion of our debt, including the effect of foreign currency swaps, in our subsidiaries’ functional currencies (generally the euro or sterling). Specifically, we have debt of $1.6 billion in euros and $320 million in sterling and have $284 million of foreign currency forwards, whereby we have converted $284 million of U.S. dollar debt into euro debt, thus partially offsetting these foreign currency exchange rate risks. At November 30, 2008, the fair value of these foreign currency forwards was an unrealized gain of $13 million, which is recorded in AOCI, which offsets a portion of the losses recorded in AOCI upon translating our foreign subsidiaries’ net assets into U.S. dollars. The forwards mature through 2017. Based upon a 10% hypothetical change in the November 30, 2008 foreign currency exchange rates, assuming no changes in comparative interest rates, we estimate that these foreign currency contracts’ fair values would change by $28 million, which would be offset by a corresponding change of $28 million in the U.S. dollar value of our net investments.

Finally, at November 30, 2008 we have three foreign currency swaps that were designated as cash flow hedges and effectively converted $398 million of U.S. dollar fixed interest rate debt into sterling fixed interest rate debt. Sterling is the functional currency of our operation that has the obligation to repay this debt. At November 30, 2008, the fair value of these foreign currency swaps was an unrealized gain of $104 million. Subsequent to November 30, 2008, we closed out of these foreign currency swaps and thus re-aligned the debt with the parent company’s U.S. dollar functional currency.

Newbuild Currency Risk

The majority of our newbuild capacity on order is for our Costa and AIDA European brands, for which we do not have significant currency risk because all our ships are contracted for in euros, which is these brands' functional currency. However, our U.S. dollar functional currency brands, comprised of Carnival Cruise Lines, Princess, Holland America Line and Seabourn, and our sterling functional currency brands, comprised of P&O Cruises and Cunard, have foreign currency exchange rate risks related to our outstanding or possible future commitments under ship construction contracts denominated in euros. These foreign currency commitments are affected by fluctuations in the value of the functional currency as compared to the currency in which the shipbuilding contract is denominated. We use foreign currency contracts and have used nonderivative financial instruments to manage foreign currency exchange rate risk for some of our ship construction contracts (see Notes 2, 6 and 10 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency contracts offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

During 2008, we entered into foreign currency forwards and options that are designated as cash flow hedges for the remaining euro-denominated shipyard payments for *Carnival Dream* in order to effectively lock in a maximum exchange rate of $1.584 to the euro. Accordingly, we will have a maximum payment of $723 million, inclusive of the option premium for *Carnival Dream's* remaining shipyard payments. However, unlike foreign currency forwards as a result of the currency options, which are for 50% of these remaining shipyard payments, we will benefit if the dollar exchange rate is below $1.584 to the euro. At November 30, 2008, the fair value of these foreign currency options and forwards, which mature through September 2009, was a realized and unrealized net loss of $66 million which is recorded, along with an offsetting $66 million amount recognized in AOCI, on our accompanying 2008 balance sheet. Based upon a 10% hypothetical weakening or strengthening of the U.S. dollar compared to the euro as of November 30, 2008, assuming no changes in comparative interest rates, the estimated aggregated fair value of these foreign currency forwards and options would increase by $46 million or decrease by $35 million, respectively, which would be offset by a decrease of $46 million or increase of $35 million, respectively, in the U.S. dollar value of the related foreign currency ship construction contract and result in no net dollar impact to us.

Also, during 2008 we entered into a call option and a put option that were designed as a zero cost collar, and are collectively designated as a cash flow hedge of *Nieuw Amsterdam's* final shipyard payment. Under this zero cost collar the minimum exchange rate we would be required to pay is $1.28 to the euro and the maximum exchange rate we would be required to pay is $1.45 to the euro. If the spot rate is in between these two amounts on the date of delivery, then we would not owe or receive any payments under this zero cost collar. At November 30, 2008, the fair value of this zero cost collar was an unrealized net loss of $20 million, which was recorded in AOCI and it matures in June 2010. Based upon a 10% hypothetical change of the U.S. dollar compared to the euro as of November 30, 2008, assuming no changes in comparative interest rates, the estimated fair value of this foreign currency zero cost collar would change by $35 million, which would be offset by a corresponding change of $35 million in the U.S. dollar value of the related foreign currency ship construction contract and result in no net dollar impact to us.

At November 30, 2008, we have four euro-denominated shipbuilding commitments scheduled for delivery between June 2009 and May 2011 and aggregating $1.5 billion assigned to two of our U.S. dollar functional currency brands for which we have not entered into any foreign currency forwards or options. Therefore, the U.S. dollar cost of these ships will increase or decrease based upon changes in the exchange rate until the payments are made under the shipbuilding contracts or we enter into foreign currency hedges. A portion of our net investment in euro-denominated cruise operations effectively acts as an economic hedge against a portion of these euro commitments. Accordingly, a portion of any increase or decrease in our ship costs resulting from changes in the exchange rates will be offset by a corresponding change in the net assets of our euro-denominated cruise operations. Based upon a 10% hypothetical change in the U.S. dollar compared to the euro as of November 30, 2008, assuming no changes in comparative interest rates, the unpaid cost of these ships would have a corresponding change of $142 million.

At November 30, 2008, we have two euro-denominated shipbuilding commitments scheduled for delivery in March and September 2010 and aggregating $1.3 billion assigned to two of our sterling functional currency brands for which we have not entered into any foreign currency contracts. Therefore, the sterling cost of these ships will increase or decrease based upon changes in the exchange rate until the payments are made under the shipbuilding contracts or we enter into foreign currency hedges. Based upon a 10% hypothetical change in the November 30, 2008 sterling to euro foreign currency exchange rate, assuming no changes in comparative interest rates and assuming the U.S. dollar exchange rate to the sterling remains constant, the unpaid cost of these ships would have a corresponding change of $122 million.

Our decisions regarding whether or not to hedge a given ship commitment for our North American and UK brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, exchange rate correlation, economic trends and other offsetting risks.

The cost of shipbuilding orders that we may place in the future for our cruise lines that generate their cash flows in a currency that is different than the shipyard's operating currency, generally the euro, is expected to be affected by foreign currency exchange rate fluctuations. Given the movement in the U.S. dollar and sterling relative to the euro over the past several years, the U.S. dollar and sterling cost to order new cruise ships has been volatile. If the U.S. dollar or sterling declines against the euro, this may affect our ability to order future new cruise ships for U.S. dollar or sterling functional currency brands.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our investment and debt portfolio management strategies. These strategies include purchasing high quality short-term investments with variable interest rates, and evaluating our debt portfolio to make periodic adjustments to the mix of variable and fixed rate debt through the use of interest rate swaps and the issuance of new debt. At November 30, 2008 and 2007, 74% and 69% of the interest cost on our debt was fixed and 26% and 31% was variable, including the effect of our interest rate swaps, respectively.

Specifically, we have an interest rate swap at November 30, 2008, which effectively changed $96 million of fixed rate debt to LIBOR-based floating rate debt. The fair value of our debt and interest rate swaps at November 30, 2008 was $7.4 billion. Based upon a hypothetical 10% change in the November 30, 2008 market interest rates, assuming no change in currency exchange rates, the fair value of our debt and interest rate swap would change by approximately $118 million. In addition, based upon a hypothetical 10% change in the November 30, 2008 interest rates, our annual interest expense on variable rate debt, including the effect of our interest rate swaps, would change by approximately $7 million.

In addition, based upon a hypothetical 10% change in Carnival Corporation's November 30, 2008 common stock price, the fair value of our convertible notes would have a corresponding change of approximately $6 million.

These hypothetical amounts are determined by considering the impact of the hypothetical interest rates and common stock price on our existing debt and interest rate swaps. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments or any relationships which may exist between interest rate and stock price movements. Furthermore, substantially all of our fixed rate debt can only be called or prepaid by incurring significant break fees, therefore it is unlikely we will be able to take any significant steps in the short-term to mitigate our exposure in the event of a significant decrease in market interest rates.

Bunker Fuel Price Risks

We do not use financial instruments to hedge our exposure to the bunker fuel price market risk. We estimate that our fiscal 2009 fuel expense would change by approximately $3.3 million for each $1 per metric ton corresponding change in our average bunker fuel price.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 2004 through 2008 and as of the end of each such year, except for the other operating data, are derived from our audited financial statements and should be read in conjunction with those financial statements and the related notes.

	Years Ended November 30, (in millions, except per share data)				
	2008	2007	2006	2005	2004
Statement of Operations and Cash Flow Data (a)					
Revenues	$14,646	$13,033	$11,839	$11,094	$ 9,727
Operating income	$ 2,729	$ 2,725	$ 2,613	$ 2,639	$ 2,128
Net income	$ 2,330	$ 2,408	$ 2,279	$ 2,253	$ 1,809
Earnings per share					
Basic	$ 2.96	$ 3.04	$ 2.85	$ 2.80	$ 2.25
Diluted	$ 2.90	$ 2.95	$ 2.77	$ 2.70	$ 2.18
Dividends declared per share	$ 1.60	$ 1.375	$ 1.025	$ 0.80	$ 0.525
Cash from operations	$ 3,391	$ 4,069	$ 3,633	$ 3,410	$ 3,216
Cash used in investing activities	$ 3,255	$ 3,746	$ 2,443	$ 1,970	$ 3,089
Capital expenditures	$ 3,353	$ 3,312	$ 2,480	$ 1,977	$ 3,586
Cash used in financing activities	$ 315	$ 604	$ 1,212	$ 892	$ 79
Dividends paid	$ 1,261	$ 990	$ 803	$ 566	$ 400

	As of November 30, (in millions, except percentages)				
	2008	2007	2006	2005	2004
Balance Sheet and Other Data					
Total assets	$33,400	$34,181	$30,552	$28,349	$27,548
Total debt	$ 9,343	$ 8,852	$ 7,847	$ 7,352	$ 7,953
Total shareholders' equity	$19,098	$19,963	$18,210	$16,883	$15,672
Total debt to capital (b)	32.9%	30.7%	30.1%	30.3%	33.7%

	Years Ended November 30,				
	2008	2007	2006	2005	2004
Other Operating Data					
ALBDs (in thousands)	58,943	54,133	49,945	47,755	44,009
Passengers carried (in thousands)	8,183	7,672	7,008	6,848	6,306
Occupancy percentage	105.7%	105.6%	106.0%	105.6%	104.5%
Fuel consumption (metric tons in thousands)	3,179	3,033	2,783	2,728	2,535
Fuel cost per metric ton	$ 558	$ 361	$ 334	$ 259	$ 194
Currency					
U.S. dollar to €1	$ 1.49	$ 1.36	$ 1.25	$ 1.25	$ 1.23
U.S. dollar to £1	$ 1.90	$ 2.00	$ 1.83	$ 1.83	$ 1.82

(a) The 2006 net income was reduced by $57 million of share-based compensation expense related to the expensing of stock options and RSUs as a result of our adoption of SFAS No. 123(R) in 2006 (see Note 2).

(b) Percentage of total debt to the sum of total debt and shareholders' equity.

Market Price for Common Stock and Ordinary Shares

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust (which holds a Special Voting Share of Carnival plc) is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's American Depository Shares ("ADSs"), each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank. The daily high and low stock sales price for the periods indicated on their primary exchange was as follows:

	Carnival Corporation		Carnival plc Price per Ordinary Share (GBP)		Carnival plc Price per ADS (USD)	
	High	Low	High	Low	High	Low
Fiscal 2008						
Fourth Quarter	$42.24	$14.86	£21.53	£10.55	$38.90	$15.25
Third Quarter	$41.47	$29.22	£20.20	£14.06	$39.60	$28.36
Second Quarter	$43.54	$36.10	£21.63	£17.66	$43.00	$35.77
First Quarter	$46.20	$37.64	£22.76	£17.39	$45.21	$37.19
Fiscal 2007						
Fourth Quarter	$52.10	$42.06	£25.00	£19.83	$50.65	$40.92
Third Quarter	$51.85	$41.70	£26.51	£20.32	$52.68	$40.73
Second Quarter	$50.77	$44.39	£26.74	£23.53	$52.16	$45.66
First Quarter	$52.73	$45.75	£28.40	£23.50	$55.45	$47.20

As of January 22, 2009, there were 3,670 holders of record of Carnival Corporation common stock and 41,282 holders of record of Carnival plc ordinary shares and 99 holders of record of Carnival plc ADSs. The past performance of our stock prices cannot be relied on as a guide to their future performance.

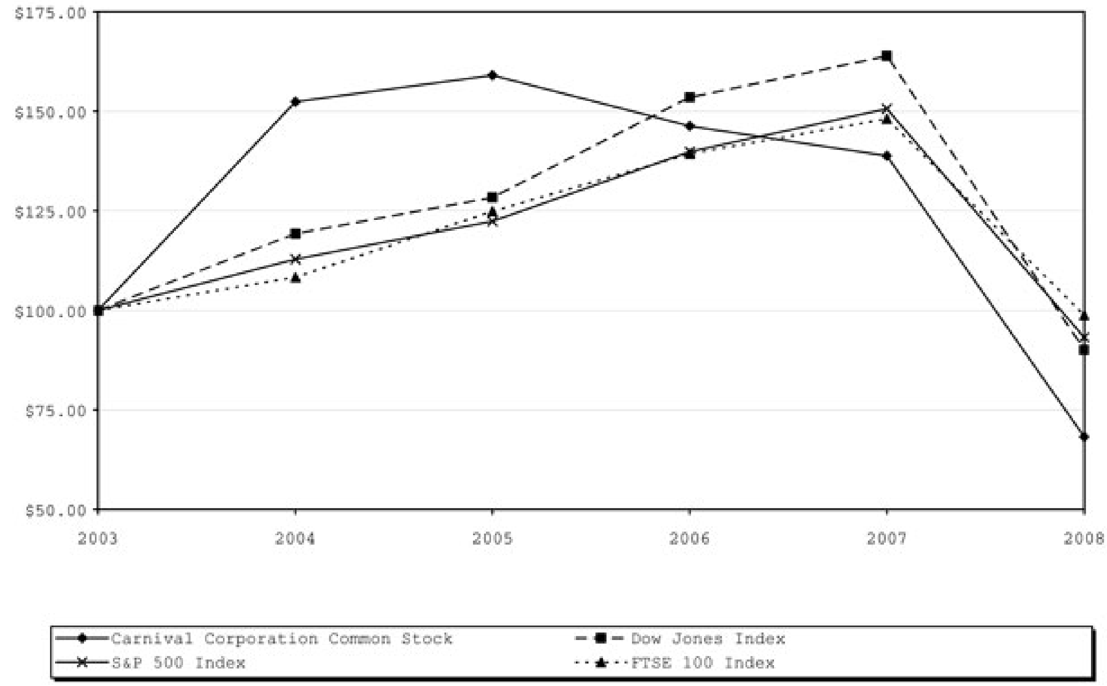
All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc ADSs receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end. In October 2008, our Board of Directors voted to suspend our quarterly dividend beginning March 2009. We intend to maintain the dividend suspension throughout 2009, but will reevaluate our dividend policy based on the circumstances prevailing during the year.

Stock Performance Graphs

Carnival Corporation

The following graph compares the Price Performance of $100 if invested in Carnival Corporation common stock with the Price Performance of $100 if invested in each of the S&P 500 Index, the Dow Jones U.S. Travel and Leisure Index (the "Dow Jones Index") and the FTSE 100 Index. The Price Performance, as used in the Performance Graph, is calculated by assuming $100 is invested at the beginning of the period in Carnival Corporation common stock at a price equal to the market value. At the end of each fiscal year the total value of the investment is computed by taking the number of shares owned, assuming Carnival Corporation dividends are reinvested on an annual basis, multiplied by the market price of the shares at the end of each fiscal year.

5-YEAR CUMULATIVE TOTAL RETURNS

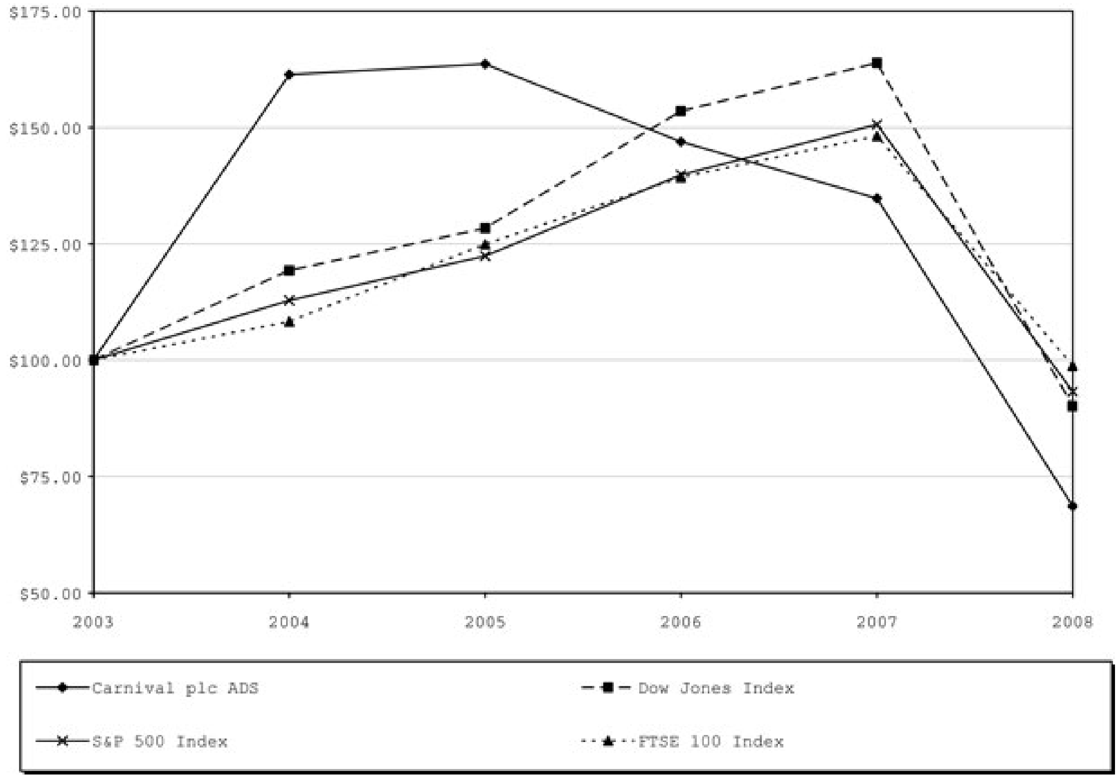


	Assumes $100 Invested on December 1, 2003 Assumes Dividends Reinvested Years Ended November 30,					
	2003	2004	2005	2006	2007	2008
Carnival Corporation Common Stock	$100	$152	$159	$146	$139	$68
Dow Jones Index	$100	$119	$128	$153	$164	$90
S&P 500 Index	$100	$113	$122	$140	$151	$93
FTSE 100 Index	$100	$108	$125	$139	$148	$99

Carnival plc

The following graph compares the Price Performance of $100 invested in Carnival plc ADSs, each representing one ordinary share of Carnival plc, with the Price Performance of $100 invested in each of the indexes noted below. The Price Performance is calculated in a similar manner as noted above.

5-YEAR CUMULATIVE TOTAL RETURNS



	Assumes $100 Invested on December 1, 2003 Assumes Dividends Reinvested Years Ended November 30,					
	2003	2004	2005	2006	2007	2008
Carnival plc ADS	$100	$161	$164	$147	$135	$69
Dow Jones Index	$100	$119	$128	$153	$164	$90
S&P 500 Composite	$100	$113	$122	$140	$151	$93
FTSE 100 Index	$100	$108	$125	$139	$148	$99

Selected Quarterly Financial Data (Unaudited)

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

Quarterly financial results for fiscal 2008 were as follows:

	Quarters Ended			
	February 29	May 31	August 31	November 30
	(in millions, except per share data)			
Revenues	$ 3,152	$ 3,378	$ 4,814	$ 3,302
Operating income	$ 312	$ 482	$ 1,485	$ 450 (a)
Net income	$ 236	$ 390	$ 1,333	$ 371 (a)
Earnings per share				
Basic	$ 0.30	$ 0.50	$ 1.70	$ 0.47
Diluted	$ 0.30	$ 0.49	$ 1.65	$ 0.47
Dividends declared per share	$ 0.40	$ 0.40	$ 0.40	$ 0.40

(a) Includes a $31 million gain on the sale of *QE*2.

Quarterly financial results for fiscal 2007 were as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
	(in millions, except per share data)			
Revenues	$ 2,688	$ 2,900	$ 4,321	$ 3,124
Operating income	$ 353	$ 459	$ 1,490	$ 423
Net income	$ 283	$ 390	$ 1,377	$ 358
Earnings per share				
Basic	$ 0.36	$ 0.49	$ 1.73	$ 0.45
Diluted	$ 0.35	$ 0.48	$ 1.67	$ 0.44
Dividends declared per share	$ 0.275	$ 0.35	$ 0.35	$ 0.40

Exhibit 21

Significant Subsidiaries of Carnival Corporation and Carnival plc (1)

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Costa Crociere, S.p.A. (2)	Italy
HAL Antillen N.V.	Netherlands Antilles
Holland America Line N.V. (3)	Netherlands Antilles
Princess Bermuda Holdings Ltd.	Bermuda
Princess Cruise Lines Ltd. (4)	Bermuda
Sunshine Shipping Corporation Ltd. ("Sunshine") (5)	Bermuda

(1) Carnival Corporation, incorporated in the Republic of Panama, and Carnival plc, incorporated in England and Wales, are separate legal entities, which have entered into a DLC structure as discussed in Notes 1 and 3 to the Consolidated Financial Statements in Exhibit 13 to the joint Annual Report on Form 10-K. We have accounted for the DLC transaction under U.S. GAAP as an acquisition by Carnival Corporation of Carnival plc. Accordingly, we have determined the significant subsidiaries based upon the consolidated results of operations and financial position of Carnival Corporation & plc.

(2) Subsidiary of Carnival plc.

(3) Subsidiary of HAL Antillen N.V.

(4) Subsidiary of Sunshine.

(5) Subsidiary of Princess Bermuda Holdings Ltd.

Exhibit 23

Consent of Independent Registered Certified Public Accounting Firm

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 of Carnival Corporation and Carnival plc (File Nos. 333-106553 and 333-132306-01), the Registration Statements on Form S-8 of Carnival Corporation (File Nos. 333-125418, 333-105672, 333-87036, 333-67394, 333-60558, 333-43885, 33-53099, 33-51195, 33-45287 and 33-26898) and the Registration Statements on Form S-8 of Carnival plc (File Nos. 333-125418, 333-124640, 333-104609, 333-84968, 333-13794 and 333-12742), of our report, dated January 28, 2009, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this joint Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
January 28, 2009

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2008 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals as of the 13th day of October 2008.

CARNIVAL CORPORATION

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

/s/ Robert H. Dickinson
Robert H. Dickinson
Director

/s/ Arnold W. Donald
Arnold W. Donald
Director

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Modesto A. Maidique
Dr. Modesto A. Maidique
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Uzi Zucker
Uzi Zucker
Director

CARNIVAL PLC

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

/s/ Robert H. Dickinson
Robert H. Dickinson
Director

/s/ Arnold W. Donald
Arnold W. Donald
Director

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Modesto A. Maidique
Dr. Modesto A. Maidique
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Uzi Zucker
Uzi Zucker
Director

Exhibit 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, does, hereby constitute and appoint Micky Arison, Howard S. Frank, David Bernstein and Arnaldo Perez, his true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him and in his name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2008 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hands and seal as of January 20, 2009.

CARNIVAL CORPORATION

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

CARNIVAL PLC

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

Exhibit 31.1

I, Micky Arison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

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

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

4. The registrant's other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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: January 29, 2009

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

Exhibit 31.2

I, Howard S. Frank, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

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

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

4. The registrant's other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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: January 29, 2009

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

Exhibit 31.3

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

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

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

4. The registrant's other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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: January 29, 2009

By: /s/ David Bernstein
David Bernstein
Senior Vice President and
Chief Financial Officer

Exhibit 31.4

I, Micky Arison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

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

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

4. The registrant’s other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant’s other certifying 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: January 29, 2009

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

Exhibit 31.5

I, Howard S. Frank, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

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

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

4. The registrant's other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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: January 29, 2009

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

Exhibit 31.6

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

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

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

4. The registrant's other certifying 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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: January 29, 2009

By: /s/ David Bernstein
David Bernstein
Senior Vice President and
Chief Financial Officer

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2009

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

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2009

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

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2009

By: /s/ David Bernstein
David Bernstein
Senior Vice President and
Chief Financial Officer

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2009

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

Exhibit 32.5

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2009

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

Exhibit 32.6

In connection with the Annual Report on Form 10-K for the year ended November 30, 2008 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2009

By: /s/ David Bernstein
David Bernstein
Senior Vice President and
Chief Financial Officer