CARNIVAL CORP (CUK)

10-K
Annual report pursuant to section 13 and 15(d)
Filed on 02/25/2004
Filed Period 11/30/2003

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

(Mark One)

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

For the fiscal year ended November 30, 2003

or

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

For the transition period from _____ to _____

Commission File Number: 1-9610	Commission File Number: 1-15136
Carnival Corporation (Exact name of registrant as specified in its charter)	Carnival plc (Exact name of registrant as specified in its charter)
Republic of Panama (State or other jurisdiction of incorporation or organization)	England and Wales (State or other jurisdiction of incorporation or organization)
59-1562976 (I.R.S. Employer Identification No.)	none (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428 (Address of principal executive offices) (Zip code)	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom (Address of principal executive offices) (Zip code)
(305) 599-2600 (Registrant's telephone number, including area code)	011 44 20 7940 5381 (Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered	Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.	Ordinary Shares each represented by American Depositary Shares ($1.66 stated value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Special Voting Trust	New York Stock Exchange, Inc.

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

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 registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of 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 accelerated filers (as defined in Rule 12b-2 of the Act). Yes |X| No |_|

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $12.4 billion as of the last business day of the registrant's most recently completed second fiscal quarter.	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 $4.7 billion as of the last business day of the registrant's most recently completed second fiscal quarter.
At February 16, 2004, Carnival Corporation had outstanding 631,469,622 shares of its Common Stock, $.01 par value.	At February 16, 2004, Carnival plc had outstanding 211,011,492 Ordinary Shares $1.66 stated value, one Special Voting Share, GBP 1.00 par value and 631,469,622 Trust Shares of beneficial interest in the P&O Special Voting Trust

<PAGE>

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2003 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

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

Portions of the Registrants' 2004 definitive proxy statement, to be filed with the Commission, are incorporated by reference into this joint Annual Report on Form 10-K under the items described below.

Part and Item of the Form 10-K	
Part II	
Item 5(d).	Market for Registrants' Common Equity and Related Stockholders Matters - Securities Authorized for Issuance Under Equity Compensation Plans
Part III	
Item 10.	Directors and Executive Officers of the Registrants
Item 11.	Executive Compensation
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Item 13.	Certain Relationships and Related Transactions
Item 14.	Principal Accountant Fees and Services

PART I

Item 1. Business

A. General

Carnival Corporation is a Panamanian corporation and Carnival plc (formerly known as P&O Princess Cruises plc) is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in this joint Annual Report on Form 10-K as Carnival Corporation & plc, "our," "us," and "we."

On April 17, 2003, Carnival Corporation and Carnival plc completed a dual listed company ("DLC") transaction, which implemented Carnival Corporation & plc's DLC structure. The DLC transaction combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. Carnival Corporation and Carnival plc are both public companies, with separate stock exchange listings and their own shareholders. The two companies have a single executive management team and identical boards of directors and are operated as if they were a single economic enterprise. See Note 3, "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

We are the largest global cruise company and one of the largest vacation companies in the world. We have a portfolio of 12 of the world's most widely recognized cruise brands and are the leading provider of cruises to all major destinations outside the Far East. See Part I, Item 1. Business C. Cruise Operations for further information.

As of February 15, 2004, a summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed is as follows:

Cruise Brands	Number of Cruise Ships	Passenger Capacity (a)	Primary Market
Carnival Cruise Lines ("CCL")	20	43,446	North America
Princess Cruises ("Princess")	11	19,880	North America
Holland America Line	12	16,320	North America
Costa Cruises ("Costa")	10	15,570	Europe
P&O Cruises	4	7,724	United Kingdom
AIDA	4	5,314	Germany
Cunard Line ("Cunard")	3	5,078	United Kingdom/North America
Ocean Village	1	1,602	United Kingdom
P&O Cruises Australia	1	1,200	Australia
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	73	118,040	

(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.

As of February 15, 2004, we had signed agreement with two shipyards providing for the construction of 10 additional cruise ships scheduled for delivery during the next two and a half years and one letter of intent for an additional 3,004-passenger vessel for expected delivery to Costa in the summer 2006. This will increase our passenger capacity by 28,894 lower berths, or 24.5%, compared to February 15, 2004. We have announced that two of our ships, the 1,214-passenger Noordam and the 668-passenger Caronia are scheduled to withdraw from our fleet in November 2004. However, it is possible that some more of our older ships may be sold or retired during the next three to four years, thus reducing the size of our fleet over this period. See Note 8, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our ship commitments.

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

- 17 hotels or lodges in Alaska and the Canadian Yukon, with approximately 2,714 guest rooms;

- over 500 motorcoaches used for sightseeing and charters in the States of Washington and Alaska and in British Columbia, Canada and the Canadian Yukon;

- over 20 domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks;

- two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River; and

- sightseeing packages, or individual components of such packages, sold either separately or as part of our cruise/tour packages to our Alaska bound cruise passengers and to other vacationers.

B. Risk Factors

You should carefully consider the specific risk factors set forth below, as well as the other information contained or incorporated by reference in this joint Annual Report on Form 10-K, as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. Some of the statements in this section and elsewhere in this joint Annual Report on 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" below.

(1) We may lose business to competitors throughout the vacation market.

We operate in the vacation market, and cruising is 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 leisure options, including hotels, resorts and package holidays and tours.

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the nature of ships and services we offer to cruise passengers. Our principal competitors include the companies listed in this joint Annual Report on Form 10-K under the caption, "Cruise Operations - Competition."

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

(2) The international political and economic climate and other world events affecting safety and security 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 of travel, the international political climate and the political climate of destination countries. Events such as the terrorist attacks in the United States on September 11, 2001 and the threat of additional attacks, 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 and may continue to do so in the future. Demand for cruises is also likely to be increasingly dependent on the underlying economic strength of the countries from which cruise companies source their passengers. Economic or political changes that reduce disposable income or consumer confidence in the countries from which we will source our passengers may 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.

(3) Overcapacity within the cruise and land-based vacation industry could have a negative impact on net revenue yields, increase operating costs, resulting in ship, goodwill and/or trademark asset impairments and could adversely affect profitability.

Cruising capacity has grown in recent years and we expect it to continue to increase over the next two and a half years as all of the major cruise vacation companies are expected to introduce new ships. Over the past few years, our net revenue yields have been negatively impacted as a result of a variety of factors, including capacity increases (see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 to this joint Annual Report on Form 10-K.) In order to utilize 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 also will impact us. Failure of the cruise vacation industry to increase its share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. 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 at competitive costs and, therefore, increase our shipboard employee costs.

(4) Our future operating cash flow may not be sufficient to fund future obligations, and we may not be able to obtain additional financing, if necessary, at a cost that is favorable or that meets our expectations.

Our forecasted cash flow from future operations may be adversely affected by various factors, including, but not limited to, declines in customer demand, increased competition, overcapacity, the deterioration in general economic and business conditions, terrorist attacks, ship incidents, adverse publicity 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 future shipbuilding commitments, from sources other than cash flow from operations, cash on hand and current external sources of liquidity, including committed 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.

Our access to financing will depend on, among other things, the maintenance of strong long-term credit ratings. Carnival Corporation and Carnival plc's senior, unsecured long-term debt ratings are "A3" by Moody's, "A-" by Standard & Poor's and "A-" by Fitch Ratings. Carnival Corporation's short-term corporate credit ratings are "Prime-2" by Moody's, "A-2" by Standard & Poor's and "F2" by Fitch Ratings.

(5) Accidents and other incidents or adverse publicity concerning the cruise industry or us could affect our reputation and harm our future sales and profitability.

The operation of cruise ships involves the risk of accidents, passenger and crew illnesses, mechanical failures and other incidents at sea or while in port, which may bring into question passenger safety, health, security and vacation satisfaction and thereby adversely affect future industry performance. Incidents involving passenger cruise ships could occur and could adversely affect future sales and profitability. In addition, adverse publicity concerning the vacation industry in general or the cruise industry or us in particular could impact demand and, consequently, have an adverse affect on our profitability.

(6) Our operating, financing and tax costs are subject to many economic and political factors that are beyond our control, which could result in increases in our operating, financing and tax costs.

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

(7) 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. Environmental Protection Agency is considering new laws and

rules to manage cruise ship waste. In addition, various state regulatory agencies in Alaska, California, Florida and elsewhere are also considering new regulations, which could adversely impact the cruise industry.

Alaskan authorities are currently investigating an incident that occurred in August 2002 onboard Holland America's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers and crew have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska, requesting that they appear before the grand jury. If the investigation results in charges being filed, a judgement could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit Holland America Line's operations in Alaska's Glacier Bay National Park and Preserve during the period of debarment. See Part 1, Item 3. Legal Proceedings and Note 9, "Contingencies - Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

In addition, pursuant to a settlement with the U.S. government in April 2002, Carnival Corporation pled guilty to certain environmental violations. Carnival Corporation was sentenced under a plea agreement pursuant to which Carnival Corporation paid fines in fiscal 2002 totaling $18 million to the U.S. government and other parties. Carnival Corporation was also placed on probation for a term of five years. Under the terms of the probation, any future violation of environmental laws by Carnival Corporation may be deemed a violation of probation. In addition, Carnival Corporation was required as a special term of probation to develop, implement and enforce a worldwide environmental compliance program, which probation is also applicable to Carnival plc. We have implemented the environmental compliance program at Carnival Corporation and are in the process of implementing it at Carnival plc and expect to incur approximately $5 million in additional 2004 annual environmental compliance costs compared to 2003 as a result of the program.

Our costs of complying with 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 the cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

(8) New regulation of health, safety, security and other regulatory issues could increase our operating costs and adversely affect net income.

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. The International Maritime Organization, sometimes referred to as the IMO, which operates under 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. Generally SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety and security.

In addition, ships that call on U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with SOLAS and by the U.S. Public Health Service for sanitary standards. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit. Finally, the U.S. Congress recently enacted the Maritime Transportation Security Act of 2002 which implemented a number of security measures at U.S. ports, including measures that relate to foreign flagged vessels calling at U.S. ports.

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

(9) Delays in ship construction and problems encountered at shipyards could reduce our profitability.

The construction of cruise ships is a complex process and involves risks similar to those encountered in other sophisticated construction projects, including delays in completion and delivery. In addition, industrial actions and insolvency or financial problems of the shipyards building our ships could also delay or prevent the delivery of our ships under construction. These events could adversely affect our profitability. However, the impact from a delay in delivery could be mitigated by contractual provisions and refund guarantees obtained by us.

In addition, as of February 15, 2004, we have entered into forward foreign currency contracts to fix the cost in U.S. dollars of five of our foreign currency denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contract, the foreign currency forward contract related to the shipyard's shipbuilding contract would still have to be honored. This might require us to realize a loss on an existing contract without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contract, thus resulting in an adverse effect on our financial results.

(10) The lack 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 customers 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 concerns, adverse weather conditions and natural disasters, financial limitations on port development, local governmental regulations and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain and increase our ports of call could adversely affect our net revenue yields and net income.

(11) The structure of the DLC transaction 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 the DLC transaction, the combination was 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 the DLC transaction. We are maintaining 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 may have an adverse effect on our operating efficiency.

(12) Changes under the 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 and Australian income tax laws or regulations 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:

- Section 883 of the Internal Revenue Code;

- as appropriate in the case of Carnival plc and its UK resident subsidiaries, the U.S.-UK Income Tax Treaty that entered into force on April 25, 1980, which is referred to below as the "old U.S.-UK treaty", and, when applicable, the new U.S.-UK Income Tax Treaty that entered into force on March 31, 2003, which is referred to below as the "new U.S.-UK treaty"; or

- other applicable U.S. income tax treaties,

and should continue to so qualify now that the DLC transaction has been completed. There

is, however, no existing U.S. federal income tax authority that directly addresses the tax consequences of implementation of a dual listed company structure such as the DLC structure for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, the matters discussed above are not free from doubt.

Under recently finalized regulations, the scope of income that is considered shipping income under Section 883 has been narrowed but, because the regulations are new, the scope of income that will not qualify for exemption under Section 883 is not clear. The provisions of Section 883 and the Regulations under Section 883 are subject to change at any time. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares and/or Carnival plc shares on their respective exchanges or with respect to the identity, residence, or holdings of Carnival Corporation's and/or Carnival plc's direct or indirect shareholders that could affect the eligibility of Carnival Corporation and its subsidiaries and/or certain members of the group consisting of Carnival plc, its subsidiaries and its subsidiary undertakings, which are otherwise eligible for the benefits of Section 883 to qualify for the benefits of the Section 883 exemption. Accordingly, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries and/or certain members of the group consisting of Carnival plc, its subsidiaries and its subsidiary undertakings whose tax exemption is based on Section 883 may lose this exemption. If any such corporation were not entitled to the benefits of Section 883, it would become subject to U.S. federal income taxation on a portion of its income, which would reduce the net profits of such corporation.

Carnival plc's UK, German and Australian operations are entered into the UK tonnage tax regime, whereby UK corporation tax is payable based on shipping profits calculated by reference to the net tonnage of qualifying vessels. Costa is subject to Italian tax law, which exempts a large portion of its shipping income from Italian income tax. If these countries tax laws or regulations were to change in a manner adverse to these operations, our net income could be adversely affected.

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

(13) A small group of shareholders collectively owned, as of February 15, 2004, approximately 32% of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.

A group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned, approximately 42% of the outstanding common stock of Carnival Corporation, which shares represented sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 32% 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 shareholder votes and, therefore, the corporate actions requiring such votes.

(14) 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 and amended and restated by-laws and by the corporate laws of Panama. Carnival plc is governed by its Articles of Association and Memorandum of Association and is organized under laws of England and Wales. The corporate laws of Panama and England and Wales may differ in some respects from the corporate laws in the U.S.

(15) Provisions in Carnival Corporation's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider in their best interests.

Carnival Corporation's amended articles of incorporation and by-laws contain provisions that may delay, defer, prevent or render more difficult a takeover attempt that our shareholders consider to be in their best interests. For instance, 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 of incorporation 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 percent of its outstanding shares without the consent of our 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. For a description of the reasons for the provisions see Part I, Item 1. Business, I. - Taxation- Application of Section 883 of the Internal Revenue Code.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this joint Annual Report on Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including certain statements concerning future results, outlook, 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 U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. You can find many but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this joint Annual Report on 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 tax costs, cost per available lower berth day, estimates of ship depreciable lives and residual values, outlook or business prospects.

Our risks 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 joint Annual Report on Form 10-K and in other risks as detailed in the section above entitled "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 joint Annual Report on 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.

C. Cruise Operations

The multi-night cruise industry is a small part of the overall global vacation market. We estimate that the global cruise industry carried more than 10 million passengers in 2003. The principal sources for cruise passengers are North America, Europe, Asia/South Pacific including Australia, and South America. We source our passengers principally from North America, the largest cruise sector in the world and, to a lesser extent, from Europe. A small percentage of our passengers are sourced from South America and Asia/South Pacific. See Note 13, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our U.S. and foreign assets and revenues.

Industry Background

The cruise industry is still growing and continues to remain only a small percentage of the wider global holiday market in which cruise vacation operators compete for disposable income normally spent by consumers on vacations. In the U. S., for example, only approximately 15 percent of the population has ever cruised. In addition, cruising in North America has grown by 8.6 percent annually since 1997, increasingly drawing consumers from other vacation alternatives. In Europe, where employees generally enjoy two to three times more vacation days than North Americans, cruise vacations have on average grown 9.9 percent per year since 1997. In addition, the number of Europeans who have selected cruising as their holiday alternative has risen by 60.5 percent since 1997.

Outside North America, the principal sources of passengers for the industry, excluding

the Far East, are the UK, Italy, Germany, France, Australia, Spain, Switzerland and Brazil. In all of these areas, cruising represents a smaller proportion of the overall vacation market than it does in North America but, based on industry data, is generally experiencing higher growth rates.

Cruising offers a broad range of products to suit vacationing customers of many ages, backgrounds and interests. Cruise brands can be broadly divided into the contemporary, premium and luxury segments. We have significant product offerings in each of these segments. The contemporary segment is the largest segment and typically includes cruises that last seven days or less, have a more casual ambience and are less expensive than premium or luxury cruises. The premium segment is smaller than the contemporary segment and typically includes cruises that last from seven to 14 days. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries and the average pricing on these cruises is typically higher than those in the contemporary segment. The luxury segment is the smallest segment and is typically characterized by smaller vessel size, very high standards of accommodation and service, and generally with higher prices than the premium segment. Notwithstanding these marketing segment classifications, there is overlap and competition among cruise segments.

We are a provider of cruise vacations in most of the largest vacation markets in the world: North America, the UK, Germany, southern Europe and South America. Our mission is "to deliver exceptional vacation experiences through 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." A brief description of the principal vacation regions in which we operate and our brands that serve these regions is as follows:

North America

The largest cruise vacation market in the world is North America, where cruising has developed into a mainstream alternative to land-based resort and sightseeing vacations. According to G. P. Wild (International) Ltd. ("G. P. Wild"), approximately 7.6 million North American sourced cruise passengers took cruise vacations for two consecutive nights or more in 2002. This sector has grown significantly in recent years as new capacity has been introduced.

The principal itineraries visited by North American cruise passengers in 2003 were the Caribbean, Bahamas, Mexico and Alaska. In addition, North American cruise passengers visited Europe, the Mediterranean, Bermuda, New England and Canada, the Panama Canal and other exotic locations, including South America, Africa, the South Pacific, the Orient and India.

Based on the number of ships that are currently on order worldwide and scheduled for delivery between 2004 and 2006, we expect that the net capacity serving North American consumers will increase significantly, most notably in 2004. Our projections indicate that by the end of 2004, 2005 and 2006, North America will be served by 153, 156 and 160 ships, respectively, having an aggregate passenger capacity of approximately 192,000, 198,000 and 209,000 lower berths, respectively. At the end of 2003, North America was served by 146 ships, having an aggregate passenger capacity of approximately 173,000 lower berths. These figures include some ships that are expected to be marketed in North America and elsewhere. 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' passengers are predominantly sourced and, accordingly, could indicate a higher percentage growth in North American capacity than will actually occur. Nonetheless, we expect that net capacity serving North American-sourced cruise passengers will increase over the next several years.

We serve the North American cruise sector principally through our CCL, Princess, Holland America Line, Cunard, Seabourn and Windstar brands.

CCL has 20 ships operating in the contemporary sector, with two additional ships expected to begin service in fiscal 2005. CCL is the number one cruise brand in North America, and is well-known as the "Fun Ships", which we believe captures the essence of the brand. CCL carries the largest number of North American cruise passengers and has increasingly been offering new homeport locations to stimulate demand by enabling its guests to lower the price of their cruise vacation, by reducing or eliminating the cost of travel to the port. All the CCL ships were designed by and built for CCL, including five that are among the world's largest, the Carnival Glory, the Carnival Conquest, the Carnival Victory, the Carnival Triumph and the Carnival Destiny. In addition, CCL's four "Spirit" class ships, the Carnival Spirit, the Carnival Pride, the Carnival Legend and the Carnival Miracle have 80% outside cabins, with 80% of those outside cabins having balconies.

Eighteen of the CCL ships operate to destinations in the Bahamas or the Caribbean during all or a portion of the year and two CCL ships call on ports on the Mexican Riviera year round. CCL ships also offer cruises to Alaska, Bermuda, Canada, New England, the Hawaiian Islands and the Panama Canal, with most cruises ranging from three to seven days.

As of February 15, 2004, Princess, whose brand name was made famous by the "Love Boat" television show, was operating 11 ships in the contemporary/premium sector, with three additional ships expected to begin service in fiscal 2004 and one new ship scheduled for delivery in fiscal 2006. Most cruises range from seven to 14 days in length, with some up to 30 days, and destinations include Alaska, Europe, the Caribbean, the Panama Canal, Mexican Riviera, the South Pacific, South America, Hawaiian Islands, Asia and Canada/New England. Princess also operates a private destination port-of-call known as Princess Cay on the Bahamian Island of Eleuthera, which features retail outlets, water sports, beach and sports facilities, restaurants, bars and other amenities. Princess' fleet was designed with Personal Choice in mind, with numerous options and features, including intimately designed spaces, spacious staterooms and Princess' trademark private balconies.

In 2004, Holland America Line's fleet of 13, five-star, premium ships will offer nearly 500 sailings from 15 North American home ports, including new departures from Norfolk, Virginia; Baltimore, Maryland; and Boston, Massachusetts. Recent additions to the fleet include the 1,848-passenger sister ships, ms Zuiderdam and ms Oosterdam. In April 2004, the third ship in that series, ms Westerdam is expected to join the fleet. The fleet will visit all seven continents in 2004, while increasing the number of cruises to popular destinations such as Alaska, the Caribbean, Europe and Canada/New England. Cruise lengths vary from seven to over 100 days. Most Holland America Line sailings in the Caribbean visit a private island destination known as Half Moon Cay, a private island owned by Holland America Line.

As a premium category cruise leader, Holland America Line is investing $225 million in the Signature of Excellence initiative to provide product and service enhancements to its fleet. The enhancements will focus on five areas central to the Holland America Line guest experience: spacious, elegant ships and accommodations; sophisticated five-star dining, gracious, unobtrusive service; extensive enrichment programs and activities; and compelling worldwide itineraries. Enhancements, and in some cases construction build-outs, have been started and are expected to be substantially completed by the end of 2005.

Windstar Cruises operates three motor-sail yachts known for their casually elegant atmosphere. In 2004, Windstar Cruises will offer sailings in the Caribbean, Europe and Tahiti. Renowned for offering a luxury cruise experience that is "180 Degrees from Ordinary," a high-percentage of return guests attests to the appeal of Windstar's casual ambiance of resort-style attire, innovative cuisine and wine selections, open restaurant-style seating, attentive service, exotic destinations and complimentary water sports.

The three Seabourn ships (the "Yachts of Seabourn") focus on personalized service and quality cuisine aboard their intimately sized all-suite ships. The Yachts of Seabourn serve the luxury sector and are primarily marketed in North America. These ships concentrate their operations around Europe, Asia and the Americas with cruises generally in the seven to 14 day range.

Europe

We estimate that Europe is the largest leisure travel vacation market, but cruising in Europe has achieved a much lower penetration rate than in North America. According to G. P. Wild approximately 2.3 million European-sourced passengers took cruise vacations in 2002 compared to approximately 7.6 million North American sourced-passengers. The number of European cruise passengers increased by a compound annual growth rate of approximately 9.9% between 1997 and 2002. We believe that cruising represents less than 2% of the European vacation market. Therefore, we believe that the European market represents a significant growth opportunity for us and we expect that a number of new or existing ships will be introduced into Europe over the next several years.

Our projections indicate that by the end of 2004, 2005 and 2006, Europe will be served by 117, 118 and 119 ships, respectively, having an aggregate passenger capacity of approximately 91,000, 93,000 and 96,000 lower berths, respectively. At the end of 2003, Europe was served by 112 ships, having an aggregate passenger capacity of approximately 86,000 lower berths.

UK

The UK is the single largest country from which cruise passengers are sourced in Europe. According to G. P. Wild, approximately 0.8 million UK passengers took cruises in 2002. Cruising was relatively underdeveloped as a vacation option for the UK consumers until the mid-1990s, but since then the UK has been one of the fastest growing regions in the world. The number of UK cruise passengers increased by a compound annual growth rate of approximately 9.7% between 1997 and 2002. The main destination for UK cruise passengers is the Mediterranean. Other popular destinations for UK cruise passengers include the Caribbean, the Atlantic Islands, including the Canary Islands and the Azores, and Scandinavia.

We serve the UK cruise sector principally through our P&O Cruises, Ocean Village, Cunard, and Swan Hellenic brands, although our larger North American brands and Costa also source passengers from the UK.

P&O Cruises is the largest cruise operator and best known cruise brand in the UK, with four premium sector ships, with an average age of five years at November 30, 2003. These ships cruise to over 180 destinations in more than 75 countries, with most cruises ranging from 12 to 16 days. These ships, which are relatively new compared to the ships that are more typically marketed in the UK, have enabled P&O Cruises to continue to offer a more modern style of cruising to UK cruise passengers and increase their appeal to younger and family passengers, while retaining older and more traditional British customers. The ships have a wide choice of dining and entertainment options and offer a welcoming atmosphere, with an emphasis on the attributes of "Britishness," "professionalism," and "style." P&O Cruises offers cruises to the Mediterranean, the Atlantic Islands, the Baltic, the Norwegian Fjords, the Caribbean and around the world voyages.

Under the Cunard brand, which is one of the most widely recognized brands in the UK, we operate three ships in the premium/luxury sectors, which are primarily marketed in the UK, North America, Germany and Australia. Cunard's new flagship, the Queen Mary 2 was delivered in December 2003 and is the largest ocean liner in the world. She is taking over the northern transatlantic crossing route, which was previously operated by the Queen Elizabeth 2 ("QE2"), Cunard's former flagship. The QE2 will continue her world cruises before being based in Southampton, England, primarily to serve the UK region. Cunard's third ship, the Caronia, is also homeported in Southampton, England, and will continue to service the UK region until its charter ends in November 2004. Cunard expects to take delivery of its next new ship, the Queen Victoria, in 2005. Cunard's ships offer cruises to worldwide destinations, with many of the cruises ranging generally between six and 26 days.

The Ocean Village brand was launched in spring 2003 and consists of one ship serving the UK contemporary sector. This brand targets a young and active customer base and its cruise product emphasizes informality, health and well-being. The Ocean Village ship offers one or two week cruises, together with cruise and stay holidays, and operates out of Palma, Majorca in the Mediterranean during the summer season and from Barbados in the Caribbean during the winter season.

Swan Hellenic's Minerva II operates a program of premium discovery cruises. The product is intended to appeal to passengers seeking to discover more about the destinations they are visiting. In the summer season, the itineraries are focused in the Mediterranean, the Black Sea, the Baltic and around Great Britain. Winter cruise destinations alternate between Central and South America and the Far East.

Southern Europe

The main regions in southern Europe for sourcing cruise passengers are Italy, France and Spain. Together, these countries generated approximately 0.8 million cruise passengers in 2002. Cruising in Italy, France and Spain exhibited a compound annual growth rate in the number of passengers carried of approximately 14.7% between 1997 and 2002. We believe that these regions are also relatively underdeveloped for the cruise industry. We intend to increase our penetration in southern Europe through Costa, the largest and one of the most recognized cruise brands marketed in Europe.

Costa's ten contemporary ships operate in Europe during the spring to fall. During the fall to spring, Costa repositions most of its ships to the Caribbean and South America. Costa serves the contemporary sector and is the number one cruise line in continental Europe based on passengers carried and capacity of its ships, principally serving customers in Italy, France, Germany and Spain. Costa expects to take delivery of two new ships, one in 2004 and one in 2006. The Costa ships call on 120 European ports with 44 different

itineraries and to various other ports in the Caribbean and South America, with most cruises ranging from seven to 14 days.

Germany

Germany is one of the largest sources for cruise passengers in continental Europe with approximately 0.4 million cruise passengers in 2002. Germany exhibited a compound annual growth rate in the number of cruise passengers carried of approximately 8.6% between 1997 and 2002. We believe that Germany is also an underdeveloped region for the cruise industry. The main destinations visited by German cruise passengers are the Mediterranean and the Caribbean. Other popular destinations for German cruise passengers include Scandinavia and the Atlantic Islands.

We serve the German market through our Aida brand and a Costa ship, the Costa Marina, which has been dedicated exclusively to the German market since 2002.

Aida is the best-known cruise brand in the fast-growing German cruise industry, and offers a "club cruising" style that has an emphasis on lifestyle, informality, friendliness and activity. Spa areas and high quality but informal dining options characterize the experience onboard the vessels. Aida's four contemporary ships primarily offer seven day trips that allow guests to easily book back-to-back cruise vacations. During the summer the ships sail in the Mediterranean and Baltic Sea, calling on approximately 70 ports, while itineraries for the winter include the Caribbean, Asia and the Atlantic Islands.

Australia

Cruising in Australia is relatively well established but still developing. We estimate that approximately 155 thousand Australians took cruise vacations in 2002. We expect to serve this region primarily through P&O Cruises Australia, which is the leading cruise line in Australia.

P&O Cruises Australia is a cruise brand that caters specifically to Australians. Its contemporary product, the Pacific Sky, offers seven to 14 day cruises from Sydney to Vanuatu, New Caledonia, Fiji, and New Zealand. The Pacific Sky is the only ship deployed full-time in Australia by the major cruise lines. The Pacific Princess operates for half the year as part of P&O Cruises Australia and offers a premium cruise product from Sydney to French New Caledonia and elsewhere in the South Pacific.

In the fall of 2004, the 1,486-passenger Carnival Jubilee will be transferred to P&O Cruises Australia and renamed the Pacific Sun, thereby more than doubling this line's dedicated year-round passenger capacity.

South America

Cruise vacations have been marketed in South America for many years, although cruising as a vacation alternative remains in an early stage of development in the region. Cruises from South America typically occur during the southern hemisphere summer months of November through March, and are primarily seven to nine days in duration. Our presence is primarily represented through the Costa brand, which currently operates two vessels in this region, Costa Allegra and Costa Tropicale, offering approximately 1,828 lower berths.

Ship Information

Summary information of our ships as of February 15, 2004 is as follows:

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
CCL			
Carnival Miracle	Panama	2004	2,124
Carnival Glory	Panama	2003	2,974
Carnival Conquest	Panama	2002	2,974
Carnival Legend	Panama	2002	2,124
Carnival Pride	Panama	2001	2,124

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Carnival Spirit	Panama	2001	2,124
Carnival Victory	Panama	2000	2,758
Carnival Triumph	Bahamas	1999	2,758
Paradise	Panama	1998	2,052
Elation	Panama	1998	2,052
Carnival Destiny	Bahamas	1996	2,642
Inspiration	Bahamas	1996	2,052
Imagination	Bahamas	1995	2,052
Fascination	Bahamas	1994	2,052
Sensation	Bahamas	1993	2,052
Ecstasy	Panama	1991	2,052
Fantasy	Panama	1990	2,056
Celebration	Panama	1987	1,486
Jubilee (1)	Bahamas	1986	1,486
Holiday	Bahamas	1985	1,452
Total CCL			43,446
Princess			
Island Princess	Bermuda	2003	1,970
Coral Princess	Bermuda	2002	1,974
Star Princess	Bermuda	2002	2,598
Golden Princess	Bermuda	2001	2,598
Tahitian Princess	Gibraltar	1999	668
Pacific Princess (2)	Gibraltar	1999	668
Grand Princess	Bermuda	1998	2,592
Dawn Princess	UK	1997	1,998
Sun Princess	UK	1995	2,022
Regal Princess	UK	1991	1,596
Royal Princess	UK	1984	1,196
Total Princess			19,880
Holland America Line			
Oosterdam	Netherlands	2003	1,848
Zuiderdam	Netherlands	2002	1,848
Zaandam	Netherlands	2000	1,440
Amsterdam	Netherlands	2000	1,380
Volendam	Netherlands	1999	1,440
Rotterdam	Netherlands	1997	1,316
Veendam	Bahamas	1996	1,266
Ryndam	Netherlands	1994	1,258
Maasdam	Netherlands	1993	1,258
Statendam	Netherlands	1993	1,258
Prinsendam	Netherlands	1988	794
Noordam(3)	Netherlands	1984	1,214
Total Holland America Line			16,320
Costa			
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	806
Costa Classica	Italy	1991	1,302
Costa Marina	Italy	1990	762
Costa Europa	Italy	1986	1,476
Costa Tropicale	Italy	1982	1,022
Total Costa			15,570
P&O Cruises			
Oceana	UK	2000	2,016
Aurora	UK	2000	1,870
Adonia	UK	1998	2,016
Oriana	UK	1995	1,822
Total P&O Cruises		7,724	

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
AIDA			
AIDAaura	UK	2003	1,266
AIDAvita	UK	2002	1,266
AIDAcara	UK	1996	1,186
A'ROSA Blu (4)	UK	1990	1,596
Total AIDA			5,314
Cunard			
Queen Mary 2	UK	2003	2,620
Caronia (5)	UK	1973	668
QE2	UK	1969	1,790
Total Cunard			5,078
Ocean Village			
Ocean Village	UK	1989	1,602
P&O Cruises Australia			
Pacific Sky	UK	1984	1,200
Swan Hellenic			
Minerva II(6)	Republic of the Marshall Islands	2001	678
Seabourn			
Seabourn Legend	Bahamas	1992	208
Seabourn Spirit	Bahamas	1989	208
Seabourn Pride	Bahamas	1988	208
Total Seabourn			624
Windstar			
Wind Surf	Bahamas	1990	308
Wind Spirit	Bahamas	1988	148
Wind Star	Bahamas	1986	148
Total Windstar			604
Total			118,040

(1) The Jubilee is expected to transfer to P&O Cruises Australia in the fall of 2004 and be renamed the Pacific Sun.

(2) The Pacific Princess, which is only included in Princess' capacity, operates on a split deployment between Princess and P&O Cruises Australia.

(3) The Noordam was recently bareboat chartered under a long-term agreement, but will continue to be operated by Holland America Line through November 12, 2004.

(4) The A'ROSA Blu is transferring to AIDA in the spring of 2004 and will be renamed the AIDAblu. The A'ROSA brand name and its three river boats, which are not included above, were sold for their net book value in December 2003 to an entity controlled by a former director of P&O Princess Cruises plc.

(5) The Caronia was sold in May 2003 and is being chartered back for use by Cunard until November 2004.

(6) The Minerva II is operated by Swan Hellenic pursuant to a bareboat charter agreement that expires in 2006.

Characteristics of the Cruise Vacation Industry

Strong Growth

Cruise vacations have experienced significant growth in recent years. The number of new cruise ships currently on order from shipyards indicates that the growth in cruise capacity is set to continue for a number of years, most notably in 2004. In order to fill up this new capacity, continued growth in demand across the industry, particularly in North America, will be required. Given the historical growth rate of cruising and the relative low penetration levels in major vacation regions, we believe that there are significant areas for growth. However, for the past few years there has been pressure on cruise pricing, which we believe is ultimately the result of, among other things, various adverse international geopolitical and economic conditions and events, such as terrorism, higher

unemployment, the Iraqi war, and the risk of other armed conflicts, adverse publicity, increases in new cruise ship capacity, ship incidents, and competition from cruise ship and other vacation alternatives.

Wide Appeal of Cruising

Cruising appeals to a broad demographic range. Industry surveys estimate that the principal passengers for cruising in North America (defined as households with income of $40,000 or more headed by a person who is at least 25 years old) now comprise approximately 128 million people. About half of these individuals have expressed an interest in taking a cruise as a vacation alternative. According to a survey by G.P. Wild, approximately 72 percent of cruise passengers are over the age of forty. The growth of this segment of the population is expected to increase by 30 percent between 2000 and 2010 based on a study by The World Bank. Accordingly, we believe the cruise industry is well-positioned to take advantage of these favorable demographic trends.

Relatively Low Penetration Levels

North America has the highest cruising penetration rates per capita. Nevertheless, the Cruise Lines International Association, or CLIA, a leading trade group, estimates that only approximately 15% of the U.S. population has ever taken a cruise. In the UK, where there has been significant expansion in the number of cruise passengers carried over the last five years, cruising penetration levels per capita are only approximately three-fifths of those of North America. In the principal vacation regions in continental Europe, cruising penetration levels per capita are approximately one-fifth of those in North America. Elsewhere in the world cruising is at an early stage of development and has far lower penetration rates.

Satisfaction Rates

Cruise passengers 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 passengers think the value of their cruise vacation experience is as good as, or better than, the value of other comparable vacation alternatives.

Passengers, Capacity and Occupancy

Our cruise operations had worldwide cruise passengers, passenger capacity and occupancy as follows (1):

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY	OCCUPANCY(2)
1999	2,366,000	43,810	104.3%
2000	2,669,000	48,196	105.4%
2001	3,385,000	58,346	104.7%
2002	3,549,000	67,282	105.2%
2003	5,156,000	113,296	103.4%

(1) Information presented is as of the end of our fiscal year for passenger capacity. Costa's information is only included subsequent to 2000 and Carnival plc's information is only included since April 17, 2003, the period subsequent to the DLC transaction.

(2) 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. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

The occupancy level on our ships during each quarter indicated below was as follows (1):

Quarters Ended	Occupancy
February 28, 2002	102.8%
May 31, 2002	101.9%
August 31, 2002	113.7%
November 30, 2002	102.1%
February 28, 2003	102.8%
May 31, 2003	98.5%
August 31, 2003	109.8%
November 30, 2003	101.1%

(1) Carnival plc occupancy is only included since April 17, 2003.

Our passenger capacity has grown from 43,810 berths at November 30, 1999, not including Carnival plc, to 113,296 berths at November 30, 2003. During 2000, Carnival Corporation's capacity increased by 4,386 berths, primarily due to the deliveries of the Carnival Victory and Holland America Line's Zaandam and Amsterdam, partially offset by the 1,214 berth decrease due to the sale of Holland America Line's Nieuw Amsterdam. During 2001, Carnival Corporation's capacity increased by 10,150 berths, primarily due to the acquisition and consolidation of Costa's 9,200 berths and the delivery of the Carnival Spirit, partially offset by the removal from service of the 946 berth Costa Riviera and the 232 berth decrease due to the sale of the Seabourn Goddess I and II. During 2002, Carnival Corporation's capacity increased by 8,936 berths primarily due to the deliveries of the Carnival Pride, Carnival Legend, Carnival Conquest and Holland America Line's Zuiderdam, partially offset by the removal from service of the 148 berth Wind Song. In 2003, our capacity increased by 46,014 berths primarily due to 34,428 berths from the DLC transaction with Carnival plc and 11,608 berths from the introduction of the Carnival Glory, Island Princess, Costa's Mediterranea and Fortuna and Holland America Line's Oosterdam. Subsequent to November 30, 2003, the Carnival Miracle and Cunard's Queen Mary 2 were delivered, which added 4,744 berths to our capacity.

Cruise Ship Construction and Cruise Port Facility Development

As of February 15, 2004, we have signed agreements with two shipyards providing for the construction of 10 additional cruise ships scheduled for delivery during the next two and a half years and one letter of intent for an additional 3,004-passenger vessel for expected delivery to Costa in the summer 2006. See Note 8, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Primarily in cooperation with private or public entities, we are engaged in the development of new or enhanced cruise port facilities. These facilities are expected to provide our passengers with an improved holiday experience. Our involvement typically includes providing cruise port facility development and management expertise and assistance with financing. During 2003, we were primarily involved in the development of cruise port facilities in Long Beach, California and Savona, Italy, which opened in 2003, Galveston, Texas, and San Juan, Puerto Rico. In addition, we are in the process of negotiating for the development of several other port facilities to service our North American and European guests, including, but not limited to, facilities in Barcelona, Spain, Brooklyn, New York and the Turks & Caicos Islands. No assurance can be given that any of these cruise port facilities that are still being developed will be completed.

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 and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including fully equipped casino, nightclubs, theatrical shows, movies, parties, a disco, a jogging track, a health club, swimming pools, whirlpools and saunas. Our North American brands' payment terms require that a passenger pay a deposit to confirm their reservations with the balance due well before the departure date, while some of our European brands provide certain of their travel agents and tour operators with credit terms, even though these parties typically require the passenger to pay for the entire cruise before sailing.

Historically, some of our advance bookings were taken from several months in advance of the sailing date, for contemporary brands, to more than a year in advance of sailing, for our luxury brands. This lead-time provided 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. In addition, some of our fares, such as CCL's Supersaver fares, Princess's Loveboat Savers plan and Holland America Line's Early Savings and Alumni Savings fares, are designed to encourage potential passengers to book cruise reservations earlier.

Commencing after September 11, 2001, our brands, as well as others in the travel and leisure industry, have generally experienced a closer-to-vacation booking pattern than was experienced prior to September 11, 2001. Generally, this trend continued during 2003 and it is possible that this closer-to-vacation booking trend will continue in the future.

Although we prefer to have a longer booking curve, in response to this trend our revenue management personnel have adjusted our cabin inventories and pricing programs to deal with these changing booking patterns in order to optimize our net revenue yields.

When a passenger elects to purchase air transportation from us, both our cruise revenues and operating expenses generally increase by approximately the same amount. Air transportation prices can vary by gateway and destination. Over the last several years, we have generally experienced a lower number of guests purchasing air transportation from us, which we believe is partially a result of having opened additional embarkation points closer to our guests homes, as well as the availability of frequent flyer programs and lower priced air tickets.

Onboard and Other Revenues

We derive revenues from other onboard activities and services not included in the cruise ticket price including, but not limited to, casino gaming, bar sales, gift shop sales, entertainment arcades, shore excursions, art auctions, photo sales, spa services, bingo games and lottery tickets, video diaries, snorkel equipment rentals, internet and telephone usage, vacation protection programs and promotional advertising by merchants located in our ports of call.

Our casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps and roulette, are generally open only when our ships are at sea in international waters. We also earn revenue from the sale of alcoholic and other beverages. Onboard activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues or a fee.

We receive additional revenues from the sale to our passengers of shore excursions at each ship's ports of call. These excursions include, among other things, general sightseeing and adventure outings and local boat and beach parties. For the Princess and Holland America Line ships and other of our brands operating to destinations in Alaska, shore excursions are operated by Princess Tours and Holland America Tours, as well as locally-owned operations. For shore excursions in other locations we typically utilize locally-owned operations.

In conjunction with our cruise vacations, all of our cruise brands also sell pre- and post-cruise land packages. Packages offered in conjunction with ports of call in the U.S. would generally include one to four-night vacations at 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, Washington, D.C. and/or Las Vegas, Nevada. Packages offered in Europe generally include up to four-night vacations, including stays in well-known European cities, such as Athens, Greece, Copenhagen, Denmark, London, England, Paris, France and Rome, Italy.

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

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. Our individual cruise brands' relationships with their travel agents is generally independent of each of our other brands. 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 percent, plus the potential of additional commissions based on sales volume. During fiscal 2003, 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, quality assurance, and customer relationship management functions, emphasizing the continued support of the travel agency community, while simultaneously developing greater contact and interactivity with our customer base. We have individual websites for each of our brands, which provide access to information about our products to internet users throughout the world, and in most cases provide booking engines to our travel partners. We also support booking capabilities through major airline computer reservation systems, including SABRE, Galileo, Amadeus and Worldspan.

We have pursued comprehensive marketing campaigns to market our brands to vacationers. The principal media used are magazine and newspaper advertisements and promotional campaigns. Certain of our brands also use significant amounts of television advertising.

In 1998, we created the "World's Leading Cruise Lines" marketing alliance for our family of North American cruise brands and Costa in order both to educate the consumer about the overall breadth of our cruise brands, as well as to increase the effectiveness and efficiency of marketing our brands. During 2000, we launched "VIP", or Vacation Interchange Privileges, a loyalty program that provides special considerations to repeat guests aboard certain of our brands.

Seasonality

Our revenue from the sale of passenger tickets is seasonal, with our third quarter being the strongest. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the North American summer months. The consolidation of Carnival plc has caused our quarterly results to be slightly more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period.

Competition

We compete with land-based vacation alternatives throughout the world, including, among others, resorts, hotels, theme parks and vacation ownership properties located in Las Vegas, Nevada, Orlando, Florida, various Caribbean, Mexican, Bahamian and Hawaiian Island destination resorts and numerous other vacation destinations throughout Europe and the rest of the world.

Our primary cruise competitors in the contemporary and/or premium cruise segments for North American sourced passengers are Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises, Star Cruises plc, which owns Norwegian Cruise Line and Orient Lines, and Disney Cruise Line.

Our primary cruise competitors for European sourced passengers are MyTravel's Sun Cruises, Fred Olsen, Saga and Thomson in the UK; Festival Cruises, Hapag-Lloyd, Peter Deilmann, Phoenix Reisen and Transocean Cruises in Germany; and Mediterranean Shipping Cruises, Louis Cruise Line, Festival Cruises and Spanish Cruise Line in southern Europe. We also compete for passengers throughout Europe with Norwegian Cruise Line, Orient Lines, Royal Caribbean International and Celebrity Cruises.

Our primary competitors in the luxury cruise segment for our Cunard, Seabourn and Windstar brands include Crystal Cruises, Radisson Seven Seas Cruise Line and Silversea Cruises.

Our brands also compete with similar or overlapping product offerings across all of our segments.

Governmental Regulations

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, Gibraltar, Italy, the Marshall Islands, the Netherlands, Panama and the UK, as more fully described under Part I, Item 1. Business, C. Cruise Segment - Cruise Operations and, accordingly, are regulated by these

jurisdictions and by the international conventions governing the safety of our ships and guests that these jurisdictions have ratified or adhere to. 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 are applicable to some aspects of our ship operations.

Specifically, the IMO, which operates under the United Nations, has adopted safety standards as part of the SOLAS Convention, which is applicable to all of our ships. Generally SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety and security. The SOLAS requirements are revised from time to time, with the most recent modifications being phased in through 2010.

In 1993, SOLAS was amended to adopt the International Safety Management Code, referred to as the ISM Code. The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code became mandatory for passenger vessel operators, such as ourselves, on July 1, 1998. 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 the waters subject to its jurisdiction.

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 are in compliance with international conventions adopted by the flag state and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and recommended repairs have been satisfactorily completed.

Our ships that call on U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with the SOLAS Convention and by the U.S. Public Health Service for sanitary standards. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit.

Finally, our ships that call on U.S. ports are also subject to new security regulations implementing The Maritime Transportation Security Act of 2002, referred to as MTSA, and the International Ship and Port Facility Security Code, or ISPS, under the auspices of SOLAS. The U.S. Coast Guard issued a series of final rules on October 22, 2003, implementing U.S. requirements under both the MTSA and ISPS. Among other things, the regulations require certain vessel owners to implement security measures, conduct vessel security assessments, and develop security plans. Under these requirements, our ships will prepare and submit security plans to the appropriate flag-state and will be issued an International Ship Security Certificate, or ISSC. Effective July 1, 2004, the ISSC and our ships' security measures will be reviewed by the U.S. Coast Guard during the Port State Control examinations. In addition, the regulations establish 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.

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

Permits for Glacier Bay, Alaska

In connection with certain of our Alaska cruise operations, Holland America Line, Princess Cruises and CCL rely on concession permits from the U.S. National Park Service to operate their cruise ships in Glacier Bay National Park and Preserve. Such permits must be periodically renewed and there can be no assurance 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. See Part 1, Item 3. Legal Proceedings and Note 9, "Contingencies-Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Any loss of rights or reduction of permits is not expected to impact us materially because we could still apply for permits to replace our preferential or historical permits and additional attractive alternative destinations in Alaska can be substituted for Glacier Bay.

Alaska Environmental Regulations

The State of Alaska enacted legislation in 2001 that establishes standards for wastewater discharge from cruise ships operating within Alaskan waters. The legislation requires that certain information be gathered with respect to solid waste and other marine discharges. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters. The standards require treatment of wastewater and provide for restrictions on discharges.

Other Environmental, Health and Safety 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 storage, handling, use and disposal of hazardous substances, such as chemicals, solvents, paints and asbestos. We are committed to helping to conserve the natural environment, not only because of the existing regulations, 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 Oil Pollution Act of 1990 ("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, however, where the discharge or violation of applicable regulation is caused by gross negligence or willful misconduct of a responsible party. 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. These certificates demonstrate our ability to meet removal costs and damages related to water pollution, such as for an oil spill or a release of a hazardous substance, up to our ship's statutory liability limit.

In addition, most U.S. states that border a navigable waterway or seacoast 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.

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.

If we violate or fail to comply with environmental laws, 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 laws and regulations. See Note 9, "Contingencies - Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information related to Holland America's environmental contingencies.

From time to time, environmental and other regulators consider more stringent regulations which may affect our operations and increase our compliance costs. As evidenced from 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 and, accordingly, this will likely subject us to increasing compliance costs in the future.

See Part 1, Item 1. Business, B. Risk Factors for additional discussion of our environmental risks.

Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission, referred to as the 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 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. The FMC has proposed various changes to the financial responsibility regulations for non-performance of transportation, including a proposal to increase significantly the amount of financial responsibility required to be maintained by cruise lines, which would increase our compliance costs. See Part 1, Item 1. Business, F. Insurance - Other Insurance below for additional discussion.

In the UK, we are required to bond and obtain licenses 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 the Passenger Shipping Association and the Civil Aviation Authority. See Part 1, Item 1. Business, F. Insurance-Other Insurance below for additional discussion.

We are also required by German 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. In addition, 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 the necessary 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. See Part I, Item 1. Business, B. Risk Factors for a discussion of other regulations which impact us.

Financial Information

For financial information about our cruise reporting segment with respect to each of the three years in the period ended November 30, 2003, see Note 13, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

D. Employees

Our operations have approximately 8,500 full-time and 2,500 part-time/seasonal employees engaged in shoreside operations. We also employ approximately 55,000 officers, crew and staff on our 73 ships. Due to the highly seasonal nature of our Alaska and Canadian operations, Holland America Tours and Princess Tours increase their work force during the late spring and summer months in connection with the Alaska cruise season, employing additional seasonal personnel, which have been included above. We have entered into agreements with unions covering certain employees in our hotel, motor coach and ship operations. We consider our employee and union relations generally to be good.

We source our shipboard officers primarily from Italy, Holland, the UK, Norway and Germany. 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.

E. Suppliers

Our largest purchases are for airfare, travel agency commissions, advertising, fuel, food and beverages, hotel and restaurant supplies and products, repairs and maintenance and dry-docking, port charges, communication services and for the construction of our ships. Although we utilize a limited number of suppliers for most of our food and beverages, and hotel and restaurant supplies and products, most of these purchases are available from numerous sources at competitive prices. The use of a limited number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port related 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 the Bahamas, British Columbia, Canada, the Caribbean, Europe and the U.S. We believe there are sufficient dry-dock facilities to meet our anticipated requirements. Finally, as of February 15, 2004, we have agreements, and a letter of intent, with two shipyards for the construction of 11 additional cruise ships.

F. 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 limitations, exclusions and deductible levels. Since September 11, 2001, we have experienced insurance premium increases and may continue to incur increases in our premiums depending on our own loss experience and the general premium requirements of our underwriters. No assurance can be given that affordable and viable direct and reinsurance markets will be available to us in the future. We maintain certain levels of self-insurance for the below-mentioned risks through the use of substantial deductibles, which may increase in the future to mitigate premium increases. We do not carry coverage related to loss of earnings or revenues for our ships.

Protection and Indemnity ("P&I") Coverage

Third-party liabilities in connection with our cruise activities are covered by entry in a P&I club. P&I coverage is available through mutual indemnity associations, known as clubs, that are owned by shipowners. Our vessels are entered into three P&I clubs as follows: The West of England Shipowners Mutual Insurance Association (Luxembourg), Steamship Mutual Underwriting Association Ltd. and the United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited. The P&I clubs in which we participate are part of a worldwide network of P&I clubs, known as the International Group of P&I Associations (the "IG"). The IG insures directly, and through reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the club's rules and the limit of coverage is determined by the IG. Our vessel coverages include legal, statutory or pre-approved contract liabilities and other expenses related to crew, passengers and other third parties on our ships in operation. 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 approximate 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 with an IACS member. These certifications have either been issued or endorsed within the last twelve months.

War Risk Insurance

Subject to certain limitations, we maintain war risk insurance on all of our ships for our legal liability to crew, passengers and other third parties, including terrorist risks. This coverage is provided by international marine insurance carriers. Due primarily to its high cost, we only carry war risk insurance coverage for physical damage to our ships, which includes terrorist risks, for 29 of our ships. As is typical for war risk policies in the marine industry, under the terms of the policy, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled and reinstated at different premium rates. This gives underwriters the ability to increase our premiums following events that they deem increase their risk. As a result of the September 11, 2001 attacks and other events, our war risk insurance premiums have increased substantially. No assurance can be given that affordable and viable direct and reinsurance markets will be available to us in the future for war risk insurance.

Other Insurance

We, as currently required by the FMC, maintain at all times three $15 million performance bonds for ships operated by CCL, Holland America Line, and Cunard Line Limited, which embark passengers in U.S. ports, to cover passenger ticket liabilities in the event of a cancelled or interrupted cruise. Costa, P&O Cruises and Princess maintain insurance as required by the FMC to cover their ticket liabilities in the event of a cancelled or interrupted cruise. We also maintain other performance bonds as required by various foreign authorities that regulate certain of our operations in their jurisdictions. Specifically, Costa, Cunard and P&O Cruises are required by the UK Passenger Shipping Association and the UK Civil Aviation Authority to provide performance bonds totaling approximately $120 million and $60 million to cover their cruise and air ticket passenger

deposit liabilities, respectively.

We maintain standard property and casualty insurance policies to cover shoreside assets and liabilities to third parties, including our tour business assets, as well as appropriate workers' compensation policies. We also maintain business interruption insurance for certain Princess shoreside operations, which are subject to deductibles.

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, vessels flying the flag of a country that has ratified it may contractually enforce the 1976 Athens Convention Protocol for cruises that do not call at a U.S. port.

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, substantially increases the minimum level 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 strict liability under the Convention with regards to the death or personal injury of passengers. Most of the countries in the European Union, where many of our vessels operate, supported the new protocol and are likely to ratify it in the future. However, the timing of such ratification, if obtained at all, is unknown. No assurance can be given that affordable and viable direct and reinsurance markets will be available to provide the level of coverage required under the new protocol. We also expect insurance costs may increase once the new protocol is ratified.

G. Trademarks and Other Intellectual Property

We own and have registered numerous trademarks and have also registered various domain names, which we believe are widely recognized throughout the world and have considerable value. 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 "Trademarks" and Note 3 "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

H. Taxation

U.S. Federal Income Tax

We are a foreign corporation engaged in a trade or business in the U.S., and our ship-owning subsidiaries are foreign corporations that, in many cases, depending upon the itineraries of their ships, receive income from sources within the U.S. for U.S. federal income tax purposes. To the best of our knowledge, 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, in each case derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. federal income tax. We believe that substantially all of our income, and the income of our ship-owning subsidiaries, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, and the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations as described in Note 10 "Income and Other Taxes" to our Consolidated Financial Statements included in Exhibit 13 to this joint Annual Report on Form 10-K, is derived from or incidental to the international operation of a ship or ships within the meaning of Section 883 and applicable income tax treaties.

The following summary of the application of the principal U.S. federal income tax laws to us is based upon existing U.S. federal income tax law, including the Internal Revenue Code, proposed, temporary and final U.S. treasury regulations, certain current income tax treaties, administrative pronouncements and judicial decisions, as currently in effect, all of which are subject to change, possibly with retroactive effect.

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 certain U.S. source income derived from the international operation of a ship or ships. We believe that Carnival Corporation and many of its ship-owning subsidiaries currently qualify for the Section 883 exemption since each is organized in a qualifying jurisdiction and Carnival Corporation's common stock is primarily and regularly traded on an established securities market in the U.S. Any official interpretations could differ materially from our interpretation of this Internal Revenue Code provision, and its recently enacted final regulations, and, even in the absence of differing official interpretations, the Internal Revenue Service might successfully challenge our interpretation. 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 taxation on a portion of our income, which would reduce our net income.

In 2003, the U.S. Treasury Department issued final treasury regulations under Section 883 relating to income derived by foreign corporations from the international operation of ships and aircraft. The final 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) either (a) more than 50% of the value of the corporation's stock is owned, directly or indirectly, by individuals who are residents of that country or of another foreign country that grants an equivalent exemption to corporations organized in the U.S., referred to as the "stock ownership test" (such individuals are referred to as "Qualified Shareholders") or (b) the foreign corporation meets the publicly-traded test described below. 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 in analyzing the stock ownership test with respect to such subsidiary, stock owned directly or indirectly by such parent corporation will be deemed owned by individuals resident in the country of incorporation of such parent corporation.

A company whose shares are considered to be "primarily and regularly traded on an established securities market" in the U.S. or another qualifying jurisdiction will meet the publicly-traded test (the "publicly-traded test"). Pursuant to the final treasury regulations issued under Section 883, stock will be considered "primarily traded" on one or more established securities markets if, with respect to each class of stock of the particular corporation, the number of shares in each such class that are traded during a taxable year on any such market exceeds the number of shares in each such class traded during that year on any other established securities market. Stock of a corporation will generally be considered "regularly traded" on one or more established securities markets under the proposed regulations if (i) one or more classes of stock of the corporation that, in the aggregate, represent more than 50% of the total combined voting power of all classes of stock of such corporation entitled to vote and of the total value of the stock of such corporation are listed on such market; and (ii) with respect to each class relied on to meet the more than 50% requirement in (i) above, (x) trades in each such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year, and (y) the aggregate number of shares in each such class of the stock that are traded on such market during the taxable year is at least 10% of the average number of shares of the stock outstanding in that class during the taxable year. A class of stock that otherwise meets the requirements outlined in the preceding sentence is not treated as meeting such requirements for a taxable year if, at any time during the taxable year, one or more persons who own, actually or constructively, at least 5% of the vote and value of the outstanding shares of the class of stock, own, in the aggregate, 50% or more of the vote and value of the outstanding shares of the class of stock (the "5% Override Rule"). However, the 5% Override Rule does not apply (a) where the foreign corporation establishes that Qualified Shareholders own sufficient shares of the closely-held block of stock to preclude non-Qualified Shareholders of the closely-held block of stock from owning 50% or more of the total value of the class of stock for more than half of the taxable year; or (b) to certain investment companies provided that no person owns, directly or

through attribution, both 5% or more of the value of the outstanding interests in such investment company and 5% or more of the value of the shares of the class of stock of the foreign corporation.

We believe that Carnival Corporation currently qualifies as a publicly traded corporation under the final regulations and substantially all of its income, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours and the items listed in the regulations under Section 883 that the IRS does not consider to be incidental to ship operations as described in Note 10 of our financial statements, will continue to be exempt from U.S. federal income taxes. However, because various members of the Arison family and trusts established for their benefit currently own approximately 42% of Carnival Corporation shares, there is the potential that another shareholder could acquire 5% or more of its shares, which could jeopardize Carnival Corporation's qualification as a publicly traded corporation. If, in the future, Carnival Corporation were to fail to qualify as a publicly traded corporation, it and all of its ship-owning or operating subsidiaries would be subject to U.S. federal income tax on their income associated with their cruise operations in the U.S. In such event, the net income of Carnival Corporation's ship-owning or operating subsidiaries would be materially reduced, which would likely have a significant negative impact on our stock price.

As a precautionary matter, Carnival Corporation amended its Articles of Incorporation to ensure that it will continue to qualify as a publicly traded corporation under the final regulations. This amendment provides that no one person or group of related persons, other than certain members of the Arison family and trusts established for their benefit, may own or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code more than 4.9% of Carnival Corporation shares, whether measured by vote, value or number of shares. Any Carnival Corporation shares acquired in violation of this provision will be transferred to a trust and, at the direction of its board of directors, sold to a person whose shareholding does not violate that provision. No profit for the purported transferee may be realized from any such sale. In addition, under specified circumstances, the trust may transfer the common stock at a loss to the purported transferee. Because certain of Carnival Corporation notes are convertible into its shares, the transfer of these notes are subject to similar restrictions. These transfer restrictions may also have the effect of delaying or preventing a change in control or other transactions in which the shareholders might receive a premium for Carnival Corporation shares over the then prevailing market price or which the shareholders might believe to be otherwise in their best interest.

Exemption Under Applicable Income Tax Treaties

We believe that the income of some of Carnival Corporation's ship-owning subsidiaries and the U.S. source shipping income from Carnival plc and its UK resident subsidiaries currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties. These treaties may be abrogated by either applicable country, replaced or modified with new agreements that treat shipping income 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 Section 883 exemption, such ship-owning or operating subsidiary may be subject to U.S. federal income taxation on a portion of its income, which would reduce our net 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 and not subject to U.S. federal income tax. 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 Internal Revenue Service 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").

The net tax regime is only applicable 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. Under the net tax regime, U.S. source shipping income, net of applicable deductions, would be subject to a corporate tax of up to 35% 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 30% branch interest tax.

Under the four percent tax regime, which should be the tax regime applicable to vessel owning subsidiaries, the U.S. source shipping income of each of the vessel owning subsidiaries would be subject to a four percent tax imposed on a gross basis, without benefit of deductions. Under the four percent tax regime, the maximum effective rate of tax on the gross shipping income of these subsidiaries attributable to transportation that either begins or ends in the U.S. would not exceed two percent.

UK Tonnage Tax

Carnival plc and all its ship owning subsidiaries, except for substantially all of Princess' operations, are a tax resident of the UK. The UK ship owning/operating companies are subject to UK tax and are entered into 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 normal UK tax rules on such companies' relevant shipping profits. An election for the tonnage tax regime to apply takes effect for ten years and can be renewed on a rolling basis. 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 tonnage tax companies are subject.

Relevant shipping profits which are excluded from normal corporation tax include income which is defined as relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and broadly 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. In addition, more than 50 percent of the voting power in the foreign company must be held by one or more companies resident in an EU member state.

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

Italian Income Tax

Our Costa cruise operations are subject to Italian income tax. However, as a result of income tax exemptions allowed Italian flagged vessels, Costa's Italian cruise operations are subject to an effective tax rate of approximately six percent. In 2003, the Italian government passed a law permitting the establishment of an elective new tonnage tax regime similar to the UK regime described above. Rules providing some of the details in the planned system are expected to be issued in 2004. Complete regulations, if approved by the European Union, will result in the establishment of a tonnage tax system. Based upon the information currently available, Costa's vessels would qualify for this system, and we would expect a reduction in Italian income taxation of Costa's vessel operations. If approved by the European Union and implemented in Italy in 2004, it may be possible for Costa to elect to enter the tonnage tax system starting from 2005. In the absence of complete and final regulations it is impossible for Costa to determine if election into the system will be beneficial.

German and Australian Income Tax

The German and Australian brands of Carnival plc are divisions of a UK company. The profits from these activities are subject to UK tonnage tax as discussed above. The majority of these operations profits are exempt from German and Australian corporation taxes by virtue of the UK/Germany and UK/Australian double tax treaties. Part of the German profits in 2003 arose from river cruises and other activities, which do not constitute international shipping. To this extent, these profits were subject to German taxation, however, the river cruise business was sold in December 2003.

Equalization Payments

Carnival Corporation and Carnival plc do not anticipate that any material amounts of equalization payments are likely to be made between them in accordance with the Equalization and Governance Agreement for the foreseeable future. However, if it becomes necessary to make equalization payments, any such payments received in the UK are likely to be taxable. Further, the treatment from a U.S. federal income tax perspective of such equalization payments is not without doubt. The payment is to be grossed up in respect of any tax thereon. On the basis that payments will not be material, any tax cost should not be significant. See Note 3, "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

I. Website Access to Reports

We make available, free of charge, access to our joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC through our home pages at www.carnivalcorp.com and www.carnivalplc.com.

Item 2. Properties

The Carnival Corporation and Carnival plc corporate headquarters and our operating units' principal shoreside operations and headquarters are as follows:

Entity	Location	Square Footage	Own/Lease
Carnival Corporation and CCL	Miami, FL U.S.A.	456,000	Own
Carnival plc and Carnival Corporation's UK Sales and Technical Services	London, England	8,000	Lease
AIDA	Rostock and Frankfurt, Germany	60,500	Lease
Costa	Genoa, Italy	149,000	Own/Lease
Cunard and Seabourn	Miami, FL U.S.A. and Southampton, England	74,000	Lease
Holland America Line, Windstar and Princess Tours	Seattle, WA U.S.A.	179,000	Lease
P&O Cruises, Ocean Village and Swan Hellenic	Southampton, England	90,000	Lease
P&O Cruises Australia	Sydney, Australia	10,500	Lease
Princess	Santa Clarita, CA U.S.A.	282,000	Lease

We also lease office space in Colorado Springs, Colorado and Miramar, Florida for an additional CCL reservation center and for additional CCL sales personnel, respectively. In addition, we lease office space in Hollywood, Florida for Costa's South Florida sales office and in Pompano Beach, Florida for certain of Princess' art framing and warehousing operations.

Our cruise ships, Holland America Tours' and Princess Tours' properties, shoreside operations and headquarter facilities 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 existing cruise ships and Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cay, which is owned through a joint venture, are described in Part I, Item 1. Business, C. Cruise Segment. The properties associated with Holland America Tours and Princess Tours operations are briefly described in Part I, Item 1. Business, A. General.

Item 3. Legal Proceedings

Several actions (collectively, the "ADA Complaints") have been filed against Costa, Cunard and Holland America Tours alleging that they violated the Americans with Disabilities Act by failing to make certain cruise ships accessible to individuals with disabilities. The plaintiffs seek injunctive relief to require modifications to certain vessels to increase accessibility to disabled passengers and fees and costs. The status of each pending ADA Complaint is as follows:

On August 28, 2000, Access Now, Inc. and Edward S. Resnick filed ADA Complaints in the U.S. District Court for the Southern District of Florida against Costa and Holland America Tours. These complaints seek modifications to vessels to increase accessibility to disabled passengers. These cases have been transferred before the same judge.

Costa and the plaintiffs agreed to settle this action pursuant to an agreement that Costa will make certain modifications to four of its ships, with an option to include other ships into the settlement agreement. On March 7, 2003, Costa and the plaintiffs jointly filed a motion for class certification, fairness hearing, stay and for court approval of the settlement. A hearing on the joint motion has not yet been scheduled.

Holland America Tours and the plaintiffs have entered into a settlement agreement pursuant to which Holland America Tours will make certain modifications to eleven of its ships, with an option to include other ships into the settlement agreement. On April 29, 2003, Holland America Tours jointly filed a motion for class certification, fairness hearing, stay and for court approval of the settlement. A hearing on the joint motion has not yet been scheduled.

On August 29, 2000, an ADA Complaint also was filed against Cunard by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. Cunard filed an answer to the complaint on November 10, 2000. Given the settlement reached in the case against CCL, the plaintiff has agreed to dismiss the ADA Complaint against Cunard without prejudice pending settlement negotiations which are ongoing.

On November 22, 2000, Costa instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a 79 million euro denominated contract for the conversion and lengthening of the ship. Cammell Laird joined the arbitration proceeding on January 9, 2001 to present its counter demands. On January 9, 2001, Costa gave Cammell Laird notice of termination of the contract and Cammell Laird replied with its notice of termination of the contract on February 2, 2001. It is expected that the arbitration tribunal's decision will be made in late-2004 at the earliest.

Two actions (collectively, the "Facsimile Complaints") were filed against Carnival Corporation on behalf of purported classes of persons who received unsolicited advertisements via facsimile, alleging that Carnival Corporation and other defendants distributed unsolicited advertisements via facsimile in contravention of the U.S. Telephone Consumer Protection Act. The plaintiffs seek to enjoin the sending of unsolicited facsimile advertisements and statutory damages in the amount of five hundred dollars ($500) per facsimile, or in the alternative, fifteen hundred dollars ($1,500) per facsimile if the conduct was willful or knowing. The advertisements referred to in the Facsimile Complaints were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of travel agencies that referenced a CCL product. We do not advertise directly to the traveling public through the use of facsimile transmission. The status of each Facsimile Complaint is as follows:

On April 15, 2002, a Facsimile Complaint was filed against us in the Circuit Court of Greene County, Alabama by Mary Pelt. We filed an answer on June 3, 2002. Discovery is ongoing. A hearing on class certification issues has been scheduled for May 7, 2004.

On May 14, 2002, a Facsimile Complaint was filed against Carnival Corporation and other defendants (including Club Resort International d/b/a Vacation Getaway Travel, Inc., Dollar Thrifty Automotive Group, Inc., Thrifty, Inc. and Thrifty Rent-A-Car Systems, Inc., Choicepoint, Inc., First Western Bank, and Bankcard USA Merchant Services, Inc.) in the Circuit Court of Jefferson County, Alabama, Bessemer Division by Clem & Kornis, L.L.C., The Firm of Compassion, P.C., Collins

Chiropractic Center, Forstmann & Cutchen, L.L.P. and others. On July 26, 2002, Carnival Corporation filed a motion to dismiss or, in the alternative, to separate Carnival Corporation as a defendant. This action has been stayed pending a resolution of the Greene County action referred to above.

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America Line's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers and crew have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska requesting that they appear before a grand jury. One of these subpoenas also requests the production of Holland America Line documents, which Holland America Line has produced. Holland America Line is also complying with a subpoena for additional documents. If the investigation results in charges being filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The State of Alaska is separately investigating this incident.

During 2003, eight of Holland America Line's eleven ships offered Alaska cruises during May through September. Of those cruises, 79% included Glacier Bay National Park and Preserve on their itinerary. If Holland America Line were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

On February 23, 2001, Holland America Line-USA, Inc. ("HAL-USA"), a wholly-owned subsidiary, received a subpoena from a grand jury sitting in the U.S. District Court for the District of Alaska. The subpoena requests that HAL-USA produce documents and records relating to the air emissions from Holland America Line ships in Alaska. HAL-USA responded to the subpoena.

In April 1996, a purported class action complaint was filed by Milton and Nora Barton and others against Princess in the Los Angeles County Superior Court alleging that Princess inappropriately assessed its passengers with certain port charges in addition to their cruise fare. This case was settled for $89,750 in early 2004.

On April 23, 2003, Festival Crociere S.p.A. commenced an action against the European Commission (the "Commission") in the Court of First Instance of the European Communities in Luxembourg seeking to annul the Commission's antitrust approval of the DLC transaction (the "Festival Action"). We have been granted leave to intervene in the Festival Action and intend to contest such action vigorously. A successful third party challenge of an unconditional Commission clearance decision would be unprecedented, and based on a review of the law and the factual circumstances of the DLC transaction, as well as the Commission's approval decision in relation to the DLC transaction, we believe that the Festival Action will not have a material adverse effect on the companies or the DLC transaction.

Several actions filed in the U.S. District Court for the Southern District of Florida against us and four of our executive officers on behalf of a purported class of persons who purchased our common stock were consolidated into one action in Florida (the "Stock Purchaser Complaint"). The plaintiffs claimed that statements we made in public filings violated federal securities laws and sought unspecified compensatory damages and attorney and expert fees and costs. A magistrate judge recommended that our motion to dismiss the Stock Purchaser Complaint be granted and that the plaintiffs' amended complaint be dismissed without prejudice. The parties executed a formal settlement agreement resolving the dispute for a $3.4 million settlement amount, which includes plaintiff's attorneys fees. A substantial portion of the settlement amount was covered by insurance. In January 2004, the court approved the fairness of the proposed settlement.

We are also involved from time to time in routine legal matters and other claims incidental to our business. Most of these matters are covered by insurance. We are not able to estimate the impact or the ultimate outcome of any such actions, which are not covered by insurance.

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 joint Annual Report on Form 10-K.

The following table 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. All the Carnival plc positions were effective as of April 17, 2003, except as noted below.

NAME	AGE	POSITION
Richard D. Ames	56	Senior Vice President - Management Advisory Services
Micky Arison	54	Chairman of the Board of Directors and Chief Executive Officer
Alan Buckelew	55	President of Princess
Gerald R. Cahill	52	Executive Vice President and Chief Financial and Accounting Officer
Pamela C. Conover	47	President and Chief Operating Officer of Cunard Line Limited
Robert H. Dickinson	61	President and Chief Executive Officer of CCL and Director
Kenneth D. Dubbin	50	Vice President-Corporate Development
Pier Luigi Foschi	57	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	62	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	52	Senior Vice President - International
Stein Kruse	45	President and Chief Operating Officer of Holland America Line Inc.
A. Kirk Lanterman	72	Chairman of the Board of Directors and Chief Executive Officer of Holland America Line Inc. and Director
Arnaldo Perez	44	Senior Vice President, General Counsel and Secretary
Peter G. Ratcliffe	55	Chief Executive Officer of P&O Princess Cruises International Ltd. and Director

Business Experience of Executive Officers

Richard D. Ames has been Senior Vice President-Management Advisory Services ("MAS") since March 2002. From January 1992 to February 2002 he was Vice President-Audit Services, now known as MAS.

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.

Alan Buckelew has been President and Chief Financial Officer of Princess since February 2004. From October 2000 to February 2004, he was Executive Vice President and Chief Financial Officer. He was Senior Vice President, Corporate Services of Princess from September 1998 to October 2000.

Gerald R. Cahill has been Executive Vice President and Chief Financial and Accounting Officer since December 2003. From January 1998 to November 2003 he was Senior Vice President-Finance, Chief Financial and Accounting Officer.

Pamela C. Conover has been President and Chief Operating Officer of Cunard Line Limited since February 2001. She was Chief Operating Officer of Cunard Line Limited from June 1998 to January 2001.

Robert H. Dickinson has been a director since June 1987. Mr. Dickinson has been President and Chief Executive Officer of CCL since May 2003. He was President and Chief Operating Officer of CCL from May 1993 to May 2003.

Kenneth D. Dubbin has been Vice President-Corporate Development since May 1999. From 1990 to 1999, he was Vice President and Treasurer of Royal Caribbean.

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.

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.

Ian J. Gaunt is an English Solicitor and has been Senior Vice President-International since May 1999. He was a partner of the London-based international law firm of Sinclair, Roche and Temperley from 1982 through April 1999 where he represented Carnival Corporation as special external legal counsel since 1981.

Stein Kruse has been President and Chief Operating Officer of Holland America Line Inc. ("HAL") since November 2003. From September 1999 to October 2003, he was Senior Vice President, Fleet Operations for HAL. From June 1997 to August 1999 he was Senior Vice President and Chief Financial Officer for "K" Line America, Inc.

A. Kirk Lanterman has been a director since April 1992. He has been Chairman of the Board of Directors and Chief Executive Officer of HAL since November 2003. From August 1999 to November 2003, he was Chairman of the Board, President and Chief Executive Officer of HAL. From March 1997 to August 1999, he was Chairman of the Board of Directors and Chief Executive Officer of HAL.

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.

Peter G. Ratcliffe has been a director since April 2003 and a director of Carnival plc since October 2000. He was Carnival plc's Chief Executive Officer, until April 2003. He is Chief Executive Officer of P&O Princess Cruises International Ltd, a subsidiary of Carnival plc. He was previously an executive director of The Peninsular and Oriental Steam Navigation Company and head of its cruise division, having served as President of Princess since 1993 and its Chief Operating Officer since 1989.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

A. Market Information

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

B. Holders

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

C. Dividends

We declared cash dividends on all of Carnival Corporation's common stock in the amount of $0.105 per share in each of the first three fiscal quarters of 2003 and in each of the fiscal quarters of 2002. During the last quarter of fiscal 2003 and in the first quarter of fiscal 2004, Carnival Corporation's cash dividends per share increased to $0.125 per share. Carnival plc paid cash dividends on all its ordinary shares in the amount of $0.10 per share, as adjusted for the .3004 equalization ratio, for each of the four calendar quarters in 2002 and the first quarter in calendar 2003. Carnival plc dividends were for the same amount per share as Carnival Corporation's dividends for all quarters beginning in the second quarter of fiscal 2003.

Payment of future dividends on Carnival Corporation common stock and Carnival plc ordinary shares will depend upon, among other factors, our earnings, financial condition and capital requirements. Each company may also declare special dividends to all stockholders in the event that members of the Arison family and trusts established for their benefit are required to pay additional income taxes by reason of their ownership of Carnival Corporation's common stock because of a Carnival Corporation income tax audit. The payment and amount of any dividend is within the discretion of the Boards of Directors, and

it is possible that the timing and amount of any dividend may vary from the levels discussed above.

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 joint Annual Report on Form 10-K.

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

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

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 29, 2004, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and are incorporated by reference into this joint Annual Report on Form 10-K.

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

Not applicable, as previously disclosed.

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 Securities and Exchange Commission's rules and forms.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2003, that they are effective as described above.

Changes in Internal Controls

There were no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

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

PART III

Items 10, 11, 12, 13 and 14. Directors and Executive Officers of the Registrants, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Certain Relationships and Related Transactions and Principal Accountant Fees and Services

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by

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

We have adopted a code of ethics that applies to our chief executive officer, chief operating officer and senior financial officers, including the principal financial and accounting officer, controller and other persons performing similar functions. This code of ethics is posted on our websites, which are 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 websites, at the addresses specified above. Information contained in our websites, whether currently posted or posted in the future, is not part of this document or the documents incorporated by reference in this document.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

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

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

(3) Exhibits

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

(b) Reports on Form 8-K

We filed a Current Report on Form 8-K on November 6, 2003 (Items 5 and 7).

SIGNATURES

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

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Micky Arison	/s/ Micky Arison
Micky Arison Chairman of the Board of Directors and Chief Executive Officer February 24, 2004	Micky Arison Chairman of the Board of Directors and Chief Executive Officer February 24, 2004

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

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Micky Arison	/s/ Micky Arison
Micky Arison Chairman of the Board of Directors and Chief Executive Officer February 24, 2004	Micky Arison Chairman of the Board of Directors and Chief Executive Officer February 24, 2004
/s/ Howard S. Frank	/s/ Howard S. Frank
Howard S. Frank Vice Chairman of the Board of Directors and Chief Operating Officer February 24, 2004	Howard S. Frank Vice Chairman of the Board of Directors and Chief Operating Officer February 24, 2004
/s/ Gerald R. Cahill	/s/ Gerald R. Cahill
Gerald R. Cahill Executive Vice President and Chief Financial and Accounting Officer February 24, 2004	Gerald R. Cahill Executive Vice President and Chief Financial and Accounting Officer February 24, 2004
/s/ Richard G. Capen, Jr.	/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr. Director February 24, 2004	Richard G. Capen, Jr. Director February 24, 2004
/s/ Robert H. Dickinson	/s/ Robert H. Dickinson
Robert H. Dickinson Director February 24, 2004	Robert H. Dickinson Director February 24, 2004
/s/ Arnold W. Donald	/s/ Arnold W. Donald
Arnold W. Donald Director February 24, 2004	Arnold W. Donald Director February 24, 2004
/s/ Pier Luigi Foschi	/s/ Pier Luigi Foschi
Pier Luigi Foschi Director February 24, 2004	Pier Luigi Foschi Director February 24, 2004
/s/ Baroness Hogg	/s/ Baroness Hogg
Baroness Hogg Director February 24, 2004	Baroness Hogg Director February 24, 2004
/s/ A. Kirk Lanterman	/s/ A. Kirk Lanterman
A. Kirk Lanterman Director February 24, 2004	A. Kirk Lanterman Director February 24, 2004

/s/ Modesto A. Maidique

Modesto A. Maidique
Director
February 24, 2004

/s/ Modesto A. Maidique

Modesto A. Maidique
Director
February 24, 2004

/s/ John P. McNulty

John P. McNulty
Director
February 24, 2004

/s/ John P. McNulty

John P. McNulty
Director
February 24, 2004

/s/ Sir John Parker

Sir John Parker
Director
February 24, 2004

/s/ Sir John Parker

Sir John Parker
Director
February 24, 2004

/s/ Peter G. Ratcliffe

Peter G. Ratcliffe
Director
February 24, 2004

/s/ Peter G. Ratcliffe

Peter G. Ratcliffe
Director
February 24, 2004

/s/ Stuart Subotnick

Stuart Subotnick
Director
February 24, 2004

/s/ Stuart Subotnick

Stuart Subotnick
Director
February 24, 2004

/s/ Uzi Zucker

Uzi Zucker
Director
February 24, 2004

/s/ Uzi Zucker

Uzi Zucker
Director
February 24, 2004

INDEX TO EXHIBITS

Page No. in Sequential Numbering System

Exhibits

3.1-Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc.

3.2-Amended and Restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc.

3.3-Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc.

3.4-Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc.

4.1-Agreement of Carnival Corporation and Carnival plc dated February 19, 2004 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Carnival Corporation Deed between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders dated April 17, 2003, incorporated by reference to Exhibit No. 4.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

4.3-Equalization and Governance Agreement dated April 17, 2003 between Carnival Corporation and P&O Princess Cruises plc, incorporated by reference to Exhibit No. 4.2 to our joint Quarterly Report on Form 10-Q of Carnival Corporation and Carnival plc for the quarter ended August 31, 2003.

4.4-Carnival Corporation Deed of Guarantee, between Carnival Corporation and Carnival plc, dated as of April 17, 2003, incorporated by reference to Exhibit 4.3 to the joint registration statement on Form S-4 of Carnival Corporation and Carnival plc.

4.5-Carnival plc (formerly P&O Princess Cruises plc) Deed of Guarantee between Carnival Corporation and Carnival plc, dated as of April 17, 2003, incorporated by reference to Exhibit 4.10 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.6-P&O Princess Cruises International Limited ("POPCIL") Deed of Guarantee among POPCIL, Carnival Corporation and Carnival plc, dated as of June 19, 2003, incorporated by reference to Exhibit No. 4.11 to the joint Carnival Corporation, Carnival plc and POPCIL Registration Statement filed on June 19, 2003.

4.7-Specimen Common Stock Certificate, incorporated by reference to Exhibit 4.16 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.8-Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and SunTrust Bank, as transfer agent, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.9-Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.10-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., incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.11-Form of deposit agreement among P&O Princess Cruises plc, Morgan Guaranty Trust Company of New York, as depositary, and holders and beneficial owners from time to time of ADRs issued thereunder, incorporated by reference to P&O Princess' registration statement on Form 20-F.

4.12-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, incorporated by reference to Exhibit No. 4.5 to Carnival Corporation registration statement on Form S-3.

4.13-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, incorporated by reference to Exhibit No. 4 to Carnival Corporation registration statement on Form S-3.

4.14-Second Supplemental Indenture, dated December 1, 2003, between Carnival plc and Carnival Corporation to The Bank of New York, as Trustee, relating to 7.30% Notes due 2007 and 7.875% debentures due 2027.

10.1-Retirement and Consulting Agreement dated November 28, 2003 between Alton Kirk Lanterman, Carnival Corporation, Holland America Line Inc., and others.

10.2 Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan.

10.3-Amendment and Restatement Agreement dated November 17, 2003, by and among Carnival Corporation, Carnival plc, JPMorgan Chase Bank as successor to The Chase Manhattan Bank, and various other lenders.

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1997.

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, incorporated by reference to Exhibit No. 10.5 to our Annual Report on Form 10-K for the year ended November 30, 1998.

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.6 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.7-Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.7 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1990.

10.9-Executive Long-term Compensation Agreement dated as of January 16, 1998 between Robert H. Dickinson and Carnival Corporation, incorporated by reference to Exhibit No. 10.2 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.10-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to Carnival Corporation's registration statement on Form S-1.

10.11-First Amendment to Consulting Agreement/Registration Rights Agreement, incorporated by reference to Exhibit No. 10.40 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1992.

10.12-Director's Appointment Letter between Peter G. Ratcliffe and Carnival plc, incorporated by reference to Exhibit No. 10.23 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.13-Director Appointment letter between Baroness Sarah Hogg and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit No. 10.17 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.14-Director's Appointment Letter between Baroness Sarah Hogg and Carnival plc, incorporated by reference to Exhibit No. 10.16 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.15-Director's Appointment letter between Sir John Parker and Carnival plc, incorporated by reference to Exhibit No. 10.21 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.16-Director Appointment letter between John McNulty and Carnival Corporation, dated June 25, 2003, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

10.17-Executive Long-term Compensation Agreement dated January 11, 1999, between Carnival Corporation and Micky Arison, incorporated by reference to Exhibit No. 10.36 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1998.

10.18-Executive Long-term Compensation Agreement dated January 11, 1999, between Carnival Corporation and Howard S. Frank, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1998.

10.19-Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.32 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1999.

10.20-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.31 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.21-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1999.

10.22-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.23-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.34 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.24-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.25-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.38 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.26-2001 Outside Director Stock Option Plan, incorporated by reference to Exhibit No. 10.9 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.27-Amended and Restated Carnival Corporation 2002 Stock Plan, incorporated by reference to Exhibit 10.1 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.28-Service Agreement Letter dated May 28, 2002 between Costa Crociere, S.p.A. and Pier Luigi Foschi, incorporated by reference to Exhibit No. 10.2 to Carnival Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2002.

10.29-Succession Agreement to Registration Rights Agreement dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 10.3 to Carnival Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2002.

10.30-Employment Agreement dated as of April 17, 2003 by and between P&O Princess Cruises International, Ltd. and Peter Ratcliffe, incorporated by reference to Exhibit 10.2 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.31-Registration Rights Agreement, dated as of April 29, 2003, by and among Carnival

Corporation, Carnival plc and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated by reference to Exhibit 4.14 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

10.32-Indemnification Agreement between Micky M. Arison and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.5 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.33-Indemnification Agreement between Richard G. Capen, Jr. and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.7 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.34-Indemnification Agreement between Robert H. Dickinson and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.9 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.35-Indemnification Agreement between Arnold W. Donald and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.11 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.36-Indemnification Agreement between Pier Luigi Foschi and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.13 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.37-Indemnification Agreement between Howard S. Frank and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.15 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.38-Indemnification Agreement between A. Kirk Lanterman and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.18 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.39-Indemnification Agreement between Dr. Modesto A. Maidique and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.20 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.40-Indemnification Agreement between Peter G. Ratcliffe and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.24 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.41-Indemnification Agreement between Stuart S. Subotnick and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.26 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.42-Indemnification Agreement between Uzi Zucker and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.28 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.43-Director Appointment letter between Micky M. Arison and Carnival plc, dated April 14, 2003, incorporated by reference to Exhibit 10.4 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.44-Director's Appointment Letter between Richard G. Capen and Carnival plc, incorporated by reference to Exhibit No. 10.6 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.45-Director Appointment letter between Robert H. Dickinson and Carnival plc, dated April 14, 2003, incorporated by reference to Exhibit 10.8 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.46-Director's Appointment Letter between Arnold W. Donald and Carnival plc, incorporated by reference to Exhibit No. 10.10 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.47-Director's Appointment Letter between Pier Luigi Foschi and Carnival plc, incorporated by reference to Exhibit No. 10.12 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.48-Director Appointment letter between Howard S. Frank and Carnival plc, dated April 14,

2003, incorporated by reference to Exhibit 10.14 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.49-Director's Appointment Letter between Modesto A. Maidique and Carnival plc, incorporated by reference to Exhibit No. 10.19 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.50-Director Appointment letter between Sir John Parker and Carnival Corporation, dated April 14, 2003, incorporated by reference to Exhibit 10.22 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.51-Director's Appointment Letter between Stuart Subotnick and Carnival plc, incorporated by reference to Exhibit No. 10.25 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.52-Director's Appointment Letter between Uzi Zucker and Carnival plc, incorporated by reference to Exhibit No. 10.27 to our joint Quarterly Report on Form 10-Q .

10.53-Director Appointment letter between John McNulty and Carnival plc, dated June 25, 2003, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

10.54-Amendment of the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

10.55-Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees, incorporated by reference to Exhibit No. 10.2 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

10.56-The P&O Princess Cruises Executive Share Option Plan, incorporated by reference to Exhibit 4.9 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

10.57-The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan, incorporated by reference to Exhibit 4.10 to P&O Princess' Annual Report on Form 20-F for the year ending December 30, 2001.

10.58-1994 Carnival Cruise Lines Key Management Incentive Plan as amended on July 17, 2000, incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q for the quarter ended August 31, 2000.

12-Ratio of Earnings to Fixed Charges.

13-Portions of 2003 Annual Report incorporated by reference into 2003 joint Annual Report on Form 10-K.

21-Significant Subsidiaries of Carnival Corporation and Carnival plc.

23-Consent of PricewaterhouseCoopers LLP.

31.1-Certification of Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2-Certification of Chief Operating Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.4-Certification of Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.5-Certification of Chief Operating Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.6-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the

Sarbanes-Oxley Act of 2002.

32.1-Certification of Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2-Certification of Chief Operating Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.3-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.4-Certification of Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.5-Certification of Chief Operating Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.6-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

February 19, 2004

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, 2003.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez

Senior Vice President, General Counsel
and Secretary

CARNIVAL PLC
(formerly known as P&O PRINCESS CRUISES PLC)

CARNIVAL CORPORATION

P&O PRINCESS CRUISES INTERNATIONAL LIMITED

TO

THE BANK OF NEW YORK
Trustee

7.30% NOTES DUE 2007

7.875% DEBENTURES DUE 2027

SECOND SUPPLEMENTAL INDENTURE

Dated as of December 1, 2003

SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of December 1, 2003, among CARNIVAL PLC (formerly known as P&O Princess Cruises plc), a public limited company existing under the laws of England and Wales ("Carnival plc"), CARNIVAL CORPORATION, a corporation organized under the laws of the Republic of Panama ("Carnival Corporation"), P&O PRINCESS CRUISES INTERNATIONAL LIMITED (formerly known as P&O Cruises Limited), a limited liability company existing under the laws of England and Wales (the "Guarantor"), and THE BANK OF NEW YORK, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H:

WHEREAS, Carnival plc, the Guarantor and the Trustee are parties to that certain Indenture, dated as of October 23, 2000, and amended by a First Supplemental Indenture, dated as of July 15, 2003 (as amended, the "Original Indenture" and, together with this Second Supplemental Indenture, the "Indenture," capitalized terms used but not otherwise defined in this Second Supplemental Indenture having the meanings ascribed to them in the Original Indenture), pursuant to which Carnival plc duly issued its 7.30% Notes due 2007 (the "Notes") and the 7.875% Debentures due 2027 (the "Debentures"), both of which are unconditionally guaranteed by the Guarantor pursuant to the Original Indenture and guaranteed by Carnival Corporation pursuant to a Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc and an Agreement relating to the Deed of Guarantee, dated as of July 15, 2003, between such parties (the "Carnival Corporation Guarantee");

WHEREAS, Carnival plc, the Guarantor and Carnival Corporation have entered into a series of related transactions (the "Transfer") in which (i) Carnival plc has transferred all or substantially all of its assets to Carnival Corporation and (ii) the Guarantor has transferred all or substantially all of its assets to Carnival Corporation;

WHEREAS, as required by Section 5.01 of the Original Indenture, Carnival Corporation wishes to expressly assume, by this Second Supplemental Indenture, the due and punctual performance and observance of all of the covenants and conditions to be performed and observed by Carnival plc and the Guarantor under the Original Indenture, the Securities and the Guarantee, as the case may be;

WHEREAS, Carnival plc wishes to guarantee Carnival Corporation's obligations under the Indenture and the Securities;

WHEREAS, POPCIL will be guaranteeing Carnival Corporation's and Carnival plc's obligations as "Obligations" pursuant to the Deed of Guarantee, dated as of June 19, 2003, among POPCIL, Carnival Corporation and Carnival plc (the "POPCIL Deed of Guarantee");

WHEREAS, Carnival Corporation wishes to cause Carnival plc and its Subsidiaries to comply with certain of the covenants in the Indenture and to provide for certain additional Events of Default;

WHEREAS, Section 9.01 of the Original Indenture provides that Carnival plc, the Guarantor and the Trustee may amend or supplement the Original Indenture with respect to the Securities without the consent of any Holder of any Security (i) to provide for the assumption of Carnival plc's and/or the Guarantor's obligations to Holders of Securities in the case of a merger or consolidation or sale of all or substantially all of Carnival plc's assets or (ii) to make any change that would provide any additional rights or benefits to the Holders of Securities or that does not adversely affect the legal rights under the Original Indenture of any such Holder; and

WHEREAS, (i) the execution of this Second Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Original Indenture and Carnival plc has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel with respect to such authorization, (ii) Carnival plc, Carnival Corporation and the Guarantor have each delivered to the Trustee a resolution of its Board of Directors authorizing the execution of this Second Supplemental Indenture, and (iii) all things necessary to make this Second Supplemental Indenture a valid agreement of Carnival plc, Carnival Corporation, the Guarantor and the Trustee in accordance with its terms have been done;

NOW, THEREFORE, for and in consideration of the premises contained herein, it is mutually covenanted and agreed for the benefit of all Holders of the Securities as follows:

Section 1. As required by Section 5.01(b) of the Original Indenture, Carnival Corporation hereby assumes, by this Second Supplemental Indenture, the due and punctual performance and observance of all of the covenants and conditions to be performed and observed by Carnival plc and the Guarantor under the Original Indenture, the Securities and the Guarantee, as the case may be. As required by Section 5.01(c) of the Original Indenture, Carnival Corporation hereby assumes Carnival plc's and the Guarantor's obligations under Section 4.09 of the Original Indenture to pay Additional Amounts, substituting "The Republic of Panama" for "the United Kingdom" in each place that it appears in Section 4.09 of the Original Indenture.

Section 2. Pursuant to Section 5.02(a) of the Original Indenture, Carnival Corporation shall succeed to, and be substituted for (so that from and after the date hereof, the provisions of the Indenture referring to the "Company" shall refer instead to Carnival Corporation and not to Carnival plc and to the "Guarantor" shall refer instead to Carnival Corporation and not to the Guarantor), and may exercise every right and power of Carnival plc or the Guarantor, as the case may, under the Indenture with the same effect as if Carnival Corporation had been named as the Company or the Guarantor in the Original Indenture. As a result of the succession and substitution pursuant to the preceding sentence, Carnival plc and the Guarantor are hereby released from their obligations under the Original Indenture.

Section 3. The following definition shall be added to Section 1.01 of the Original Indenture:

"Carnival plc" means Carnival plc, a public limited company existing under the laws of England and Wales, and any successor thereto.

Section 4. The Original Indenture is hereby amended by adding a new Section 2.19 to read in its entirety as follows:

"Section 2.19. Carnival plc Guarantee.

(a) Carnival plc, for value received, hereby unconditionally guarantees (the "Carnival plc Guarantee") to the Holders of the Securities and to the Trustee on behalf of each such Holder the due and punctual payment of the principal of, premium, if any, and interest on such Securities, when and as the same shall become due and payable (subject to any period of grace provided with respect thereto), whether at the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms thereof and of the Indenture referred to therein. In the case of the failure of the Company punctually to make any such payment of principal, premium, if any, or interest, Carnival plc hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

(b) All payments by Carnival plc in respect of the Carnival plc Guarantee and the Securities shall be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision or authority thereof or therein having power to tax ("UK Taxes"), unless the withholding or deduction is then required by law. If any deduction or withholding for any present or future taxes, duties, assessments or other governmental charges of the United Kingdom (or any political subdivision or taxing authority within the United Kingdom) will at any time be required by the United Kingdom (or any political subdivision or taxing authority within the United Kingdom) in respect of the payment of any amounts by Carnival plc on the Securities, Carnival plc will pay to a Holder of a Security who is not a resident in the United Kingdom for U.K. tax purposes such additional amounts ("Carnival plc Additional Amounts") as may be necessary in order that the net amounts paid to such Holder, after such deduction or withholding, will be not less than the amounts specified in new security affected to which its holder is entitled; provided that the foregoing obligation to pay Carnival plc Additional Amounts does not apply to (i) any tax, duty, assessment or other governmental charge which would not have been imposed, withheld or deducted but for (1) the existence of any present or former connection between the Holder or beneficial owner of a Security (or between a fiduciary, settler, beneficiary, member or shareholder or possessor of a power over, such holder or

beneficial owner, if such Holder or beneficial owner is an estate, trust, partnership or corporation) and the United Kingdom (or any political subdivision or territory or possession within the United Kingdom or area subject to its jurisdiction), including, without limitation, the holder or beneficial owner (or the fiduciary, settler, beneficiary, member, shareholder or possessor) being or having been domiciliary, national or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment, office, branch or fixed base therein or otherwise having or having had some connection with the United Kingdom (or such political subdivision, territory or possession of the United Kingdom or area subject to its jurisdiction) other than the holding or ownership of a Security or the collection of principal of and interest, if any, on, or the enforcement of, a Security or (2) the presentation of a Security (where presentation is required) for payment (x) in the United Kingdom or (y) on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder would have been entitled to the Additional Amounts if it had presented its Security for payment on any day within the 30 day period; (ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; (iii) any tax, duty, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payment of (or in respect of) principal of, or any interest on, the Securities; (iv) any tax, duty, assessment or other governmental charge that is imposed, deducted or withheld by reason of the failure to comply by the Holder or the beneficial owner of a Security or the beneficial owner of any payment on the Security with a request of Carnival plc addressed to the Holder to provide information concerning the nationality, residence, identity or connection with the United Kingdom or any political subdivision or taxing authority thereof of the Holder or such beneficial owner or to make any declaration or other similar claim to satisfy any information or reporting requirement, which in either case, is required or imposed by a statute, treaty, regulation, ruling or administrative practice of the taxing jurisdiction as a precondition to exemption from withholding or deduction of all or part of such tax, duty, assessment or other governmental charge; (v) any tax, duty, assessment or other governmental charge which is payable in respect of any payments on a certificated Security issued at the request of the Holder on or after the occurrence of an Event of Default; or (vi) any combination of the above items; nor will Carnival plc Additional Amounts be paid with respect to any payment of the principal of, or any interest on, any Security to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent the payment would be required by the laws of the United Kingdom (or any political subdivision or taxing authority within the United Kingdom) to be included in the income for tax purposes of a beneficiary or settler with respect to such fiduciary or a member of such partnership or to a beneficial owner who would not have been entitled to such Carnival plc Additional Amounts had it been the Holder of the Security.

Carnival plc shall use commercially reasonable efforts to facilitate administrative actions necessary to assist Holders to obtain any refund of or credit against UK Taxes for which Carnival plc Additional Amounts are not paid as a result of the conditions in the second preceding sentence.

(c) Carnival plc agrees that its obligations under the Carnival plc Guarantee shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of any Security or this Indenture, any failure to enforce the provisions of any Security or this Indenture, or any waiver, modification or indulgence granted to the Company with respect thereto, by the Holder of any Security or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of Carnival plc, increase the principal amount of any Security, or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. Carnival plc hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of a merger or bankruptcy of the Company, any right to require a proceeding first against the Company, protect or notice with respect to any Security or the indebtedness evidenced thereby and all demands whatsoever, and covenants that the Carnival plc Guarantee will not be discharged except by payment in full of the principal of, premium, if any, and interest on such Security.

(d) The Carnival plc Guarantee is limited to the maximum amount that will result in the obligations of Carnival plc not constituting a fraudulent conveyance or fraudulent transfer under applicable law.

(e) Carnival plc shall not consolidate or merge with or into (whether or not the Carnival plc is the surviving corporation), or sell, convey or transfer or otherwise dispose of all or substantially all of its assets in one or more related transactions to another Person, and shall not permit any of its Restricted Subsidiaries to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in a sale, assignment, transfer, lease or disposal of all or substantially all of the assets of Carnival plc, as the case may be, and its respective Subsidiaries to another Person, unless the purchasing or transferee corporation or the successor, continuing or resulting corporation in the case of a merger or consolidation (if the Carnival plc is not the surviving corporation), as the case may be: (i) is an entity in an EU member state, an Organization for Economic Co-operation and Development member nation, or a European Free Trade Association member nation, in each case other than Greece, Liechtenstein, Mexico or Turkey; and (ii) expressly assumes, by an amendment to this Indenture and the Securities, pursuant to this Indenture, the obligations of Carnival plc under the Carnival plc Guarantee It will be a condition to any consolidation, merger, sale of assets or assumption under this section that immediately after giving effect to such consolidation, merger, sale of assets or assumption no Event of Default (and no event which, after notice or lapse of time

or both, would become an Event of Default) will have occurred and be continuing. Notwithstanding the foregoing, in the case of (1) any merger or consolidation by (x) Carnival plc or any of its Restricted Subsidiaries with (y) Carnival Corporation or any of its Subsidiaries, (2) any sale, conveyance, transfer or other disposition of assets by (x) Carnival plc or any of its Restricted Subsidiaries to (y) Carnival Corporation or any of its Subsidiaries, clause (i) of the first sentence of this Section 2.19(e) shall be deemed to have been satisfied.

(f) Upon any consolidation or merger or any transfer of all or substantially all of the assets of Carnival plc in accordance with Section 2.19(e) hereof, the successor corporation formed by such consolidation or into or with which Carnival plc, is merged or to which such transfer is made shall succeed to, and be substituted for (so that from and after the date of such consolidation merger, or transfer, the provisions of this Indenture referring to "Carnival plc" shall refer instead to the successor corporation and not to Carnival plc), and may exercise every right and power of Carnival plc under this Indenture with the same effect as if such successor Person had been named as Carnival plc herein. Notwithstanding the foregoing or any provision of Section 2.19(e), upon any consolidation or merger or any transfer of all or substantially all of the assets of Carnival plc to the primary obligor under this Indenture or the Securities, the Carnival plc Guarantee shall terminate automatically, and this Section 2.19 shall be of no further force or effect.

(g) Carnival plc shall be subrogated to all rights of the Holder of each Security and the Trustee against the Company in respect of any amounts paid to such Holder by Carnival plc pursuant to the provisions of the Carnival plc Guarantee, provided, however, that Carnival plc shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Securities of the same series issued under such Indenture shall have been paid in full."

Section 5. The Original Indenture is hereby amended by adding a new Section 4.11 to read in its entirety as follows:

"Section 4.11 Carnival Corporation & plc Limitation on Liens.

(a) This Section 4.11 shall be effective only so long as Carnival Corporation is a primary obligor under this Indenture. At any time that Carnival Corporation is not a primary obligor under this Indenture, this Section 4.11 shall be of no force or effect. All definitions used in this Section 4.11 shall be read for purposes of this Section 4.11 as if the term, "Carnival plc", were substituted in such definitions for the term, "Carnival Corporation".

(b) The Company shall not, and shall not permit Carnival plc or any Subsidiary of which the Company and/or Carnival plc owns, directly or indirectly, at least 80% of such Subsidiary's voting shares to, create, incur, guarantee or assume any Debt secured by a Mortgage on any Principal Property or on any

shares of stock or indebtedness of any Restricted Subsidiary, without effectively providing concurrently with the creation, incurrence, guarantee or assumption of such Debt that the Securities (together with, if the relevant obligor so determines, any other Debt of any Carnival Corporation & plc Company, then existing or thereafter created ranking equally with the Securities) will be secured equally and ratably with (or prior to) that Debt, so long as that Debt will be so secured, except that this restriction will not apply to: (i) Mortgages on property, shares of stock or indebtedness of any Person existing at the time such Person becomes a Subsidiary of the Company or Carnival plc, provided that any such Mortgage was not created in contemplation of such Person becoming a Subsidiary of the Company or Carnival plc; (ii) Mortgages on property or shares of stock existing at the time of acquisition thereof or to secure the payment of all or any part of the purchase price thereof or all or part of the cost of the improvement, construction, alteration or repair of any property, ship, building, equipment or facilities or of any other improvements on all or any part of such property or to secure any Debt incurred prior to, at the time of, or within twelve months after, in the case of shares of stock, the acquisition of such shares and, in the case of property, the later of the acquisition, the completion of construction (including any improvements, alterations or repairs on an existing property) or the commencement of commercial operation of such property, which Debt is incurred for the purpose of financing all or any part of the purchase price thereof or all or part of the cost of improvement, construction, alteration or repair thereon; (iii) Mortgages of Carnival plc or any Subsidiary of Carnival plc existing on October 23, 2000; (iv) Mortgages of the Company or any Subsidiary of the Company existing at the date of the First Supplemental Indenture; (v) Mortgages on property owned or held by any Person or on shares of stock, other equity interests or indebtedness of any Person, in either case existing at the time such Person is merged into or consolidated or amalgamated with a Carnival Corporation & plc Company or at the time of a sale, lease or other disposition of property of a Person or a sale or other disposition of stock of a Person as an entirety or substantially as an entirety to a Carnival Corporation & plc Company, provided that any such Mortgage was not created in contemplation of such Person becoming a Subsidiary of the Company or Carnival plc; (vi) Mortgages arising by operation of law (other than by reason of default); (vii) Mortgages arising through litigation, legal proceeding or judgment and not giving rise to an Event of Default; (viii) Mortgages to secure Debt incurred in the ordinary course of business, including, but not limited to, (1) any mechanic's, materialmen's, carrier's, workmen's, vendor's or other like Mortgages, (2) any Mortgages securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, (3) any easements, rights-of-way, restrictions and other similar charges, (4) any Mortgages arising out of consignment or similar arrangements for the sale of goods entered into by a Carnival Corporation & plc Company, and (5) any Mortgages to secure Debt maturing not more than 12 months from the date incurred; (ix) Mortgages to secure indebtedness for borrowed money incurred in connection with a specifically identifiable project where the Mortgage relates to a Principal Property to which such project has been undertaken and recourse of the

creditors in respect of such Mortgage is substantially limited to such project and Principal Property; (x) Mortgages created to secure Debt of a Carnival Corporation & plc Company under any options, futures, swaps, short sale contracts or similar or related instruments which relate to the purchase or sale of securities, commodities or currencies; (xi) Mortgages in favor of customs and revenues authorities to secure payment of customs duties in connection with the importation of goods; (xii) leases or subleases granted to others not interfering in any material respect with the business of a Carnival Corporation & plc Company; (xiii) Mortgages encumbering property or assets under construction arising from progress or partial payments by a customer of a Carnival Corporation & plc Company relating to such property or assets; (xiv) rights of financial institutions to offset credit balances in connection with the operation of cash management programs established for the benefit of a Carnival Corporation & plc Company; (xv) Mortgages encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of a Carnival Corporation & plc Company; (xvi) Mortgages on any property of the Company, Carnival plc or a Restricted Subsidiary in favor of the federal government of the United States or the government of any state thereof or the government of the United Kingdom, or the European Union, or any instrumentality of any of them, securing the obligations of a Carnival Corporation & plc Company pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes; (xvii) Mortgages securing taxes or assessments or other applicable charges or levies; (xviii) Mortgages securing industrial revenue, development or similar bonds issued by or for the benefit of a Carnival Corporation & plc Company, provided that such industrial revenue, development or similar bonds are nonrecourse to such Carnival Corporation & plc Company; and (xix) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Mortgage referred to in the foregoing clauses, or of any Debt secured thereby; provided that the principal amount of Debt secured thereby will not exceed the principal amount of Debt so secured at the time of such extension, renewal, or replacement, and that such extension, renewal or replacement Mortgage will be limited to all or any part of the same property or shares of stock that secured the Mortgage extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor.

(c) Notwithstanding Clause (b) of this Section 4.11, the Company, Carnival plc or any Subsidiary of which the Company and/or Carnival plc owns, directly or indirectly, at least 80% of such Subsidiary's voting shares may create, incur, guarantee or assume Debt secured by a Mortgage or Mortgages which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other such Debt of Carnival Corporation & plc secured by a Mortgage or Mortgages and Carnival Corporation & plc's Attributable Debt in respect of Carnival Corporation & plc Sale and Leaseback Transactions (as defined in Section 4.12) (other than Attributable Debt in respect of Carnival Corporation & plc Sale and Leaseback Transactions permitted because the relevant Carnival Corporation & plc Company would be entitled to create, incur,

guarantee or assume such Debt secured by a Mortgage on the property to be leased without equally and ratably securing the Securities pursuant to the preceding paragraph and other than a Carnival Corporation & plc Sale and Leaseback Transaction the proceeds of which have been applied within twelve months after its consummation to the Net Proceeds to the retirement or repayment of Funded Debt (as described in Section 4.12)), does not at the time such Debt is incurred exceed 20% of Consolidated Net Tangible Assets."

Section 6. The Original Indenture is hereby amended by adding a new Section 4.12 to read in its entirety as follows:

"Section 4.12 Limitation on Sale and Leaseback Transactions for Carnival Corporation & plc.

(a) This Section 4.12 shall be effective so long as Carnival Corporation is a primary obligor under this Indenture. At any time that Carnival Corporation is not a primary obligor under this Indenture, this Section 4.12 shall be of no force or effect. All definitions used in this Section 4.12 shall be read for purposes of this Section 4.12 as if the term, "Carnival plc", were substituted in such definitions for the term, "Carnival Corporation".

(b) The Company shall not, and shall not permit Carnival plc or any Subsidiary of which the Company and/or Carnival plc owns, directly or indirectly, at least 80% of such Subsidiary's voting shares to, enter into any arrangement with a third party (not including any Carnival Corporation & plc Company) providing for the leasing by such Carnival Corporation & plc Company for a period, including renewals, in excess of three years, of any Principal Property which has been owned by such Carnival Corporation & plc Company for more than 270 days and which has been or is to be sold or transferred by such Carnival Corporation & plc Company to the third party (a "Carnival Corporation & plc Sale and Leaseback Transaction") unless, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to all of these Carnival Corporation & plc Sale and Leaseback Transactions plus all the Debt of Carnival Corporation & plc incurred, issued, assumed or guaranteed and secured by a Mortgage or Mortgages (with the exception of debt secured by a Mortgage or Mortgages on property that any Carnival Corporation & plc Company would be entitled to create, incur, issue, guarantee or assume without equally and ratably securing the Securities pursuant to the provisions of the Securities pursuant to Section 4.11) does not exceed 20% of Consolidated Net Tangible Assets. This restriction will not apply to any Carnival Corporation & plc Sale and Leaseback Transaction if (i) such Carnival Corporation & plc Company would be entitled to create, incur, issue, guarantee or assume Debt secured by a Mortgage or Mortgages on the Principal Property to be leased without equally and ratably securing the Securities pursuant to the provisions of the Securities pursuant to Section 4.11, (ii) within a period commencing twelve months prior to the consummation of the Carnival Corporation & plc Sale and Leaseback Transaction and ending twelve months after the consummation of such Carnival Corporation & plc Sale and Leaseback

Transaction, such Carnival Corporation & plc Company has expended or will expend for any Principal Property (including capital improvements thereon) an amount equal to (x) the Net Proceeds or (y) the part of the Net Proceeds which such Carnival Corporation & plc Company has elected not to apply in the manner described in the following clause (iii); or (iii) such Carnival Corporation & plc Company, within twelve months after the consummation of any Carnival Corporation & plc Sale and Leaseback Transaction, applies an amount equal to the Net Proceeds (less any amount expended for Principal Property under the preceding clause (ii)(y)) to the retirement or repayment of Funded Debt of a Carnival Corporation & plc Company ranking equally in right of payment with the Securities or Funded Debt of a Subsidiary of the Company or Carnival plc. No retirement referred to in the preceding clause (iii) may be effected by payment at maturity or pursuant to any mandatory sinking fund or prepayment provision (unless such repayment is required due to the receipt of the Net Proceeds)."

Section 7. Section 6.01 of the Original Indenture is hereby amended by deleting the "and" after subclause (v) of Clause (e) thereof, adding the word "and" after the final semicolon in Clause (f) thereof and adding a new Clause (g) following such Clause (f), but prior to the proviso to such Section 6.01, to read in its entirety as follows:

"(g) if Carnival Corporation is a primary obligor under this Indenture, the occurrence of any of the following events (all defined terms used in this Clause (g) being read as if the term, "Carnival plc", were substituted in such definitions for the term, "Carnival Corporation"):

(i) default under any bond, debenture, note or other evidence of indebtedness for money borrowed by Carnival plc or any Principal Subsidiary of it having an aggregate principal amount outstanding of the greater of (pound)25,000,000 or 0.5% of Consolidated Net Tangible Assets (or their respective equivalents in any other currency) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by Carnival plc or any Principal Subsidiary of it, whether such indebtedness now exists or will hereafter be created which default will have resulted in such indebtedness of the greater of (pound)25,000,000 or 0.5% (or their respective equivalents in any other currency) of Consolidated Net Tangible Assets becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 30 days after written notice is provided to the Company;

(ii) Carnival plc or any Principal Subsidiary of it pursuant to or within the meaning of Bankruptcy Law: (1) commences a voluntary case, (2) consents to the entry of an order for relief against it in an involuntary case, (3) consents to the appointment of a Custodian of it or for all or substantially all of its property, (4) makes a general assignment for the

benefit of its creditors, or (5) generally is not paying its debts as they become due;

(iii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (1) is for relief against Carnival plc in an involuntary case, (2) appoints a Custodian of Carnival plc or any Principal Subsidiary of it or for all or substantially all of the property of Carnival plc or any Principal Subsidiary of it; or (3) orders the liquidation of Carnival plc or any Principal Subsidiary of it; and, in any such case, the order or decree remains unstayed and in effect for 90 consecutive days;"

Section 8. Section 6.01 of the Original Indenture is hereby amended by adding the following prior to the final period in such Section:

"; provided, further, that there will not be an Event of Default under Clause (g)(i) if the bond, debenture, note or other evidence of indebtedness in question is the subject of non-recourse financing arrangement under which the lender's right of recourse is limited to a specific asset and there is no further recourse by the relevant creditor against the general assets of Carnival plc or any Principal Subsidiary of it; and provided further, that it will not be an Event of Default under Clause (g)(ii) or (g)(iii) if the event in question relates solely to property of Carnival plc or a Principal Subsidiary of it that is the subject of a non-recourse financing arrangement described in the previous proviso, and if such event does not, directly or indirectly, give further recourse by the relevant creditor to the general assets (or any other property) of Carnival plc or a Principal Subsidiary of it."

Section 9. Section 6.02 of the Original Indenture is hereby amended by adding the following after the final sentence thereof: "If Carnival Corporation is a primary obligor under this Indenture and if an Event of Default specified in subclauses (ii) or (iii) of Clause (g) of Section 6.01 hereof occurs with respect to Carnival plc, the Securities then outstanding shall ipso facto become and be immediately due and payable at 100% of the outstanding principal amount thereof plus premium and accrued and unpaid interest, to the date of such Event of Default, without any declaration or other act on the part of the Trustee or any Holder."

Section 10. Notices to the Company under the Indenture shall be sent to: Carnival Corporation, 3655 N.W. 87th Avenue, Miami, Florida, 33178, Attention: General Counsel (Facsimile: 305-406-4758), with a copy to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: John C. Kennedy, Esq. (Facsimile: 212-757-3990).

Section 11. Carnival Corporation, Carnival plc and POPCIL acknowledge that the Securities, the Indenture and the "Carnival plc Guarantee" (as defined in the Indenture) shall be deemed to be "Obligations" for purposes of the POPCIL Deed of Guarantee.

Section 12. Each of Carnival Corporation and Carnival plc (i) acknowledges that it has, by separate written instrument, designated and appointed National Registered Agents as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Indenture, the Securities or the Carnival plc Guarantee that may be instituted in any federal or state court in the Borough of Manhattan, The City of New York or brought under federal or state securities laws or brought by the Trustee in its capacity as a trustee under the Indenture, and acknowledges that National Registered Agents has accepted such designation, (ii) submits to the jurisdiction of any such court in any such suit or proceeding and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding or any claim of inconvenient forum, and (iii) agrees that service of process upon National Registered Agents and written notice of said service to it (mailed or delivered to its secretary at its registered office at 875 Avenue of the Americas, Suite 501, New York, New York, 10001 or at any other address previously furnished in writing to the Trustee) shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Each of Carnival Corporation and Carnival plc further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of National Registered Agents with respect to it in full force and effect so long as the Indenture shall be in full force and effect and so long as any of the Securities shall be outstanding, subject to the appointment of a successor pursuant to the following sentence. Carnival Corporation or Carnival plc may appoint a successor to National Registered Agents, provided that such successor shall be located in the Borough of Manhattan, The City of New York and designated and appointed as above, that such successor accepts such designation in writing prior to or simultaneously with its succession and that written notice of designation has been given prior to such successor to the remaining party or parties hereto; thereafter, the relevant company shall take any and all action as may be necessary to continue such designation and appointment of such successor in full force and effect so long as the Indenture is in full force and effect. To the extent that Carnival Corporation or Carnival plc has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, it hereby irrevocably waives such immunity in respect of its respective obligations under the Indenture and the Securities to the fullest extent permitted by law.

Section 13. This Second Supplemental Indenture shall become effective immediately following completion of the Transfer.

Section 14. Carnival Corporation and Carnival plc agree that the Trustee is permitted to place a notation about this Second Supplemental Indenture on the Securities in accordance with the provisions of Section 9.05 of the Indenture.

Section 15. The Trustee accepts this Second Supplemental Indenture and agrees to execute the trust created by the Indenture as hereby supplemented, but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which

terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture.

Section 16. The Indenture, as hereby amended, is in all respects ratified and confirmed, and the terms and conditions thereof shall be and remain in full force and effect.

Section 17. The recitals contained in this Second Supplemental Indenture shall be taken as the statements made solely by Carnival plc, Carnival Corporation and the Guarantor, and the Trustee shall have no liability or responsibility for their correctness and, without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to (i) the validity or sufficiency of this Second Supplemental Indenture or any of the terms or provisions hereof, (ii) the proper authorization hereof by Carnival plc, Carnival Corporation and the Guarantor by corporate action or otherwise, (iii) the due execution hereof by Carnival plc, Carnival Corporation and the Guarantor or (iv) the consequences (direct or indirect and whether deliberate or inadvertent) of any amendment herein provided for, and the Trustee makes no representation with respect to any such matters.

Section 18. THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PROVISIONS THEREOF THAT WOULD REQUIRE APPLICATION OF THE LAW OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 19. In case any provision in this Second Supplemental Indenture is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 20. If any provision of this Second Supplemental Indenture limits, qualifies or conflicts with any provision of the TIA that is required under the TIA to be part of and govern the Indenture, such provision of the TIA shall control. If any provision of this Second Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this Second Supplemental Indenture, as the case may be.

Section 21. This Second Supplemental Indenture may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed and attested, all as of the date first above written.

CARNIVAL PLC

By:

Name: David Bernstein
Title: Vice President and Treasurer

CARNIVAL CORPORATION

By: /s/ David Bernstein

Name: David Bernstein
Title: Vice President and Treasurer

P&O PRINCESS CRUISES
INTERNATIONAL LIMITED

By: /s/ David Bernstein

Name: David Bernstein
Title: Attorney-in-fact

THE BANK OF NEW YORK,
as Trustee

By: /s/ Alison Mitchell

Name: Alison Mitchell
Title: Assistant Treasurer

Exhibit 10.1

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 28th day of November, 2003 between CARNIVAL CORPORATION, having its principal place of business at 3655 Northwest 87th Avenue, Miami, Florida 33178, and its wholly owned subsidiaries, Holland America Line Inc., Holland America Line N.V., HAL Cruises Limited, Windstar Sail Cruises Limited, Wind Star Limited, Wind Spirit Limited, Westmark Hotels, Inc., Westmark Hotels of Canada, Ltd., Westours Motorcoaches, Inc., Evergreen Trails, Inc., Trailway Tours, Inc., Worldwide Shore Services, Inc., and HAL Properties Limited, having their principal places of business at 300 Elliott Avenue West, Seattle, Washington 98119 (collectively, the "Companies") and Alton Kirk Lanterman ("Lanterman"), residing at 714 West Galer Street, Seattle, Washington 98119.

RECITALS:

A. Lanterman has served as Chairman and Chief Executive Officer of Holland America Line Inc., ("HAL", formerly Holland America Line-Westours, Inc.) since January 1989 and has performed exemplary service during said years.

B. The Companies desire to compensate Lanterman for such exemplary service by way of retirement pay.

C. The Companies desire to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

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

1. Compensation for Past Services and Consulting Services

   1.1 For a period of fifteen (15) years following the date of retirement by Lanterman from active services with the Companies (the "Retirement Date"), the Companies shall pay to Lanterman, in monthly installments of $166,577, an annual compensation of $1,998,924.

   1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($29,983,860) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8.5% per year.

2. Consulting Services

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

3. Independent Contractor

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

4. Confidentiality

   Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to

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

5. Enforceable

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

6. Applicable Law

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

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 2002 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Companies to the attention of the President, or otherwise as directed by the Companies, from time to time, at the addresses as they appear in the opening paragraph of this Agreement.

8. Waiver

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

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

CARNIVAL CORPORATION

By: Vice Chairman

Its: /s/ Howard S. Frank

/s/ Alton Kirk Lanterman

Signature

Alton Kirk Lanterman

Print Full Name

HOLLAND AMERICA LINE INC.

By: Larry D. Calkins
Its: Vice President-Finance and CFO

HOLLAND AMERICA LINE N.V.

By: Larry D. Calkins
Its: Authorized Signatory

HAL PROPERTIES LIMITED

By: Larry D. Calkins
Its: Authorized Signatory

HAL CRUISES LIMITED

By: Larry D. Calkins
Its: Authorized Signatory

WINDSTAR SAIL CRUISES LIMITED

By: Larry D. Calkins
Its: Authorized Signatory

WIND STAR LIMITED

By: Larry D. Calkins
Its: Authorized Signatory

WIND SPIRIT LIMITED

By: Larry D. Calkins
Its: Authorized Signatory

WESTMARK HOTELS, INC.

By: Larry D. Calkins
Its: Authorized Signatory

WESTMARK HOTELS OF CANADA LTD.

By: Larry D. Calkins
Its: Authorized Signatory

WESTOURS MOTOR COACHES INC.

By: Larry D. Calkins
Its: Authorized Signatory

EVERGREEN TRAILS, INC.

By: Larry D. Calkins
Its: Authorized Signatory

TRAILWAYS TOURS INC.

By: Larry D. Calkins
Its: Authorized Signatory

WORLDWIDE SHORE SERVICES INC.

By: Larry D. Calkins
Its: Authorized Signatory

AMENDMENT
TO THE
AMENDED AND RESTATED
CARNIVAL CORPORATION
1992 STOCK OPTION PLAN

WHEREAS, Carnival Corporation (the "Company") sponsors the Amended and Restated Carnival Corporation 1992 Stock Option Plan (the "Plan"); and

WHEREAS, Section 16 of the Plan provides that the Board of Directors of the Company (the "Board") may amend the Plan at any time; provided, that such amendment complies with all applicable laws, applicable stock exchange listing requirements and certain other requirements not relevant here, which rights have been delegated to the Compensation Committee of the Board; and

WHEREAS, on April 17, 2003, Carnival and Carnival plc completed a dual listed company ("DLC") transaction, which implemented Carnival Corporation's and Carnival plc's DLC structure; and

WHEREAS, effective in late 2003 and/or early 2004, the Company will transfer ownership of certain of its subsidiaries (the "Relevant Subsidiaries") so that they will become direct or indirect subsidiaries of Carnival plc (the "Flip Transaction"), and the Company and Carnival plc may engage in similar transactions in the future involving the transfer of direct or indirect subsidiaries of one to become direct or indirect subsidiaries of the other; and

WHEREAS, Section 7 of the Plan provides, in part, that if an optionee's employment with the Company or any its "Subsidiaries" (as defined in the Plan) is terminated, then such optionee will have a specified limited period of time (depending on the reason for such termination) in which to exercise his or her vested options; and

WHEREAS, under the terms of the Plan as currently in effect, the transfer of ownership of the Relevant Subsidiaries to Carnival plc in the Flip Transaction will result in a termination of the employment with the Company and its Subsidiaries for employees of the Relevant Subsidiaries for purposes of the Plan; and

WHEREAS, the Board has determined that it is in the best interests of the Company and the shareholders of the Company and Carnival plc to amend the Plan to provide that a termination of employment or service for purposes of the Plan means a termination of employment or service with the Company, Carnival plc and each their respective affiliates, with the result that the employees of the Relevant Subsidiaries will not be deemed to have terminated employment for purposes of the Plan on account of the Flip Transaction, and employees of direct or indirect subsidiaries of the Company and Carnival plc which are involved in similar transactions in the future similarly will not be deemed to have terminated employment for purposes of the Plan on account of such transaction; and

WHEREAS, the Company has determined that such an amendment to the Plan complies with all applicable laws and applicable stock exchange listing requirements.

NOW, THEREFORE, the Compensation Committee of the Board hereby amends the Plan, effective as of November 30, 2003, as follows:

I.

Section 7 of the Plan Shall be amended in its entirety to read as follows:

7. Duration of Options. Each option granted hereunder shall become exercisable, in whole or in part, at the time or times provided by the Committee, provided, however, that if an Optionee's employment with or services to the Company, Carnival plc and their respective "Affiliates" (as defined below) shall terminate by reason of death or "permanent and total disability," within the meaning of section 22(e)(3) of the Code ("Disability"), each outstanding option granted to such Optionee shall become exercisable in full in respect of the aggregate number of shares covered thereby. The Company and Carnival plc are hereinafter referred to as the "Combined Group."

Notwithstanding any provision of the Plan to the contrary, unless otherwise provided by the Committee, the unexercised portion of any option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) the expiration of 10 years from the date on which such option was granted;

(b) the expiration of one year from the date the Optionee's employment with or services to each member of the Combined Group and all Affiliates shall terminate by reason of Disability; provided, however, that if the Optionee shall die during such one-year period, the provisions of subparagraph (c) below shall apply;

(c) the expiration of one year from the date of the Optionee's death, if such death occurs either (i) during employment or retention by a member of the Combined Group or an Affiliate or (ii) during the one-year period described in subparagraph (b) above;

(d) the date the Optionee's employment with or services to each member of the Combined Group and all Affiliates shall terminate by reason of "cause" (as hereinafter defined). Termination by reason of "cause" shall mean termination by reason of participation and conduct during employment consisting of fraud, felony, willful misconduct or commission of any act which causes or may reasonably be expected to cause substantial damage to a member of the Combined Group or an Affiliate;

(e) (i) the expiration of three months from the date the Optionee's employment with or services to each member of the Combined Group and all Affiliates shall terminate other than by reason of death, Disability or termination for cause for options which are exercisable on or before the date of termination, and (ii) the date the Optionee's employment with or services to each member of the Combined Group and all Affiliates shall terminate other than by reason of death, Disability or termination for cause for options which are not exercisable on the date of termination; and

(f) in whole or in part, at such earlier time or upon the occurrence of such earlier event as the Committee in its discretion may provide upon the granting of such option.

The Committee may determine whether any given leave of absence constitutes a termination of employment. The options granted under the Plan shall not be affected by any change of employment so long as the Optionee continues to be an employee of the a member of the Combined Group or any of its Affiliates.

The Term "Affiliate" means (i) any entity that directly or indirectly is controlled by, controls or is under common control with the Company or Carnival plc, and (ii) to the extent provided by the Committee, any entity in which the Company or Carnival plc has a significant equity interest.

II.

Section 11 of the Plan shall be amended in its entirety to read as follows:

> 11. Right to Terminate Employment or Service. Nothing in the Plan or in any option shall confer upon any Optionee the right to continue in the employment or service of a member of the Combined Group or an Affiliate or affect the right of a member of the Combined Group or an Affiliate to terminate the Optionee's employment or service at any time, subject, however, to the provisions of any agreement of employment or consultancy between a member of the Combined Group or an Affiliate and the Optionee.

III.

Section 22 of the Plan shall be amended in its entirety to read as follows:

> 22. Exclusion from Pension and Profit-Sharing Computation. By acceptance of an option, each Optionee shall be deemed to have agreed that such grant is special incentive compensation that will not be taken into account in any manner as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of a member of the Combined Group or an Affiliate. In addition, such option will not affect the amount of any life insurance coverage, if any, provided by a member of the Combined Group or an Affiliate on the life of the Optionee which is payable to such beneficiary under any life insurance plan covering employees of a member of the Combined Group or an Affiliate.

IV.

Except as set forth herein, the Plan shall remain in full force and effect.

Approved by the Compensation Committee in November 2003.

AMENDMENT AND RESTATEMENT AGREEMENT dated as of November 17, 2003, among CARNIVAL CORPORATION (the "Company"), the other borrowers party hereto (the "Borrowing Subsidiaries"), CARNIVAL PLC (the "Guarantor"), the Lenders party hereto and JPMORGAN CHASE BANK, as successor to The Chase Manhattan Bank, as Agent, under the Credit Agreement dated as of June 26, 2001, among the Company, the other Borrowers referred to therein, the lenders referred to therein and the Agent, as in effect on the date hereof (the "Existing Credit Agreement").

WHEREAS the Company has requested, and the Lenders party hereto and the Agent have agreed, upon the terms and subject to the conditions set forth herein, that the Existing Credit Agreement be amended and restated as provided herein;

NOW, THEREFORE, the Borrowers, the Guarantor, the Required Lenders and the Agent hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Restated Credit Agreement referred to below.

SECTION 2. Restatement Effective Date. (a) The transactions provided for in Section 3 hereof shall be consummated at a closing to be held on the Restatement Effective Date at the offices of Cravath, Swaine & Moore LLP, or at such other time and place as the Company and the Agent shall agree upon.

(b) The "Restatement Effective Date" shall be a date specified by the Company (not later than December 1, 2003) as of which all the conditions set forth or referred to in Section 4 hereof shall have been satisfied. The Company shall give not less than one Business Day's written notice to the Agent proposing a date as the Restatement Effective Date, and the Agent shall notify the Lenders of the date so proposed. This Agreement shall terminate at 5:00 p.m., New York City time, on December 1, 2003, if the Restatement Effective Date shall not have occurred at or prior to such time.

SECTION 3. Amendment and Restatement of the Existing Credit Agreement; Loans. (a) Effective upon the Restatement Effective Date, the Existing Credit Agreement is hereby amended and restated to read in its entirety as set forth in Exhibit A hereto (the "Restated Credit Agreement"), the Guarantor shall be a party thereto, and the Agent is hereby directed by the Lenders party hereto to enter into such documents and to take such other actions as may be required to give effect to the transactions contemplated hereby. From and after the effectiveness of such amendment and restatement, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof" and words of similar import, as used in the Restated Credit Agreement, shall, unless the context otherwise requires, refer to the Existing Credit Agreement as amended and restated in the form of the Restated Credit Agreement, and

the term "Credit Agreement", as used in the other Loan Documents, shall mean the Restated Credit Agreement.

(b) All Loans outstanding under the Existing Credit Agreement on the Restatement Effective Date shall continue to be outstanding under the Restated Credit Agreement, and on and after the Restatement Effective Date, the terms of the Restated Credit Agreement will govern the rights and obligations of the Company, the other Borrowers, the Lenders and the Agent with respect thereto.

SECTION 4. Conditions. The consummation of the transactions set forth in Section 3 of this Agreement shall be subject to the satisfaction (or waiver in accordance with Section 5 below) of the following conditions precedent:

(a) The Agent (or its counsel) shall have received from the Borrowers, the Guarantor and the Required Lenders either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Agent (which may include telecopy or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Agent (or its counsel) shall have received from the Company and the Guarantor either (i) a counterpart of the agreement described in clause (b) of the definition of the term "Guarantee Agreement" in the Restated Credit Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Agent (which may include telecopy or other electronic transmission of a signed signature page of such agreement) that such party has signed a counterpart of such agreement.

(c) The Agent shall have received favorable written opinions (addressed to the Agent and the Lenders and dated the Restatement Effective Date) of (i) counsel to the Guarantor, substantially in the form of Exhibit A hereto, and covering such other matters relating to the Guarantor, the Loan Documents or the Restatement Transactions as the Agent shall reasonably request. The Company and the Guarantor hereby request such counsel to deliver such opinions.

(d) The Agent shall have received such documents and certificates as the Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Guarantor, the authorization of the Restatement Transactions and any other legal matters relating to the Borrowers and the Guarantor, the Loan Documents or the Restatement Transactions, all in form and substance satisfactory to the Agent and its counsel.

(e) The Agent shall have received all fees and other amounts due and payable on or prior to the Restatement Effective Date including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel) required to be reimbursed or paid by any Borrower or the Guarantor hereunder or under any other Loan Document.

The Agent shall notify the Company and the Lenders of the Restatement Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the

consummation of the transactions set forth in Section 3 of this Agreement shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 5 below) at or prior to 5:00 p.m., New York City time, on December 1, 2003 (and, in the event such conditions are not so satisfied or waived, the Existing Credit Agreement shall remain in effect without giving effect to any provisions of this Agreement).

SECTION 5. Effectiveness; Counterparts; Amendments. Except as provided in Section 4 above, this Agreement shall become effective when copies hereof which, when taken together, bear the signatures of the Borrowers, the Guarantor, the Agent and the Required Lenders shall have been received by the Agent. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Company, the Guarantor, the Agent and the Required Lenders. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 6. No Novation. This Agreement shall not extinguish the Indebtedness outstanding under the Existing Credit Agreement. Nothing herein contained shall be construed as a substitution or novation of the Indebtedness outstanding under the Existing Credit Agreement, which shall remain outstanding after the Restatement Effective Date as modified hereby.

SECTION 7. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.02 of the Restated Credit Agreement.

SECTION 8. Applicable Law; Waiver of Jury Trial. (A) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

(B) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTION 9.10 OF THE RESTATED CREDIT AGREEMENT AS IF SUCH SECTION WERE SET FORTH IN FULL HEREIN EXCEPT THAT THE TERM "AGREEMENT" THEREIN SHALL BE DEEMED TO REFER TO THIS AGREEMENT.

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

CARNIVAL CORPORATION,

by

/s/ Gerald R. Cahill

Name: Gerald R. Cahill
Title: Sr. VP & CFO

GIBS, INC.,

by

/s/ Arnaldo Perez

Name: Arnaldo Perez
Title:

HOLLAND AMERICA LINE INC.,

by

/s/ Larry D. Calkins

Name: Larry D. Calkins
Title: V.P Finance/CFO

CARNIVAL PLC,

by

/s/ Gerald R. Cahill

Name: Gerald R. Cahill
Title: Sr. VP & CFO

JPMORGAN CHASE BANK, formerly known as The Chase Manhattan Bank, individually and as Agent,

by

/s/ Donald Shokrian

Name: Donald S. Shokrian
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution BANCA DI ROMA - NEW YORK BRANCH

by

/s/ Guido Lanzoni

Name: Guido Lanzoni
Title: Assistant Treasurer

/s/ Steven Paley

Name: Steven Paley
Title: First Vice President

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution BANCA INTESA - NEW YORK BRANCH

by

/s/ Frank Maffei

Name: Frank Maffei
Title: Vice President

/s/ Mark Mooney

Name: Mark Mooney
Title: Vice President

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution BANKL OF AMERICA N.A.

by

/s/ Matthew Koenig

Name: Matthew Koenig
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution BNP PARIBAS

by

/s/ Angela Arnold

Name: Angela Arnold
Title: Vice President

/s/ Mike Shryock

Name: Mike Shryock
Title: Director

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution CITIBANK, N.A.

by

/s/ Chrles R. Delamater

Name: Charles R. Delamater
Title: Managing Director
Senior Credit Officer

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution CREDIT SUISSE FIRST BOSTON acting through its Cayman Islands Branch

by

/s/ Bill O'

Name: Bill O'
Title: Director

/s/ Cassandra Droogan

Name: Steven Paley
Title: Associate

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution DEN NORSKE BANK ASA

by

/s/ Sanjiv Nayar

Name: Sanjiv Nayar
Title: First Vice President

/s/ B. Henricksen

Name: Berit L. Henriksen
Title: Executive Vice President and General Manager

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution MERRILL LYNCH BANK USA

by

/s/ Louis Alder

Name: Louis Alder
Title: Vice President

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution SUNTRUST BANK

by

/s/ Donald J. Campisano

Name: Donald J. Campisano
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution THE NORTHERN TRUST COMPANY

by

/s/ Chris McKean

Name: Chris McKean
Title: Vice President

SIGNATURE PAGE TO AMENDMENT AND RESTATEMENT AGREEMENT DATED AS OF NOVEMBER 17, 2003, AMONG CARNIVAL CORPORATION, CARNIVAL PLC, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS AGENT, UNDER THE CREDIT AGREEMENT DATED AS OF JUNE 26, 2001, AS AMENDED, AMONG CARNIVAL CORPORATION, THE OTHER BORROWERS REFERRED TO THEREIN, THE LENDERS REFERRED TO THEREIN AND JPMORGAN CHASE BANK, AS AGENT, AS IN EFFECT ON THE DATE HEREOF.

To Approve Amendment
and Restatement Agreement:

Institution WESTLB AG (f/n/a Westdeutche Landesbank Girozentrale),
NEW YORK BRANCH

by

/s/ Richard J. Pearse

Name: Richard J. Pearse
Title: Executive Director

/s/ Lucie L. Guernsey

Name: Lucie L. Guernsey
Title: Executive Director

EXHIBIT A

U.S. $1,400,000,000

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

Dated as of June 26, 2001,

Amended and Restated as of November 17, 2003

Among

CARNIVAL CORPORATION,
as a Borrower and Guarantor,

Any Additional Borrowers Party Hereto,

CARNIVAL PLC,
as Guarantor,

The Lenders Party Hereto,

JPMORGAN CHASE BANK,
as Agent,

BANK OF AMERICA, N.A.,
as Syndication Agent,

J.P. MORGAN SECURITIES INC.,
as Joint Lead Arranger,

BANC OF AMERICA SECURITIES LLC,
as Joint Lead Arranger

and

BNP PARIBAS,
CITIBANK N.A.,
and
UNICREDITO ITALIANO - New York Branch,
as Co-Documentation Agents

Table of Contents

Page

ARTICLE I

Definitions

ARTICLE II

The Credits

ARTICLE III

Conditions of Lending

ARTICLE IV

Representations and Warranties

ARTICLE V

Covenants of the Borrowers and Guarantor

ARTICLE VI

Default

ARTICLE VII

Relation of Lenders; Assignments, Designations And Participations

ARTICLE VIII

Company Guarantee

ARTICLE IX

Miscellaneous

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

This Amended and Restated Revolving Credit Agreement, dated as of June 26, 2001, as amended and restated as of November 17, 2003, is made and entered into by and among CARNIVAL CORPORATION (the "Company"), a corporation organized and existing under the laws of The Republic of Panama ("Panama"), any additional Borrowers party hereto, CARNIVAL PLC, a corporation organized and existing under the laws of England and Wales (the "Guarantor"), JPMORGAN CHASE BANK, as successor to The Chase Manhattan Bank, a New York banking corporation ("Chase"), and each of the other banks or other institutions whose names may appear on the signature pages of this Agreement (each a "Bank" and, collectively, the "Banks") or, if applicable, in the Register for whom Chase, subject to Article VII of this Agreement, acts as Agent, and subject to Section 7.10 of this Credit Agreement, BANK OF AMERICA, N.A. ("Bank of America") acts as Syndication Agent and BNP Paribas, Citibank, N.A. and UBM-Unicredit Banca Mobiliare act as Co-Documentation Agents. Capitalized terms not otherwise herein defined shall have the respective meanings set forth below in Section 1.01.

PRELIMINARY STATEMENTS

1. The Borrowers, the Lenders and the Agent are parties to a Credit Agreement dated as of June 26, 2001, as in effect immediately prior to the Restatement Effective Date (the "Existing Credit Agreement").

2. Pursuant to the Existing Credit Agreement, the Lenders have agreed severally, but not jointly, each for the aggregate amount and in the percentage interest (as to each Lender, the "Percentage Interest") set forth opposite each Lender's name and signature to the Existing Credit Agreement, or if applicable, in any relevant amendment thereto, or, if applicable, in the Register, to provide credits upon the terms and conditions set forth therein.

3. The Borrowers, the Guarantor, the Required Lenders and the Agent are parties to an Amendment and Restatement Agreement dated as of November 17, 2003 (the "Amendment and Restatement Agreement").

4. Subject to the satisfaction of the conditions set forth in the Amendment and Restatement Agreement, the Existing Credit Agreement shall be amended and restated in the form hereof.

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

ARTICLE II.

Definitions

SECTION 1. Definitions. As used in this Agreement, each of the following terms shall have the respective meaning set forth below (such meanings, unless otherwise indicated, to apply to both the singular and plural forms of the terms defined):

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the securities having voting power for the election of directors of such Person, or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise. With respect to any Lender, the term "Affiliate" shall be deemed to include (a) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by such Lender or an Affiliate of such Lender and (b) in the case of any Lender that is a fund that invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Agent" shall mean JPMorgan Chase Bank, and any successor agent under this Agreement.

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

"Alternate Base Rate" means, for any day, an interest rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Alternative Committed Currency" means British Pounds Sterling or Euro.

"Alternative Currency" means (a) any Alternative Committed Currency or Yen or (b) any other currency specified by the Company in a Competitive Bid Request

relating to a proposed Competitive Borrowing if such currency is freely transferable and convertible into Dollars in the London market at the time and for which LIBO Rates may be determined at such time by reference to the Telerate screen as provided in the definition of "LIBO Rate".

"Alternative Currency Borrowing" means a Borrowing comprised of Alternative Currency Loans.

"Alternative Currency Equivalent" means, with respect to an amount in Dollars on any date in relation to a specified Alternative Currency, the amount of such specified Alternative Currency that may be purchased with such amount of Dollars at the Spot Exchange Rate with respect to such Alternative Currency on such date.

"Alternative Currency Loan" means any Loan denominated in an Alternative Currency.

"Amendment and Restatement Agreement" shall have the meaning set forth in Preliminary Statement (3) of this Agreement.

"Applicable Currency" has the meaning assigned to such term in Section 2.12.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Revolving Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread" or "Facility Fee Rate", as the case may be, based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

Index Debt Ratings:	Ratings	Eurocurrency Spread	Facility Fee Rate
Category 1	>=AA-/Aa3	0.140%	0.060%
Category 2	A+/A1	0.155%	0.070%
Category 3	A/A2	0.170%	0.080%
Category 4	A-/A3	0.200%	0.100%
Category 5	BBB+/Baa1	0.375%	0.125%
Category 6	BBB/Baa2	0.600%	0.150%
Category 7	<=BBB-/Baa3	0.750%	0.250%

For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then (i) Fitch, Inc. shall be substituted for such rating agency and (ii) if Fitch, Inc. shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 7; (b) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Rate shall be determined by reference to the Category next below that of the higher of the two ratings; and (c) if the ratings established or deemed to have been established by Moody's and S&P (or, if applicable, Fitch, Inc.) for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P (or, if applicable, Fitch, Inc.)), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P (or, if applicable, Fitch, Inc.) shall change, or if any such applicable rating agency shall cease to be in the business of rating corporate debt obligations, the Borrowers and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Agent to be representative of the cost of such insurance to the Lenders.

"Assigned Dollar Value" has the meaning assigned to such term in Section 2.21.

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

"Assuming Bank" means, at any time, an Eligible Assignee not at such time a Lender hereunder pursuant to Section 2.22.

"Assumption Agreement" means an agreement in substantially the form of Exhibit D hereto by which an institution agrees to become a Lender party to this Agreement pursuant to Section 2.22 by agreeing to be bound by all obligations of a Lender hereunder.

"Availability Period" means the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowers" means, at any time, the Company and any Borrowing Subsidiaries.

"Borrowing" means (a) Revolving Loans to the same Borrower of the same Type and in the same currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect and (b) a Competitive Loan or group of Competitive Loans to the same Borrower of the same Type and in the same currency made on the same date and as to which a single Interest Period is in effect.

"Borrowing Date" means any Business Day specified in a notice pursuant to Section 2.02 or 2.04 as a date on which the relevant Borrower requests Loans to be made hereunder.

"Borrowing Request" means a request by any Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Borrowing Subsidiaries" means any Subsidiaries that become Borrowers pursuant to Section 2.18, other than any such Borrowing Subsidiaries that have ceased to be Borrowers pursuant to Section 2.18.

"Borrowing Subsidiary Agreement" means a Borrowing Subsidiary Agreement substantially in the form of Exhibit E-1.

"Borrowing Subsidiary Termination" means a Borrowing Subsidiary Termination substantially in the form of Exhibit E-2.

"British Pounds Sterling" means lawful money of the United Kingdom.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed, except that when used in connection with a Eurocurrency Loan or an Alternative Currency Loan, "Business Day" also shall exclude any day on which

commercial banks in London, England are authorized or required by law to remain closed and if such reference relates to the date for payment or purchase of any sum denominated in (i) any Alternative Currency other than Euro, the principal financial center of the country of such Alternative Currency and (ii) Euro a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) is open for settlement of payment in Euro.

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

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.13(b) or 2.19, by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Competitive Loans.

"Closing Date" means June 26, 2001, which is the date on which the Existing Credit Agreement was executed and delivered.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.07, (b) increased from time to time pursuant to Section 2.22 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 7.09. The initial amount of each Lender's Commitment as of the Closing Date is set forth on the signature pages hereof, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments as of the Closing Date was $1,400,000,000.

"Commitment Date" has the meaning specified in Section 2.22.

"Commitment Increase" has the meaning specified in Section 2.22.

"Competitive Bid" means an offer by a Lender to make a Competitive Loan, substantially in the form of Exhibit G-2 or other form agreed to by the Agent and the applicable Borrower, in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"Competitive Bid Request" means a request by any Borrower for Competitive Bids, substantially in the form of Exhibit G-1 or other form agreed to by the Agent and the applicable Borrower, in accordance with Section 2.04.

"Competitive Loan" means a Loan made pursuant to Section 2.04.

"Consolidated Cash Flow" means, in conformity with GAAP, net cash from operations, as shown in the consolidated statements of cash flows of the Company, the Guarantor and their respective Subsidiaries.

"Currency Equivalent" means the Dollar Equivalent or the Alternative Currency Equivalent, as the case may be, of the Applicable Currency.

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

"Denomination Date" means, in relation to any Alternative Currency Borrowing, the date that is three Business Days before the date such Borrowing is made.

"Designated Bidder" means (i) an Eligible Assignee or (ii) a special purpose corporation which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" by Moody's Investors Services, Inc. or "A-1" by Standard & Poor's Ratings Services or a comparable rating from the successor of either of them, that, in either case, (x) is organized under the laws of the United States or any State thereof, (y) shall have become a party hereto pursuant to Section 7.09(d), (e), (f) and (z) is not otherwise a Lender.

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

"Dollar Equivalent" means, with respect to an amount of any Alternative Currency on any date, the amount of Dollars that may be purchased with such amount of the Alternative Currency at the Spot Exchange Rate with respect to the Alternative Currency on such date.

"Dollars" or "$" refers to lawful money of the United States of America.

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

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

"EMU Legislation" means the legislative measures of the European Union for the introduction of, changeover to or operation of the Euro in one or more member states.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any of the Company, the Guarantor or their Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other

consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

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

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

"Euro" or "(euro)" means the single currency of the European Union as constituted by the Treaty on European Union and as referred to in the EMU Legislation.

"Eurocurrency", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

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

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

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Assets" means any assets sold or otherwise disposed of by a Person, provided such Person, directly or indirectly, has the right to possession or use of such assets notwithstanding such transfer or other disposition.

"Excluded Indebtedness" means any Indebtedness, including Indebtedness pursuant to a U.S. leveraged lease financing including a U.S. lease to service contract under Section 7701(e) of the Code, the payment of which is provided for by the deposit of cash, cash equivalents or letters of credit with one or more investment-grade banks or other financial institutions acting as payment undertaker, irrespective whether any such arrangement constitutes a defeasance under GAAP.

"Excluded Taxes" means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) income, franchise or other similar taxes imposed on, based on or measured by or with respect to its net income by the United States of America, or by the

jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by any Borrower under Section 2.17(b)), any withholding tax that (i) is in effect and would apply to amounts payable to such Foreign Lender, at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), by a Borrower previously designated hereunder, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of such designation of a new lending office (or such assignment), to receive additional amounts from the Borrowers with respect to any withholding tax pursuant to Section 2.15(a), or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.15(e), (d) any withholding tax that is attributable to such Lender's failure to comply with Section 2.15(e), except, in the case of clause (c) above, to the extent that (i) such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from any Borrower with respect to any withholding tax pursuant to Section 2.15, or (ii) such withholding tax shall have resulted from the making of any payment to a location other than the office designated by the Agent or such Lender for the receipt of payments of the applicable type and (e) any tax imposed by a jurisdiction to the extent such tax is attributable to a connection between such jurisdiction and the Agent, such Lender or such other recipient, as the case may be, other than a connection arising from the transactions contemplated by this Agreement.

"Existing Credit Agreement" shall have the meaning set forth in Preliminary Statement (1) of this Agreement.

"Existing Credit Agreement Effective Date" means the date the Existing Credit Agreement became effective in accordance with its terms.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurocurrency Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means, with respect to any Borrower, any Lender that is organized under the laws of a jurisdiction other than that in which such Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means at any time generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee Agreement" means, collectively, (a) the P&O Princess Cruises plc (now known as Carnival plc) Deed of Guarantee dated as of April 17, 2003, between the Guarantor and the Company for the benefit of each Creditor (as defined therein) and (b) the Agreement relating to the P&O Princess Cruises plc (now known as Carnival plc) Deed of Guarantee dated as of November 17, 2003, between the Guarantor and the Company for the benefit of the Lenders, in the forms attached hereto as Exhibits H-1 and H-2, respectively.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

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

"Increase Date" has the meaning specified in Section 2.22.

"Increasing Lender" has the meaning specified in Section 2.22.

"Indebtedness" means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation related to a letter of credit or bid or performance bond facility, or (ii) evidenced by a bond, note, debenture or other evidence of indebtedness (including a purchase money obligation) representing extensions of credit or given in connection with the acquisition of any business, property, service or asset of any kind, including without limitation, any liability under any commodity, interest rate or currency exchange hedge or swap agreement (other than a trade payable, other current liability arising in the ordinary course of business or commodity, interest rate or currency exchange hedge or swap agreement arising in the ordinary course of business) or (iii) for obligations with respect to (A) an operating lease, or (B) a lease of real or personal property that is or would be classified and accounted for as a Capital Lease; (b) any liability of others either for any lease, dividend or letter of credit, or for any obligation described in the preceding clause (a) that (i) the Person has guaranteed or that is

otherwise its legal liability (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business) or (ii) is secured by any Lien on any property or asset owned or held by that Person, regardless whether the obligation secured thereby shall have been assumed by or is a personal liability of that Person; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b), above; provided, however, that "Indebtedness" shall not include Excluded Indebtedness.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Company that is not guaranteed by any other Person (other than the Guarantor or, so long as the Obligations are guaranteed by POPCIL pursuant to the P&O Princess Cruises International Limited Deed of Guarantee among POPCIL, the Guarantor and the Company dated June 19, 2003, as in effect on the Restatement Effective Date, POPCIL) or subject to any other credit enhancement.

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

"Interest Election Request" means a request by any Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.06.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day that occurs at intervals of three months' duration after the first day of such Interest Period and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing.

"Interest Period" means (a) with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the applicable Borrower may elect, and (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than seven days or more than 180 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding

Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Lenders" means the Banks listed on the signature pages hereof, each Eligible Assignee that shall become a party hereto pursuant to Section 7.09(a), (b) and (c) or Section 2.22 and, except when used in reference to a Revolving Loan, a Borrowing with respect to a Revolving Loan, a Commitment, the Maturity Date or a related term, each Designated Bidder.

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

"LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum determined by reference to the British Bankers' Association Interest Settlement Rates for deposits with a maturity comparable to such Interest Period denominated in the currency in which such Eurocurrency Borrowing is denominated as reflected on the applicable Telerate Screen (or on any successor or substitute page of the Telerate Service, or any successor to or substitute for the Telerate Service, providing rate quotations comparable to those currently provided on such Service, as determined by the Agent from time to time or purposes of providing quotations of interest rates applicable to deposits in the currency in which such Borrowing is denominated) at approximately 11:00 a.m., London time, on the Quotation Day for the currency in which such Borrowing is denominated. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurocurrency Borrowing for such Interest Period shall be the average of the rates at which dollar deposits of $5,000,000 (or in the case of Eurocurrency Borrowings denominated in an Alternative Currency, deposits with a Dollar Equivalent of $5,000,000) and for a maturity comparable to such Interest Period are offered by the principal London office of each of the Reference Lenders in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, on the Quotation Day for the currency in which such Borrowing is denominated prior to the commencement of such Interest Period. In the event the LIBO Rate is determined as set forth in the next preceding sentence, the LIBO Rate shall be determined by the Agent on the basis of the applicable rates furnished to and received by the Agent from the Reference Lenders on the applicable Quotation Day.

"Lien" means any lien, charge, easement, claim, mortgage, Option, pledge, right of first refusal, right of usufruct, security interest, servitude, transfer

restriction or other encumbrance or any restriction or limitation of any kind (including, without limitation, any adverse claim to title, conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" means any loan made by a Lender to a Borrower pursuant to this Agreement.

"Loan Documents" mean this Agreement, any Borrowing Subsidiary Agreement, any Borrowing Termination Agreement, the Guarantee Agreement and the Amendment and Restatement Agreement.

"Local Time" means (a) with respect to any Loan or Borrowing denominated in Dollars, New York City time and (b) with respect to any Loan or Borrowing denominated in any Alternative Currency, London time (or such other time as the Agent may designate in respect of the applicable currency).

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Company, the Guarantor and their respective Subsidiaries taken as a whole or (b) the ability of the Company, the Guarantor and their respective Subsidiaries taken as a whole to perform any of their respective obligations under this Agreement or the Guarantee Agreement.

"Material Subsidiary" means (a) each Borrowing Subsidiary and (b) any Subsidiary which at the time of any determination thereof has Tangible Net Worth equal to or exceeding $75,000,000.

"Maturity Date" means June 26, 2006.

"Moody's" means Moody's Investors Service, Inc.

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

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

obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

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

"Obligations" mean all obligations, including but not limited to, all principal, interest, fees, expenses and other obligations set forth in Article II and Section 9.04 hereof, of every nature of any Borrower from time to time owed to the Agent, any of the Lenders, or all of them, under any of the Loan Documents.

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

"Other Taxes" means any and all present or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement other than (1) Excluded Taxes, (2) any Taxes required to be paid solely as a result of the execution or delivery of an instrument effecting an assignment, designation or participation contemplated in Section 7.09(a), (d) or (h) (excluding any designation or assignment initiated pursuant to Section 2.17), and (3) any stamp, documentary, property or similar tax imposed by the State of Florida solely as a result of the Agent or any Lender bringing this Agreement or any promissory note executed pursuant to Section 2.08(e) into the State of Florida other than for the purpose of enforcement of any of the rights of any Agent or any Lender after the occurrence and during the continuance of an Event of Default.

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

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

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

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

"POPCIL" means P&O Princess Cruises International Limited, a wholly owned direct Subsidiary of the Guarantor, incorporated and registered in England and Wales.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Quotation Day" in respect of the determination of the LIBO Rate for any Interest Period (a) for any Eurocurrency Borrowing in Dollars or any Alternative Currency (other than British Pounds Sterling), means the day on which quotations would ordinarily be given by prime banks in the London interbank market for deposits in the currency in which such Borrowing is denominated for delivery on the first day of such Interest Period; provided, that if quotations would ordinarily be given on more than one date, the Quotation Day for such Interest Period shall be the last of such dates and (b) for any Eurocurrency Borrowing denominated in British Pounds Sterling, means the first day of such Interest Period.

"Reference Lender" means any of, and "Reference Lenders" means all of, Chase, Bank of America and Citibank, N.A.

"Register" shall have the meaning set forth in Section 7.09(g) of this Agreement.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time; provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VI, and for all purposes after the Loans become due and payable pursuant to Article VI or the Commitments expire or terminate, the outstanding Competitive Loans of the Lenders shall be included in their respective Revolving Credit Exposures in determining the Required Lenders.

"Restatement Effective Date" shall have the meaning given such term in the Amendment and Restatement Agreement.

"Restatement Transactions" means the execution and delivery of the Amendment and Restatement Agreement by each Person party thereto, the satisfaction of the conditions to the effectiveness thereof, and the consummation of the transactions contemplated thereby, including the amendments to the Existing Credit Agreement effected by the restatement thereof.

"Revaluation Date" means, with respect to an Alternative Currency Borrowing, (a) the last day of each Interest Period with respect to such Borrowing (and if such Interest Period has a duration of more than three months, each day prior to the last day of such Interest Period that occurs at intervals of three months duration after the first day of such Interest Period and (b) any Business Day requested by the Company upon at

least four Business Days' notice; provided that such requests by the Company, when added to requests pursuant to clause (a) hereof, shall not be made more than twice in any calendar month).

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of (a) the outstanding principal amount of such Lender's Revolving Loans denominated in Dollars plus (b) the Assigned Dollar Value at such time of the outstanding principal amount of such Lender's Revolving Loans denominated in Alternative Committed Currencies.

"Revolving Loan" means a Loan made pursuant to Section 2.03.

"S&P" means Standard & Poor's.

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

"Spot Exchange Rate" means, on any day, (a) with respect to any Alternative Currency in relation to Dollars, the spot rate at which Dollars are offered on such day for such Alternative Currency which appears on page FX of the Reuters Screen at approximately 3:00 p.m., London time (and if such spot rate is not available on the applicable page of the Reuters Screen, such spot rate as quoted by Chase Manhattan International Limited at approximately 3:00 p.m., London time), and (b) with respect to Dollars in relation to any specified Alternative Currency, the spot rate at which such specified Alternative Currency is offered on such day for Dollars which appears on page FX of the Reuters Screen at approximately 3:00 p.m., London time (and if such spot rate is not available on the applicable page of the Reuters Screen, such spot rate as quoted by Chase Manhattan International Limited at approximately 3:00 p.m., London time). For purposes of determining the Spot Exchange Rate in connection with an Alternative Currency Borrowing, such Spot Exchange Rate shall be determined as of the Denomination Date for such Borrowing with respect to transactions in the applicable Alternative Currency that will settle on the date of such Borrowing.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in Dollars of over $100,000 with maturities approximately equal to three months, and (b) with respect to the Adjusted LIBO Rate, for

Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute Eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

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

"Subsidiary" means any subsidiary of the Company or the Guarantor.

"Tangible Net Worth" means for any Person at any time (a) the sum without duplication, to the extent shown on such Person's balance sheet, of (i) the amount of issued and outstanding share capital, but less the cost of treasury shares, plus (ii) the amount paid in capital and retained earnings, less (b) intangible assets as determined in accordance with GAAP (excluding, for the avoidance of doubt, equity method goodwill).

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

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

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of

the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Total Capital" means the sum of the Total Debt and Tangible Net Worth of the Company, the Guarantor and their respective Subsidiaries.

"Total Credit Exposure" means, at any time, the sum of (a) the aggregate principal amount at such time of all outstanding Loans denominated in Dollars, plus (b) the Assigned Dollar Value at such time of the aggregate principal amount of all outstanding Alternative Currency Loans.

"Total Debt" means, at a particular date, the sum (without duplication) of (y) all amounts which would, in accordance with GAAP, constitute short term debt and long term debt of the Company, the Guarantor and their respective Subsidiaries as of such date and (z) the amount of any Indebtedness outstanding on such date and not included in the amounts specified in clause (y), singly or in the aggregate, in excess of Fifty Million Dollars ($50,000,000), of any Person other than the Company, the Guarantor or any of their respective Subsidiaries, which Indebtedness (i) has been and remains guaranteed on such date by the Company, the Guarantor or any of their respective Subsidiaries or is otherwise the legal liability of the Company, the Guarantor or any of their respective Subsidiaries (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business), or (ii) is secured by any Lien on any property or asset owned or held by the Company, the Guarantor or any of their respective Subsidiaries, regardless of whether the obligation secured thereby shall have been assumed or is a personal liability of the Company, the Guarantor or any of their respective Subsidiaries; provided that "Total Debt" shall not include (a) any Excluded Indebtedness or (b) Indebtedness pursuant to any commodity, interest rate or currency exchange hedge or swap agreement.

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

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

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

"Yen" or "(Yen)" means the lawful money of Japan.

SECTION 2. Governing Language. All documents, notices and demands and financial statements to be delivered by any Person to the Agent or any Lender pursuant to this Agreement shall be in the English language.

SECTION 3. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

SECTION 4. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Eurocurrency Revolving Borrowing").

SECTION 5. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder" and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 6. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE III.

The Credits

SECTION 1. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans in Dollars or in any Alternative Committed Currency to any Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (b) the Total Credit Exposure exceeding the total Commitments or (c) the aggregate principal amount of outstanding Revolving Loans denominated in any single Alternative Committed Currency exceeding $750,000,000 (based on Assigned Dollar Values). Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

SECTION 2. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the applicable Borrower may request in accordance herewith (except that a Revolving Borrowing denominated in an Alternative Committed Currency must be comprised entirely of Eurocurrency Loans), and (ii) each Competitive Borrowing shall be comprised entirely of Eurocurrency Loans or Fixed Rate Loans as the applicable Borrower may request in accordance herewith. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Competitive Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000. Subject to Section 2.12, Loans made pursuant to any Alternative Currency Borrowing shall be made in the Alternative Currency specified in the applicable Borrowing Request or Competitive Bid Request in an aggregate amount equal to the Alternative Currency Equivalent of the Dollar amount specified in such Borrowing Request or, in the case of a

Competitive Borrowing, the Dollar amount accepted pursuant to Section 2.04 (in each case as determined by the Agent based upon the applicable Spot Exchange Rate as of the Denomination Date for such Borrowing (which determination shall be conclusive absent manifest error)); provided, that for purposes of the borrowing amounts specified above, each Alternative Currency Borrowing shall be deemed to be in a principal amount equal to its Assigned Dollar Value. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of six Eurocurrency Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to request, or to elect to convert or continue any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 3. Requests for Revolving Borrowings. To request a Revolving Borrowing, the applicable Borrower shall notify the Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in an Alternative Committed Currency, not later than 11:00 a.m., New York City time three Business Days before the date of the proposed Borrowing or (c) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Agent of a written Borrowing Request in a form approved by the Agent and signed by the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(a) the aggregate amount (expressed in Dollars) and currency (which must be Dollars or an Alternative Committed Currency) of the requested Borrowing;

(b) the requested Borrowing Date, which shall be a Business Day;

(c) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(d) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";

(e) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05; and

(f) the identity of the Borrower in respect of such Borrowing.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing (if denominated in Dollars) or a

Eurocurrency Borrowing (if denominated in an Alternative Committed Currency). If no election as to the currency of the requested Revolving Borrowing is specified, then the requested Revolving Borrowing shall be denominated in Dollars. If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If no election as to the identity of the Borrower is specified, then the requested Revolving Borrowing shall be made by the Company. Promptly following receipt of a Borrowing Request in accordance with this Section, the Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 4. Competitive Bid Procedure. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Borrowers may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans denominated in Dollars or any Alternative Currency; provided that the Total Credit Exposure at any time shall not exceed the total Commitments. To request Competitive Bids, the applicable Borrower shall notify the Agent of such request by telephone, (i) in the case of a Eurocurrency Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing, (ii) in the case of a Eurocurrency Borrowing denominated in any Alternative Currency, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing and (iii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that the applicable Borrower may submit not more than one Competitive Bid Request on the same day. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Agent of a written Competitive Bid Request in a form approved by the Agent and signed by the applicable Borrower. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(a) the aggregate amount (expressed in Dollars) and currency of the requested Borrowing;

(b) the requested Borrowing Date, which shall be a Business Day;

(c) whether such Borrowing is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing;

(d) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period";

(e) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05; and

(f) the identity of the Borrower in respect of such Borrowing.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Agent shall notify the Lenders of the details thereof by telecopy, inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the applicable Borrower in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Agent and must be received by the Agent by telecopy, (i) in the case of a Eurocurrency Competitive Borrowing denominated in Dollars, not later than 9:30 a.m., New York City time, three Business Days before the proposed date of such Competitive Borrowing, (ii) in the case of a Eurocurrency Competitive Borrowing denominated in any Alternative Currency, not later than 9:30 a.m., New York City time, three Business Days before the proposed date of such Competitive Borrowing and (iii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the form approved by the Agent may be rejected by the Agent, and the Agent shall notify the applicable Lender as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (expressed in Dollars) and currency (which shall be a minimum of $5,000,000 and an integral multiple of $1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the applicable Borrower) (which amount may exceed such Lender's Commitment) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Agent shall promptly notify the applicable Borrower by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the applicable Borrower may accept or reject any Competitive Bid. Such Borrower shall notify the Agent by telephone, confirmed by telecopy in a form approved by the Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, (i) in the case of a Eurocurrency Competitive Borrowing denominated in Dollars, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing, (ii) in the case of a Eurocurrency Competitive Borrowing denominated in an Alternative Currency, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing and (iii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of the Competitive Borrowing; provided that (i) the failure of such Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) such Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if such Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by such Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii)

above, such Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount (expressed in Dollars) of $5,000,000 and an integral multiple of $1,000,000; provided further that if a Competitive Loan must be in an amount (expressed in Dollars) less than $5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum amount (expressed in Dollars) of $1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of $1,000,000 in a manner determined by such Borrower. A notice given by such Borrower pursuant to this paragraph shall be irrevocable.

(e) The Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the applicable Borrower at least one quarter of an hour earlier than the time by which the other Lenders are required to submit their Competitive Bids to the Agent pursuant to paragraph (b) of this Section.

SECTION 5. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time (or time of such other city designated by the Agent), to the account of the Agent most recently designated by it for such purpose by notice to the Lenders. The Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account designated by such Borrower.

(b) Unless the Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Agent, at (i) in the case of such Lender, the greater of (A)(1) the Federal Funds Effective Rate in the case of Loans denominated in Dollars and (2) the rate reasonably determined by the Agent to be the cost to it of funding such amount, in the case of Loans

denominated in any other currency, and (B) a rate determined by the Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of such Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. If such Borrower pays such amount to the Agent, such Lender agrees to reimburse such Borrower for any amount in excess of the amount of interest such Borrower would have owed without giving effect to the provisions of this Section.

SECTION 6. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The applicable Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the applicable Borrower shall notify the Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Agent of a written Interest Election Request in a form approved by the Agent and signed by such Borrower. Notwithstanding any other provision of this Section, no Borrower shall be permitted to (i) change the currency of any Borrowing or (ii) convert any Alternative Currency Borrowing to an ABR Borrowing.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(a) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(b) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(c) if the Borrowing is denominated in Dollars, whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(d) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the applicable Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall (i) in the case of a Borrowing denominated in Dollars, be converted to an ABR Borrowing or (ii) in the case of a Borrowing denominated in an Alternative Committed Currency, be continued as a Eurocurrency Revolving Borrowing with an Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Agent, at the request of the Required Lenders, so notifies the applicable Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing denominated in Dollars may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Revolving Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (iii) any Borrowing denominated in any Alternative Committed Currency shall be continued as a Eurocurrency Revolving Borrowing with an Interest Period of one month's duration at the end of the Interest Period applicable thereto.

SECTION 7. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000 and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.07, the Total Credit Exposure would exceed the total Commitments.

(c) The Company shall notify the Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon

the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 8. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay (i) to the Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to it on the Maturity Date and (ii) to the Agent for the account of each Lender the then unpaid principal amount of each Competitive Loan made to it on the last day of the Interest Period applicable to such Loan.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Borrower thereof, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein and, in the case of the accounts maintained pursuant to clause (c), shall be available for inspection and copying (at the expense of the applicable Borrower or Lender) by any Borrower or Lender at any reasonable time and upon reasonable prior notice; provided that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay its Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it to any Borrower be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Agent and the Company. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 7.09) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 9. Prepayment of Loans. (a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that the

Borrowers shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof.

(b) If, on any Revaluation Date, the Total Credit Exposure exceeds 105% of the total Commitments, then the Company shall, not later than the next Business Day after the Company receives notice thereof from the Agent, prepay, or cause one or more of the other Borrowers to prepay, one or more Revolving Borrowings in an aggregate amount sufficient to reduce the Total Credit Exposure to an amount not exceeding the total Commitments; provided that the Borrowers shall not be required to prepay any Competitive Loans pursuant to this paragraph.

(c) The Borrowers shall make the prepayments required pursuant to Section 5.01(g).

(d) The Company shall notify the Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing, not later than 11:00 a.m., New York City time, two Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

SECTION 10. Fees. (a) The Company agrees to pay to the Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Closing Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) For each day on which the Total Credit Exposure is in excess of 50% of the total Commitments as of such day (and for each day after the day on which the Commitments terminate) the Company agrees to pay to the Agent, for the account of each Lender a utilization fee, which shall accrue at the rate per annum equal to 0.10% on the amount of the Revolving Credit Exposure of such Lender on such day. Accrued utilization fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any utilization fees accruing after the date on which the Commitments terminate shall be payable on demand. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Company agrees to pay to the Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Agent.

(d) All fees payable hereunder shall be paid in Dollars on the dates due, in immediately available funds, to the Agent for distribution, in the case of facility fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest (i) in the case of a Eurocurrency Revolving Loan, at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate, or (ii) in the case of a Eurocurrency Competitive Loan, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph

(d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that (i) interest on Borrowings denominated in British Pounds Sterling and (ii) interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Agent, and such determination shall be conclusive absent manifest error.

SECTION 12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing denominated in any currency:

the Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for the currency in which such Eurocurrency Borrowing is or is to be denominated (the "Applicable Currency") for such Interest Period; or

the Agent is advised by the Required Lenders (or, in the case of a Eurocurrency Competitive Loan, the Lender that is required to make such Loan) that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period for the Applicable Currency will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Agent shall give notice thereof to the Company and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing denominated in the Applicable Currency to, or continuation of any Revolving Borrowing denominated in the Applicable Currency as, a Eurocurrency Borrowing shall be ineffective, and such Borrowing shall be converted to or continued on the last day of the Interest Period applicable thereto (A) if such Borrowing is denominated in Dollars, as an ABR Borrowing, or (B) if such Borrowing is denominated in an Alternative Committed Currency, as a Borrowing bearing interest at such rate as the Lenders and the applicable Borrower may agree adequately reflects the costs to the Lenders of making or maintaining their Loans plus the Applicable Rate (or, in the absence of such agreement, shall be repaid as of the last day of the current Interest Period applicable thereto), (ii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in the Applicable Currency, such Borrowing shall be made as an ABR Borrowing

denominated in Dollars (or such Borrowing shall not be made if the applicable Borrower revokes (and in such circumstances, such Borrowing Request may be revoked notwithstanding any other provision of this Agreement) such Borrowing Request by telephonic notice, confirmed promptly in writing, not later than one Business Day prior to the proposed date of such Borrowing) and (iii) any request by a Borrower for a Eurocurrency Competitive Borrowing denominated in the Applicable Currency shall be ineffective; provided that if the circumstances giving rise to such notice do not affect all the Lenders, then requests by a Borrower for Eurocurrency Competitive Borrowings denominated in the Applicable Currency may be made to Lenders that are not affected thereby.

SECTION 13. Increased Costs. (a) If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(b) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans or Fixed Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Company will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Company will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) If the cost to any Lender of making or maintaining any Loan to any Borrower is increased (or the amount of any sum received or receivable by any Lender (or its applicable lending office) is reduced) by an amount deemed in good faith by such Lender to be material, by reason of the fact that such Borrower is incorporated in, or conducts business in, a jurisdiction outside the United States, such Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction suffered.

(d) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a), (b) or (c) of this Section, together with a reasonably detailed explanation of the basis for such claim, shall be delivered to the Company and shall be conclusive absent manifest error. The Company or the applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that, in the case of a Change in Law, the Company shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

(f) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan (i) in the case of paragraph (a) or (b), if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made or (ii) in the case of paragraph (c), in respect of any costs referred to therein.

SECTION 14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(b) and is revoked in accordance therewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.17, then, in any such event, the Company or the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the

commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Company, together with a reasonably detailed explanation of the basis for such claim, and shall be conclusive absent manifest error. The Company or the applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 15. Taxes. (a) Any and all payments by or on account of any obligation of any Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if any Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrowers shall indemnify the Agent and each Lender, within 30 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrowers hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (except to the extent such penalties, interest or expenses result from the gross negligence or willful misconduct of the Agent or the applicable Lender), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender, or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error, provided that such certificate shall include a description in reasonable detail of the Indemnified Tax or Other Tax for which the indemnity is being demanded and the calculation in reasonable detail of the amount of such indemnity. At the request and expense of the Company or the affected Borrower and after receipt of an opinion from recognized counsel (reasonably satisfactory to the Agent or the Lender, as the case may be) stating that there is a substantial basis to contest the imposition or assertion of an Indemnified Tax or Other Tax (a "Tax Opinion"), the Agent or the Lender, as applicable, may, in its reasonable discretion, contest the imposition or assertion of such Indemnified Tax or Other Tax in good faith in accordance with applicable law; provided, however, that, at the request and expense of the Company or the affected Borrower and after receipt of a Tax Opinion, the Agent or such Lender shall contest the imposition or assertion of an Indemnified Tax or Other Tax that exceeds $100,000. The Agent or the Lender, as applicable, shall have responsibility for the conduct of any contest conducted

pursuant to this Section 2.15(c); provided, however, that the Agent or such Lender shall consult in good faith with the Company or the affected Borrower regarding its course of action with respect to such contest. Notwithstanding any contrary provision hereof, the Agent or the Lender, as the case may be, shall have no obligation to contest the imposition or assertion of any Indemnified Tax or Other Tax if any Borrower is in Default under the terms of this Agreement.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment (if such a receipt is reasonably obtainable from such Governmental Authority), a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(e) The Agent will deliver to the Company, and each Lender that is organized under the law of a jurisdiction outside the United States of America will deliver to the Agent and the Company, on or before the Closing Date (or, in the case of a Lender that becomes a Lender after the Closing Date, on or before such later date on which such Lender becomes a Lender) such properly completed and executed Internal Revenue Service form (Form W-8BEN, W-8ECI, W-8EXP, W-8IMY, or W-9, as applicable) as will demonstrate, in accordance with applicable regulations, that payments of interest by the Borrowers to the Agent for the account of such Lender pursuant to this Agreement will be exempt from (or entitled to a reduction in the rate of) United States federal withholding taxes. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such other properly completed and executed documentation prescribed by applicable law or reasonably requested by such Borrower (including any replacement or successor form) as will permit such payments to be made without withholding or at a reduced rate, provided that such Foreign Lender has received prior written notice from such Borrower advising it of the availability of such exemption or reduction and containing all applicable documentation.

(f) If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.15, it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.15 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Borrower, upon the request of the Agent or such Lender, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender to the extent that the Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Agent

or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Borrower or any other Person.

SECTION 16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.13, 2.14, 2.15 or 2.19, or otherwise) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Agent to the applicable account specified on Schedule 2.16 or to such other account as the Agent shall from time to time specify in a notice delivered to the Company, except that payments pursuant to Sections 2.13, 2.14, 2.15, 2.19 and 8.04 shall be made directly to the Persons entitled thereto; all payments made by any Borrower to the Agent as provided herein shall be deemed received by the Lenders for all purposes as between the Lenders and the Borrowers. The Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal or interest in respect of any Loan (or of any amounts payable under Section 2.14 or, at the request of the applicable Lender, Section 2.13, 2.15 or 2.19 in respect of any Loan) shall be made in the currency in which such Loan is denominated; all other payments hereunder and under each other Loan Document shall be made in Dollars, except as otherwise expressly provided. Any payment required to be made by the Agent hereunder shall be deemed to have been made by the time required if the Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Agent to make such payment. Any amount payable by the Agent to one or more Lenders in the national currency of a member state of the European Union that has adopted the Euro as its lawful currency shall be paid in Euro.

(b) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater

proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to any Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at (i) the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation (in the case of an amount denominated in Dollars) and (ii) the rate reasonably determined by the Agent to be the cost to it of funding such amount (in the case of an amount denominated in any other currency).

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.16(d), then the Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13 or 2.19, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13, 2.15, or 2.19, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed

cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13 or 2.19, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, then the Company may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 7.09), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment or any Eligible Assignee designated by the Company); provided that (i) the Company shall have received the prior written consent of the Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the applicable Borrower or Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or 2.19 or payments required to be made pursuant to Section 2.15, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

SECTION 18. Borrowing Subsidiaries. On or after the Closing Date, the Company may designate any Subsidiary of the Company as a Borrower by delivery to the Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company, and upon such delivery such Subsidiary shall for all purposes of this Agreement be a Borrower and a party to this Agreement. Upon the execution by the Company and delivery to the Agent of a Borrowing Subsidiary Termination with respect to any Subsidiary that is a Borrower, such Subsidiary shall cease to be a Borrower and a party to this Agreement; provided that no Borrowing Subsidiary Termination will become effective as to any Borrower (other than to terminate such Borrowing Subsidiary's right to make further Borrowings under this Agreement) at a time when any principal of or interest on any Loan to such Borrower shall be outstanding hereunder. Promptly following receipt of any Borrowing Subsidiary Agreement or Borrowing Subsidiary Termination, the Agent shall notify each Lender thereof.

SECTION 19. Additional Reserve Costs. (a) If and so long as any Lender is required to make special deposits with the Bank of England or, to maintain reserve asset ratios or to pay fees (other than deposits or reserves reflected in the determination of the Adjusted LIBO Rate), in each case in respect of such Lender's Eurocurrency Loans in any Alternative Currency, such Lender may require the relevant Borrower to pay, contemporaneously with each payment of interest on each of such

Loans, additional interest on such Loan at a rate per annum equal to the Mandatory Costs Rate calculated in accordance with the formula and in the manner set forth in Exhibit F, together with a reasonably detailed explanation of the basis for such claim.

(b) If and so long as any Lender is required to comply with reserve assets, liquidity, cash margin or other requirements of any monetary or other authority (other than any such requirements reflected in the determination of the Adjusted LIBO Rate) (including any such requirement imposed by the European Central Bank or the European System of Central Banks, but excluding requirements reflected in the Statutory Reserves or the Mandatory Costs Rate) in respect of any of such Lender's Eurocurrency Loans in any Alternative Currency, such Lender may require the relevant Borrower to pay, contemporaneously with each payment of interest on each of such Lender's Eurocurrency Loans subject to such requirements, additional interest on such Loan at a rate per annum specified by such Lender to be the cost to such Lender of complying with such requirements in relation to such Loan.

(c) Any additional interest owed pursuant to paragraph (a) or (b) above shall be determined by the relevant Lender, which determination shall be conclusive absent manifest error, and notified to the relevant Borrower (with a copy to the Agent), together with a reasonably detailed explanation of the basis for such claim, at least five Business Days before each date on which interest is payable for the relevant Loan, and such additional interest so notified to the relevant Borrower by such Lender shall be payable to the Agent for the account of such Lender on each date on which interest is payable for such Loan.

SECTION 20. Redenomination of Certain Designated Foreign Currencies. (a) Each obligation of any party to this Agreement to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London Interbank Market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Without prejudice and in addition to any method of conversion or rounding prescribed by any EMU Legislation and (i) without limiting the liability of any Borrower for any amount due under this Agreement and (ii) without increasing any Commitment of any Lender, all references in this Agreement to minimum amounts (or integral multiples thereof) denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall, immediately upon such adoption, be replaced by references to such minimum

amounts (or integral multiples thereof) as shall be specified herein with respect to Borrowings denominated in Euro.

(c) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Agent (in consultation with the Company) may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

SECTION 21. Assigned Dollar Value. (a) With respect to each Alternative Currency Borrowing, its "Assigned Dollar Value" shall mean the following:

(a) the Dollar amount specified in the Borrowing Request therefor (or, in the case of a Competitive Borrowing, the Dollar amount thereof accepted pursuant to Section 2.04) unless and until adjusted pursuant to the following clause (ii), and

(b) as of each Revaluation Date with respect to such Alternative Currency Borrowing, the "Assigned Dollar Value" of such Borrowing shall be adjusted to be the Dollar Equivalent thereof (as determined by the Agent based upon the applicable Spot Exchange Rate as of the date that is three Business Days before such Revaluation Date (which determination shall be conclusive absent manifest error)) (subject to further adjustment in accordance with this clause (ii) thereafter).

(b) The Assigned Dollar Value of an Alternative Currency Loan shall equal the Assigned Dollar Value of the Alternative Currency Borrowing of which such Loan is a part multiplied by the percentage of such Borrowing represented by such Loan.

(c) The Agent shall notify the Company of any change in the Assigned Dollar Value of any Alternative Currency Borrowing promptly following determination of such change.

SECTION 22. Borrowers' Increase of Commitments. (a) The Borrowers may at any time, by notice to the Agent, propose that the aggregate amount of the Commitments be increased (a "Commitment Increase"), effective as at a date (the "Increase Date") that shall be (i) prior to the Maturity Date and (ii) at least three Business Days after the date specified in such notice on which agreement as to increased Commitments is to be reached (the "Commitment Date"); provided, however, that (w) the Borrowers may not propose more than one Commitment Increase per calendar year, (x) the minimum proposed Commitment Increase per notice shall be an amount not less than One Hundred Million Dollars ($100,000,000), and in no event shall the aggregate amount of the Commitments at any time exceed Two Billion Dollars ($2,000,000,000), (y) the Company's Index Debt ratings from Moody's and S&P are and upon giving effect to the proposed Commitment Increase shall be better than or equal to Baa2 and BBB, respectively, and (z) no Default or Event of Default has occurred and is continuing or will result upon giving effect to the Commitment Increase. The Agent shall notify the

Lenders promptly upon its receipt of any such notice. The Agent agrees that it will cooperate with the Borrowers in discussions with the Lenders and potential Lenders (which shall be Eligible Assignees) with a view to arranging the proposed Commitment Increase through the increase of the Commitments of one or more of the Lenders and the addition of one or more Eligible Assignees acceptable to the Agent and the Borrowers as Assuming Banks and as parties to this Agreement; provided, however, that the minimum Commitment of each such Assuming Bank that becomes a party to this Agreement pursuant to this Section 2.22 shall be at least equal to Ten Million Dollars ($10,000,000). Each Lender shall decide in its sole discretion whether to agree to increase its Commitment pursuant to this Section 2.22. If agreement is reached on or prior to the Commitment Date with the Lenders proposing to increase their respective Commitments hereunder (the "Increasing Lenders"), if any (whose allocations will be based on the ratio of each existing Lender's Commitment Increase to the aggregate of all Commitment Increases), and the Assuming Banks, if any, as to a Commitment Increase (which may be less than that specified in the applicable notice from the Borrowers), such agreement to be evidenced by a notice in reasonable detail from the Borrowers to the Agent on or prior to the Commitment Date, the Assuming Banks, if any, shall become Lenders hereunder as of the Increase Date and the Commitments of such Increasing Lenders and such Assuming Banks shall become or be, as the case may be, as of the Increase Date the amounts specified in such notice (and the Agent shall give notice thereof to the Lenders (including such Assuming Banks) in accordance with section (e) below); provided, however, that:

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

(y) with respect to each Assuming Bank, the Agent shall have received, on or prior to 9:00 A.M. (New York City time) on the Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit D hereto, duly executed by the Borrowers and such Assuming Bank, together with the Agent's processing and recordation fee of $3,500; and

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

(b) Upon its receipt of notice from a Lender that it is increasing its Commitment hereunder, together with the appropriate opinions referred to in clause (x)

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

(c) The Agent shall maintain at its address referred to in Section 9.02 a copy of each Assumption Agreement delivered to and accepted by it and record in the Register the names and addresses of the Assuming Banks and of the Increasing Lenders and the Commitment of, and principal amount of the Loans owing to, each such Assuming Bank and each such Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement.

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

(e) In the event that the Agent shall have received notice from the Borrowers as to such agreement on or prior to the Commitment Date and the action provided for in clauses (x) through (z) above shall have occurred by 9:00 A.M. (New York City time) on the Increase Date, the Agent shall notify the Lenders (including the Assuming Banks) of the occurrence of the Increase Date promptly and in any event by 10:00 A.M. (New York City time) on such date by telecopier, telex or cable. Each Increasing Lender and each Assuming Bank shall, before 11:00 A.M. (New York City time) on the Increase Date, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 9.02, in same day funds, an amount equal to such Increasing Lender's or Assuming Bank's ratable portion of the Revolving Loans then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). After the Agent's receipt of such funds, the Agent will promptly thereafter cause to be distributed like funds to the Lenders for the account of their respective Applicable Lending Offices in an amount to each Lender such that the aggregate amount of the outstanding Loans owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the Revolving Loans then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). If the Increase Date shall occur on a date that is not the last day of the Interest Period of all

Revolving Loans that are Eurocurrency Loans then outstanding, (a) the Borrowers shall pay any amounts owing pursuant to Section 2.14 as a result of the distributions to Lenders under this Section 2.22(e) and (b) for each outstanding Revolving Loan comprised of Eurocurrency Loans, the respective Loans made by the Increasing Lenders and the Assuming Banks pursuant to this Section 2.22(e) shall be ABR Loans until the last day of the then existing Interest Period for such Revolving Loan.

ARTICLE IV.

Conditions of Lending

SECTION 1. [Intentionally Omitted.]

SECTION 2. Conditions Precedent to Each Revolving Borrowing. The obligation of each Lender to make a Revolving Loan on the occasion of each Revolving Borrowing (including the initial Revolving Borrowing) shall be subject to the further conditions precedent that on the Borrowing Date of such Revolving Borrowing (a) the following statements shall be true, and the Agent shall have received for the account of such Lender a certificate signed by a duly authorized officer of the applicable Borrower, effective as of the date of such Revolving Borrowing, stating that (and each of the giving of the applicable notice of borrowing and the acceptance by such Borrower of the proceeds of such Revolving Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Revolving Borrowing such statements are true):

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

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

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

SECTION 3. Conditions Precedent to Each Competitive Loan Borrowing. The obligation of each Lender which is to make a Competitive Loan on the occasion of a Competitive Borrowing (including the initial Competitive Borrowing) to make such Competitive Loan as part of such Competitive Borrowing is subject to the conditions

precedent that (i) the Agent shall have received the written confirmatory notice of Competitive Borrowing with respect thereto and (ii) on the Borrowing Date of such Competitive Borrowing the following statements shall be true (and each of the giving of the applicable Competitive Bid Request and the acceptance by the applicable Borrower of the proceeds of such Competitive Borrowing shall constitute representation and warranty by such Borrower that on the date of such Competitive Borrowing such statements are true):

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

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

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

SECTION 4. Initial Borrowing by Each Borrowing Subsidiary. The obligation of each Lender to make Loans to any Borrowing Subsidiary is subject to the satisfaction (or waiver in accordance with Section 9.01) of the following conditions:

(a) The Agent (or its counsel) shall have received such Borrowing Subsidiary's Borrowing Subsidiary Agreement, duly executed by all parties thereto.

(b) The Agent shall have received such documents and certificates as the Agent or its counsel may reasonably request relating to the organization, existence and good standing (to the extent such concept is relevant to such Person in its jurisdiction of organization) of such Borrowing Subsidiary, the authorization of the Transaction insofar as they relate to such Borrowing Subsidiary and any other legal matters reasonably relating to such Borrowing Subsidiary, its Borrowing Subsidiary Agreement or such Transaction, all in form and substance satisfactory to the Agent and its counsel.

ARTICLE V.

Representations and Warranties

SECTION 1. Representations and Warranties of the Borrowers. Each of the Borrowers and the Guarantor represents and warrants as follows:

Due Existence; Compliance. Each of the Borrowers and the Guarantor is a corporation duly incorporated, validly existing and in good standing, under the laws of its jurisdiction

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

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

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

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

Financial Information. Each of the consolidated annual audited balance sheet of the Company as at November 30, 2002, the consolidated annual audited balance sheet of the Guarantor as at December 31, 2002, and the consolidated quarterly unaudited balance sheet of the Company and the Guarantor as at August 31, 2003, and the related consolidated statements of operations and consolidated statements of cash flows of the

Company and its Subsidiaries for the fiscal year ended November 30, 2002, the related consolidated statements of operations and consolidated statements of cash flows of the Guarantor and its Subsidiaries for the fiscal year ended December 31, 2002 and the related consolidated statements of operation and consolidated statements of cash flows of the Company (including the Guarantor and their Subsidiaries) for the nine months ended August 31, 2003, as the case may be, copies of which have been furnished heretofore by the Company to the Agent, fairly present the consolidated financial condition of the Company and its Subsidiaries, the Guarantor and its Subsidiaries or the Company (including the Guarantor and their Subsidiaries) as at such date and the consolidated results of the operations of the Company and its Subsidiaries, the Guarantor and its Subsidiaries or the Company (including the Guarantor and their Subsidiaries) for the period ended on such date, all in accordance with GAAP consistently applied (other than in connection with the Guarantor and its Subsidiaries prior to April 17, 2003, which are in accordance with U.K. generally accepted accounting principals, and subject, in the case of the August 31, 2003 statements to normal year-end audit adjustments). Since November 30, 2002 or December 31, 2002, as applicable, there has been no material adverse change in the business, operations, properties or condition (financial or otherwise) of the Company, the Guarantor or any of their Subsidiaries.

Litigation and Environmental. There is not pending nor, to the knowledge of any Borrower or the Guarantor upon due inquiry and investigation, threatened any action or proceeding affecting any of the Borrowers, the Guarantor or their Subsidiaries, by or before any court, governmental agency or arbitrator, which reasonably could be expected (i) to materially adversely affect the assets, business, properties, prospects, operations or condition (financial or otherwise) of the Company, the Guarantor and their Subsidiaries taken as a whole, or (ii) to prohibit, limit in any way or materially adversely affect the consummation of the Transaction or the Restatement Transactions contemplated by the Loan Documents, including, without limitation, the ability of the Borrowers or the Guarantor to perform its obligations under this Agreement or the Guarantee Agreement. Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Borrowers, the Guarantor, nor any of their respective subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Immunities. None the Borrowers, the Guarantor nor any of their respective subsidiaries, nor the property of any of them, has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction of its organization.

No Taxes. There is no tax, levy, impost, deduction, charge or withholding or similar item imposed (i) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on or by virtue of the execution and delivery of these representations and warranties, the execution or delivery or enforcement of this

Agreement or any other document to be furnished hereunder or thereunder, or (ii) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on any payment to be made by the Company pursuant to this Agreement, other than (x) taxes on or measured by net income imposed by any such jurisdiction in which the Lender has its situs of organization or a fixed place of business, (y) taxes that have been paid in full by the Company or the amount or validity of which are being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in accordance with GAAP have been provided on its books or (z) de minimus documentary stamp taxes imposed by the State of Florida, which the Borrowers agree to pay, if any.

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

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

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

Investment Company Act. None of the Borrowers or the Guarantor is an "investment company" or a company "controlled" by an "investment company" (as each of such terms is defined or used in the Investment Company Act of 1940, as amended).

Taxes Paid. (i) Each of the Borrowers, the Guarantor and their respective subsidiaries (A) has filed or caused to be filed, or has timely requested an extension to file or has received from the relevant governmental authorities an extension to file, all material tax returns which are required to have been filed, and (B) has paid all taxes shown to be due and payable on said returns or extension requests or on any material assessments made against it or any of its properties, and all other material taxes, fees or other charges imposed on it or any of its properties by any governmental authority (other than those the

amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in conformity with GAAP have been provided on its books); and (ii) no material tax liens have been filed and no material claims are being asserted with respect to any such taxes, fees or other charges other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in accordance with GAAP have been provided on its books; provided, however, that the representations and warranties made in subdivisions (i)(A) and (i)(B) of this paragraph (m) with respect to Il Ponte S.p.A. and its subsidiaries acquired on or about September 30, 2000 are limited to tax returns required to be filed with respect to the period from and after September 30, 2000.

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

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

ERISA. (i) No Insufficiency or Termination Event has occurred or is reasonably expected to occur, and no "accumulated funding deficiency" exists and no "variance" from the "minimum funding standard" has been granted (each such term as defined in Part III, Subtitle B, of Title I of ERISA) with respect to any Plan (other than any Multiemployer Plan or Plan that has been terminated and all the liabilities of which have been satisfied in full prior to March 30, 1990) in which any Borrower, the Guarantor or any of their respective subsidiaries is a participant.

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

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

ARTICLE VI.

Covenants of the Borrowers and Guarantor

SECTION 1. Affirmative Covenants. So long as any Loan or any other Obligation shall remain unpaid or any Lender shall have any Commitment under this Agreement, each of the Borrowers and the Guarantor shall, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.03, comply with each of the following affirmative covenants:

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

(b) Use of Proceeds. Each Borrower shall use all proceeds of the Loans for such general corporate purposes as may be permitted under applicable law, including support for its commercial paper programs, if any.

(c) Financial Information; Defaults.

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

(b) As soon as the same become available, but in any event within 120 days after the end of each of its fiscal years, the Company shall deliver to the Agent on behalf of the Lenders audited consolidated financial statements of the Company (including the Guarantor and their Subsidiaries). Delivery of the Company's annual financial statements containing information required to be filed with the Securities and Exchange Commission on Form 10-K (as in effect on the Closing Date) shall satisfy the requirements of the first sentence of this Section 5.01(c)(ii) insofar as they relate to the Company (including the Guarantor and their Subsidiaries) on a consolidated basis; provided, however, that such requirements shall not be satisfied if the Company makes no such filings or if there is a material change after the Closing Date in the form or substance of financial disclosures and financial information required to be set forth in Form 10-K. All such audited consolidated financial statements of the Company shall set forth, in comparative form the corresponding figures for the preceding fiscal year (excluding, as to any Subsidiary acquired after the Closing Date and not

accounted for in accordance with the pooling method of accounting, corresponding information for the period preceding its acquisition); all such audited consolidated financial statements shall be accompanied by an opinion thereon of independent certified public accountants of recognized national standing reasonably acceptable to the Agent, which opinion shall state that said financial statements fairly present the consolidated financial condition and results of operations of the Company (including the Guarantor and their Subsidiaries) as at the end of, and for, such fiscal year;

(c) As soon as the same become available and in any event within 75 days after the end of the first three fiscal quarters of each of its fiscal years, the Company shall deliver to the Agent on behalf of the Lenders (A) unaudited consolidated statements of income and cash flows of the Company (including the Guarantor and their Subsidiaries) for each such quarterly period and for the period from the beginning of its then current fiscal year to the end of such period, and (B) related unaudited consolidated balance sheets of the Company (including the Guarantor and their Subsidiaries), in each case as at the end of each such quarterly period. Delivery of the Company's quarterly financial statements containing information required to be filed with the Securities and Exchange Commission on Form 10-Q (as in effect on the Closing Date) shall satisfy the requirements of the first sentence of this Section 5.01(c)(iii) insofar as they relate to the Company (including the Guarantor and their Subsidiaries on a consolidated basis); provided, however, that such requirements shall not be satisfied if the Company makes no such filings or if there is a material change after the Closing Date in the form or substance of financial disclosures and financial information required to be set forth in Form 10-Q. All such unaudited consolidated financial statements shall be accompanied by a certificate of a senior financial officer of the Company, which certificate shall state that such financial statements fairly present the consolidated financial condition and results of the operations of the Company (including the Guarantor and their Subsidiaries), as at the end of, and for, such period (subject to normal year end audit adjustments) in accordance with GAAP, consistently applied;

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

(e) Promptly upon their becoming available, the Company shall deliver to the Agent copies of all registration statements and periodic reports which the Company shall have filed with the Securities and Exchange Commission or any

national securities exchange or market and any ratings (and changes thereto) of its debt by S&P, Moody's and, if applicable, Fitch, Inc.;

(f) Promptly upon the mailing thereof to their respective shareholders, the Company and the Guarantor shall deliver to the Agent copies of all financial statements and reports so mailed;

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

(h) From time to time on request, each of the Borrowers and the Guarantor shall furnish the Agent on behalf of the Lenders with such information and documents, and provide access to the books, records and agreements of such Borrower, the Guarantor or any subsidiary of such Borrower or the Guarantor, as the Agent on behalf of the Lenders may reasonably require.

All certificates, materials and documents to be furnished by any Borrower or the Guarantor under this Section 5.01(c) shall be provided to the Agent in such number of copies as the Agent may reasonably request and shall be furnished promptly by the Agent to the Lenders; and

(d) Financial Covenants. The Company and the Guarantor shall ensure that, on a consolidated basis:

(a) the ratio of their Total Debt to Total Capital, tested as of the last day of each fiscal quarter, shall be at all times less than fifty percent (50%); and

(b) at the end of each fiscal quarter, the amount of the Consolidated Cash Flow shall be, for the period of the four fiscal quarters then ended, at least 125% of the sum of (i) the aggregate amount of (x) dividend payments, (y) scheduled principal loan repayments (excluding scheduled principal loan repayments under this Agreement, under any commercial paper facility backed by a long-term credit facility, or any short term debt facility or revolving credit facility that are refinanced on the date of such repayment) and (z) scheduled Capital Lease payments made, in respect of the Company, the Guarantor and their respective Subsidiaries, on a consolidated basis during such period of four fiscal quarters.

(e) Corporate Existence, Mergers. Each of the Borrowers and the Guarantor shall preserve and maintain in full force and effect its corporate existence and rights and those of its subsidiaries, and not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one

transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person or permit any of its subsidiaries to do so, except that (v) any subsidiary of any Borrower or the Guarantor may merge or consolidate with or into any Borrower or the Guarantor if the surviving entity is such Borrower or the Guarantor, or transfer assets to, or acquire assets of such Borrower or the Guarantor so long as such assets do not constitute all or substantially all of the assets of such Borrower or the Guarantor unless the acquiring entity is a Borrower or the Guarantor, as the case may be, (w) any subsidiary of any Borrower or the Guarantor may merge or consolidate with or into, or transfer assets to, or acquire assets of, any other subsidiary of any Borrower or the Guarantor, (x) any Borrower, the Guarantor and their respective subsidiaries may acquire all or substantially all of the assets of any Person if the surviving entity is such Borrower, the Guarantor or such subsidiary, as the case may be, and (y) any Borrower or the Guarantor may cause the change of its jurisdiction by way of merger or otherwise, upon consent of the Required Lenders, which consent shall not unreasonably be denied.

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

(g) Actions Respecting Certain Excess Sale Proceeds. In the event that the Borrowers and the Guarantor and/or their respective subsidiaries shall sell or otherwise dispose of, in one or more transactions (excluding sales to a Borrower, Guarantor and/or their respective Subsidiaries) "assets" (as hereinafter defined) with an aggregate book value (net of depreciation) in excess of Seven Hundred Fifty Million Dollars ($750,000,000) during any fiscal year or Two Billion Dollars ($2,000,000,000) during the period from and including the Closing Date to and including the Maturity Date, the applicable Borrower or the Guarantor shall apply all proceeds of such sale or disposition in an amount at least equal to the amount (the "Excess Amount") in excess of Seven Hundred Fifty Million Dollars ($750,000,000) or Two Billion Dollars ($2,000,000,000), as applicable, first, to the prepayment, pro rata, of the outstanding amount of each Revolving Loan, second to establish cash collateral with the Agent pursuant to an agreement, in form and substance satisfactory to the Agent providing for interest-bearing investments in cash or cash equivalents selected by the Company or the Guarantor, as applicable, for the payment when due on a pro rata basis of the outstanding amount of each Competitive Loan, and third the balance, if any (including any interest accrued on cash collateral not required to prepay Competitive Loans pursuant to the previous clause), to such general corporate purposes as may be permitted under applicable law; provided, however, that in the case of an Excess Amount in excess of Two Billion Dollars ($2,000,000,000) that the Borrowers shall terminate the Commitment of the Lenders in an amount at

least equal to such Excess Amount. For purposes of testing covenant compliance under this Section 5.01(g), "assets" (i) shall mean only such assets having a book value (net of depreciation) at the time of sale or disposition greater than Twenty-five Million Dollars ($25,000,000) and (ii) shall not include Excluded Assets.

(h) Payment of Obligations. Each of the Company and the Guarantor will, and will cause each of its subsidiaries to, pay its obligations that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, (ii) such Borrower, the Guarantor or such subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (iii) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

(i) Maintenance of Properties. Each of the Borrowers and the Guarantor will, and will cause each of its subsidiaries to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(j) Further Assurances. Each of the Borrowers and the Guarantor shall do all things necessary to maintain each of the Loan Documents to which it is a party as legal, valid and binding obligations, enforceable in accordance with their respective terms by the Agent and the Lenders. Each of the Borrowers and the Guarantor shall take such other actions and deliver such instruments as may be necessary or advisable, in the opinion of the Agent on behalf of the Lenders to protect the rights and remedies of the Agent and the Lenders under the Loan Documents.

SECTION 2. Negative Covenants. So long as any Loan or any other Obligation shall remain unpaid or any Lender shall have any Commitment, each of the Borrowers and the Guarantor agrees that it shall not, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.03:

(a) Sale of Assets. Unless in compliance with Section 5.01(g), sell or otherwise dispose of, or permit any of its subsidiaries to sell or dispose of, in one or more transactions, (i) during any fiscal year, "assets" (as hereinafter defined) with an aggregate book value (net of depreciation) in excess of Seven Hundred Fifty Million Dollars ($750,000,000), or (ii) during the period from and including the Closing Date to and including the Maturity Date, "assets" (as hereinafter defined) with a book value in excess of Two Billion Dollars ($2,000,000,000). For purposes of testing covenant compliance under this Section 5.02(a), "assets" (i) shall mean only such assets having a book value (net of depreciation) at the time of sale or disposition greater than Twenty-five Million Dollars ($25,000,000) and (ii) shall not include Excluded Assets.

(b) Limitation on Payment Restrictions Affecting Subsidiaries. Create or otherwise cause or suffer to exist or become effective any consensual

encumbrance or restriction (other than those contained in or permitted by or through any other provision of this Agreement or the other Loan Documents, including those contained in documents existing on the Closing Date (or, in the case of the Guarantor, the Restatement Effective Date) evidencing Indebtedness permitted by any of the foregoing) on the ability of any Subsidiary of the Company or the Guarantor to (i) pay dividends or make any other distributions on such Subsidiary's capital stock or pay any Indebtedness owed to the Company, the Guarantor or any of their respective Subsidiaries, (ii) make loans to the Company, the Guarantor or any of their respective Subsidiaries, or (iii) transfer any of its property or assets to the Company, the Guarantor or any of their respective Subsidiaries.

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

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

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

(f) Liens. Create or incur, or suffer to be created or incurred or come to exist, any Lien in respect of Indebtedness on any vessel or other of its properties or assets of any kind, real or personal, tangible or intangible, included in the Company's or the Guarantor's consolidated balance sheet in accordance with GAAP, nor shall any Borrower or the Guarantor permit any of its subsidiaries to do any of the foregoing. Solely for purposes of the preceding sentence the term "Lien" shall not include (i) Liens with respect to Excluded Assets or Excluded Indebtedness and (ii) other Liens in respect of Indebtedness up to an amount not

greater than 40% of the amount of total assets of the Company and the Guarantor as shown on their most recent consolidated balance sheet (but excluding the value of any intangible assets) delivered pursuant to Section 4.01(e) or 5.01(c)(ii) or (iii).

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

ARTICLE VII.

Default

SECTION 1. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) Any Borrower shall fail to pay any facility fee, utilization fee or any installment of principal of any Loan, when due, or shall fail to pay any interest on any such Loan or fee within two (2) days after such interest shall become due; or

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

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

(d) Any Borrower, the Guarantor, any of their Material Subsidiaries or any Subsidiary of the Company as of the Closing Date, or any Subsidiary of the Guarantor as of the Restatement Effective Date shall fail to pay any amount or amounts due in respect of Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Loans) of such Borrower, the Guarantor, such Material Subsidiary or other such Subsidiary when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under one or more agreements or instruments relating to Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Loans) of such Borrower, the Guarantor, such Material Subsidiary or other such Subsidiary, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of

such default or event is to accelerate, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

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

(2) Any proceeding shall be instituted in any jurisdiction by or against any Borrower, the Guarantor or any Material Subsidiary (A) seeking to adjudicate it a bankrupt or insolvent, (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (C) seeking the entry of an administration order, an order for relief, or the appointment of a receiver, trustee, or other similar official, for it or for any substantial part of its property; provided, that, in the case of any such proceeding instituted against but not by any Borrower, the Guarantor or any Material Subsidiary, such proceeding shall remain undismissed or unstayed for a period of forty-five (45) days or any of the relief sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall be granted; or

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

(f) One or more judgments or orders for the payment of money, singly or in the aggregate, in excess of an amount equal to Seventy-five Million Dollars ($75,000,000) (not covered by insurance) shall be rendered against any Borrower, the Guarantor or any of their respective subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall have elapsed any period of thirty (30) consecutive days

during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not have been in effect; or

(g) (i) any person or group, other than the Company, the Guarantor, any Subsidiary, any of the Company's, the Guarantor's or their Subsidiaries' employee benefit plans or permitted holders after the Closing Date files a Schedule TO or a Schedule 13D (or any successors to those Schedules) stating that it has become and actually is the beneficial owner of the Company's or the Guarantor's voting stock representing more than 50% of the total voting power of all of the Company's or the Guarantor's classes of voting stock entitled to vote generally in the election of the members of the Company's or the Guarantor's board of directors; or (ii) the Company or the Guarantor consolidates with or merges with or into another person (other than the Company, the Guarantor or a Subsidiary), the Company or the Guarantor sells conveys, transfers or leases its properties and assets substantially as an entirety to any person (other than the Company, the Guarantor or a Subsidiary), or any person (other than the Company, the Guarantor or a Subsidiary) consolidates with or merges with or into the Company or the Guarantor, and the Company's or the Guarantor's outstanding common stock is reclassified into, exchanged for or converted into the right to receive any other property or security, provided that none of these circumstances will be an Event of Default if the persons that beneficially own the Company's or the Guarantor's voting stock immediately prior to a transaction beneficially own, in substantially the same proportion, shares with a majority of the total voting power of all outstanding voting securities of the surviving or transferee person that are entitled to vote generally in the election of that person's board of directors. For purposes of this paragraph (g), a "permitted holder" means each of Marilyn B. Arison, Mickey Meir Arison, Shari Arison, Michael Arison or their spouses, children or lineal descendants of Marilyn B. Arison, Mickey Meir Arison, Shari Arison, Michael Arison or their spouses, any trust established for the benefit of any Arison family member mentioned in this paragraph, or any "person" (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any Arison family member mentioned in this paragraph or any trust established for the benefit of any such Arison family member or any charitable trust or non-profit entity established by a permitted holder. Notwithstanding anything to the contrary, the completion of a merger, consolidation or other transaction effected with one of the Company's or the Guarantor's Affiliates for the purpose of changing its jurisdiction of organization or effecting a corporate reorganization, including, without limitation, the implementation of a holding company structure shall not be deemed to be an Event of Default. For purposes of this paragraph (g), (i) the term "person" and the term "group" have the meanings given by Sections 13(d) and 14(d) of the Exchange Act or any successor provisions; (ii) the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision; and (iii) the term "beneficial owner" is determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act or any successor provision, except that a person will be deemed to have beneficial

ownership of all shares that person has the right to acquire irrespective of whether that right is exercisable immediately or only after the passage of time; or

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

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

ARTICLE VIII.

Relation of Lenders; Assignments, Designations And Participations

SECTION 1. Lenders and Agent. The general administration of this Agreement and the Loan Documents shall be by the Agent, and each Lender hereby authorizes and directs the Agent to take such action (including without limitation retaining lawyers, accountants, surveyors or other experts) or forbear from taking such action as in the Agent's reasonable opinion may be necessary or desirable for the administration hereof (subject to any direction of the Required Lenders and to the other requirements of Section 7.03 hereof). The Agent shall inform each Lender, and each Lender shall inform the Agent, of the occurrence of any Event of Default promptly after obtaining knowledge thereof; however, unless it has actual knowledge of an Event of Default, each of the Agent and the Lenders may assume that no Event of Default has occurred.

SECTION 2. Setoff. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Loans due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrowers after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition

to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 3. Approvals. Upon any occasion requiring or permitting an approval of any amendment or modification or any consent, waiver, declaring an Event of Default or taking any action thereafter, or any other action on the part of the Agent or the Lenders under any of the Loan Documents, (1) action may (but shall not be required to) be taken by the Agent for and on the behalf or for the benefit of all Lenders, provided (A) that no other direction of the Required Lenders shall have been previously received by the Agent, and (B) that the Agent shall have received consent of the Required Lenders to enter into any written amendment or modification of the provisions of any of the Loan Documents, or to consent in writing to any material departure from the terms of any Loan Documents by any Borrower or any other party thereto or (2) action shall be taken by the Agent upon the direction of the Required Lenders, and any such action shall be binding on all Lenders; provided further, however, that unless all of the Lenders (other than the Designated Bidders) agree in writing thereto, no amendment, modification, waiver, consent or other action with respect to this Agreement or any of the Revolving Loans shall be effective which (a) increases the Commitment or increases the Percentage Interest of any of the Lenders, except as permitted under Section 2.22, (b) reduces any commission, fee, the principal or interest owing to any Lender in respect of the Revolving Loans hereunder or the method of calculation of any thereof, (c) extends the Maturity Date or the date on which any sum in respect of the Revolving Loans is due hereunder, (d) releases any collateral, guaranty, including the guarantee by the Company pursuant to Article VIII, or other security, (e) amends the provisions of this Section 7.03 or the definition of Required Lenders, (f) waives any condition for Borrowing set forth in Article III or (h) changes any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder.

SECTION 4. Exculpation. The Agent shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by the Agent in any case involving exercise of any power or authority conferred upon the Agent under any thereof, except for its wilful misconduct or gross negligence, and the Agent shall have no duties or obligations other than as provided herein and therein. The Agent shall be entitled to rely on any opinion of counsel (including counsel for any Borrower, the Guarantor or any of their subsidiaries) in relation to any of the Loan Documents or any other instrument or agreement required hereunder or thereunder and upon writings, statements and communications received from any Borrower, the Guarantor or any of their subsidiaries (including any representation made in or in connection with any Loan Document), or from any other party to any of the Loan Documents or any documents referred to therein or any other Person, firm or corporation reasonably believed by it to be authentic, and the Agent shall not be required to

investigate the truth or accuracy of any writing or representation, nor shall the Agent be liable for any action it has taken or omitted in good faith on such reliance.

SECTION 5. Indemnification. Each Lender (other than any Designated Bidder) agrees to indemnify the Agent, except to the extent reimbursed by the Borrowers or the Guarantor and except in the case of any suit by any Lender against the Agent resulting in a final judgment against the Agent, ratably according to the aggregate principal amount of the Revolving Loans then held by it (or if no Revolving Loans are outstanding or if any such Revolving Loans are held by Persons which are not Lenders, ratably according to the amount of its Commitment) against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except to the extent the foregoing results from the Agent's gross negligence or wilful misconduct) which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of (y) any of the Loan Documents or any other instrument or agreement contemplated hereunder or thereunder or (z) any action taken or omitted by the Agent under any of the Loan Documents or such other instrument or agreement.

SECTION 6. Agent as Lender. The Agent shall, in its individual capacity, have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not an agent; the term "Lenders" shall include the Agent in its individual capacity to the extent of its Percentage Interest. The Agent and its subsidiaries and Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrowers, the Guarantor and their respective subsidiaries and Affiliates, as if it were not the Agent.

SECTION 7. Notice of Transfer; Resignation; Successor Agent. (a) The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's interest in any Loan and any other instrument or agreement contemplated hereunder or thereunder for all purposes hereof unless and until a written notice of the assignment or transfer thereof, executed by such Lender and otherwise in compliance with the requirements of Section 7.09 hereof, shall have been received and accepted by the Agent. The Agent shall resign if directed by the Required Lenders for any reason. The Agent may not resign at any time, except that, upon written notice to the Lenders and the Borrowers, the Agent may resign if in its judgment there exist or may occur reasons related to conflict of interest, a change in, or violation of, law or regulation or interpretation thereof, or such other occurrence that may prevent or impede the Agent in discharging its duties hereunder faithfully and effectively in accordance with their terms.

(b) Any successor Agent shall be appointed by the Required Lenders and shall be a bank or trust company reasonably satisfactory to the Borrowers (so long as no Event of Default shall have occurred and be continuing) and the Required Lenders. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lender's removal of the Agent, then such retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and

having a combined capital and surplus of at least $75,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 8. Credit Decision; Not Trustee. Each Lender represents that it has made, and agrees that it shall continue to make, its own independent investigation of the financial condition and affairs of the Company, the Guarantor and their Subsidiaries, and its own appraisal of the creditworthiness of the Company, the Guarantor and their Affiliates and Subsidiaries in connection with the making and performance of this Agreement. The Agent has and shall have no duty or responsibility whatsoever on the date hereof or, except as otherwise expressly provided in this Agreement at any time hereafter, to provide any Lender with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute the Agent a trustee for any Borrower, the Guarantor or their subsidiaries or impose on it any duties or obligations other than those for which express provision is made in this Agreement or under the other Loan Documents.

SECTION 9. Assignments, Designations and Participation. (a) Each Lender (other than the Designated Bidders) may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) each such assignment shall be of constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make Competitive Loans or Competitive Loans owing to it), (ii) unless the Borrowers and the Agent shall otherwise agree with the assigning Lender, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder shall in no event be less than Ten Million Dollars ($10,000,000) (and in increments of One Million Dollars ($1,000,000) in excess thereof) or such lesser amount as shall constitute all of such assigning Bank's Commitment and the outstanding principal of Loans payable to it, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of $3,500; provided further, however, that each such assignment that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder, (x) shall be subject to the consent of the Borrowers and the Agent, which consent shall not unreasonably be denied and which consent shall be deemed given unless a Borrower gives the assigning Lender and the Agent written notice of and a reasonable basis for its denial not later than five (5) Business Days following (i) telex, telecopy or cable notice given to the Borrowers and the Agent by the assigning Lender or the Agent of the name of the proposed transferee, the amount of Commitment to be assigned and such

information as the Borrowers and the Agent may reasonably request for purposes of making an informed judgment, and, if the proposed transferee is organized under the laws of a jurisdiction outside the United States, (ii) transmission to the Borrowers and the Agent by telecopy of any documents required by Section 2.15(e) to be delivered by the proposed transferee on or before the effective date of the assignment, each properly completed and executed by the proposed transferee. Any consent to assignment untimely or unreasonably denied by a Borrower shall be void and of no effect, and shall not preclude or bar any assignment otherwise permitted by this Section 7.09(a). Any assignment or purported assignment not in compliance with this Section shall be void and of no effect. Without regard to any of the other terms of this Agreement or of any other agreement, any Lender may (i) assign, as collateral or otherwise, any of its rights under this Agreement to any Federal Reserve Bank of the United States without notice to or consent of the Borrowers, the Agent or any other Person, and (ii) with notice to the Agent and the Borrowers, assign all or part of its rights under this Agreement and the other Loan Documents to any of its affiliates. In case of any assignment pursuant to this Section 7.09(a), the assignee shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.13, 2.15 or 2.19 hereof which exceeds the amount which would have been payable under Section 2.13, 2.15 or 2.19 (as the case may be) to the assignor with respect to the rights and obligation so assigned. In the case of a transfer of any Loan from the accounting records of the office of a Lender where such Loan was originally recorded to the accounting records of any other office of such Lender, or a change in the location of the Lending Office from that designated as of the Closing Date, such Lender or the Agent, as the case may be, shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.13, 2.15 or 2.19 hereof which exceeds the amount which would have been payable under Section 2.13, 2.15 or 2.19 (as the case may be) to such Lender or the Agent, as the case may be, if such transfer or change had not been made. In the case of a change in location, from the Closing Date, of the Lending Office, unless the Borrowers shall consent to such change, the Borrowers shall not be required to remit to the Agent pursuant to Section 2.13, 2.15 or 2.19 hereof any amount that exceeds the amount which would have been payable under Section 2.13, 2.15 or 2.19 (as the case may be) if such change in location had not occurred. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, and delivery of the tax forms and other documents referred to in Section 2.15 hereof, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance and subject to the foregoing, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty

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

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto and has attached thereto the forms referred to in paragraph 3(vii) thereof, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register (including the transfer of Loans to such Eligible Assignee by the assigning Lender) and (iii) give prompt notice and an execution counterpart thereof to the Borrowers.

(d) In addition each Lender (other than the Designated Bidders) may designate one or more banks or other entities to have a right to make Competitive Loans as a Lender pursuant to Section 2.04; provided, however, that (i) no such Lender shall be entitled to make more than two such designations with respect to any particular Competitive Loan Borrowing, (ii) each such Lender making one or more of such designations shall retain the right to make Competitive Loans as a Lender pursuant to Section 2.04, (iii) each such designation shall be to a Designated Bidder and (iv) the parties to each such designation shall execute and deliver to the Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Designation Agreement, the designee thereunder shall be a party hereto with a right to make Competitive Loans as a Lender pursuant to Section 2.04 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Borrowers, the Guarantor or their respective subsidiaries or the performance or observance by any of the Borrowers, the Guarantor or their respective subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such designee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and 5.01(c) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Designation Agreement; (iv) such designee will, independently and without reliance upon the Agent, such designating Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such designee confirms that it is a Designated Bidder; (vi) such designee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such designee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender, including delivery of any documents required under Section 2.15(e).

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit C hereto, (i) accept such Designation Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers.

(g) The Agent shall maintain at its address referred to in Section 9.02 of this Agreement a register for the recordation of the names and addresses of the Lenders and, with respect to Lenders other than Designated Bidders, the Commitment of, and principal amount of the Loans owing to, each Lender from time to time and a copy of each Assignment and Acceptance and Designation Agreement delivered to and accepted by it (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice and each shall be entitled to make copies thereof at its expense.

(h) Each Lender and the Agent may grant participations to one or more banks or other entities in or to all or any part of its rights and obligations under this

Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it); provided, however, that notwithstanding the grant of any such participation by any Lender, such participation, and the right to grant such a participation, shall be expressly subject to the following conditions and limitations: (i) such Lender's obligations under this Agreement (including without limitation, its Commitment to the Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Loans for all purposes of this Agreement, (iv) the Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) such Lender shall continue to be able to agree to any modification or amendment of this Agreement or any waiver hereunder without the consent, approval or vote of any such participant or group of participants, other than modifications, amendments, and waivers which (a) postpone the Maturity Date or any date fixed for any payment of, or reduce any payment of, principal of or interest on such Lender's Loans or any fees or other amounts payable under this Agreement, or (b) increase the amount of such Lender's Commitment, or (c) change the interest rate payable under this Agreement, or (d) release all or substantially all of any collateral or guaranty, provided that if a Lender agrees to any modification or waiver relating to items (a) through (d), the Borrowers, the Agent and each other Lender may conclusively assume that such Lender duly received any necessary consent of each of its participants and (vi) except as contemplated by the immediately preceding clause (v), no participant shall be deemed to be or to have any of the rights or obligations of a "Lender" hereunder.

(i) Any Lender may, in connection with any assignment, designation or participation or proposed assignment, designation or participation pursuant to this Section 7.09, disclose to the assignee, Designated Bidder or participant, or proposed assignee, designated bidder or participant, any information relating to any Borrower, the Guarantor or their subsidiaries furnished to such Lender by or on behalf of such Borrower or the Guarantor, provided that the Person receiving such information undertakes not to disclose it to a third party except pursuant to, and subject to the conditions provided in, this Section 7.09.

SECTION 10. Syndication Agent and Co-Documentation Agents. Each of the Syndication Agent and Co-Documentation Agents shall have no duties, responsibilities, rights or liabilities as Syndication Agent or Co-Documentation Agent under this Agreement or any of the other Loan Documents and, other than as a Lender, shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by any Person with respect thereto. Each of the Syndication Agent and Co-Documentation Agents has and shall have no duty or responsibility whatsoever on the date hereof or at any time hereafter, to provide any Bank with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute the Syndication Agent or any Co-Documentation Agent a trustee for any

Borrower, the Guarantor or its subsidiaries or impose on it any duties or obligations whatsoever under this Agreement, the other Loan Documents, or otherwise.

ARTICLE IX.

Company Guarantee

In order to induce the Lenders to extend credit to the Borrowing Subsidiaries hereunder, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the Obligations of the Borrowing Subsidiaries. The Company further agrees that the due and punctual payment of the Obligations of the Borrowing Subsidiaries may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any Obligation.

The Company waives presentment to, demand of payment from and protest to any Borrowing Subsidiary of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Lender to assert any claim or demand or to enforce any right or remedy against any Borrowing Subsidiary under the provisions of this Agreement, any Borrowing Subsidiary Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, any Borrowing Subsidiary Agreement or any other Loan Document or agreement; (d) the failure or delay of any Lender to exercise any right or remedy against any other guarantor of the Obligations; (e) the failure of any Lender to assert any claim or demand or to enforce any remedy under any Loan Document or any other agreement or instrument; (f) any default, failure or delay, wilful or otherwise, in the performance of the Obligations; or (g) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of the Company as a matter of law or equity or which would impair or eliminate any right of the Company to subrogation.

The Company further agrees that its guarantee hereunder constitutes a promise of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by any Lender to any balance of any deposit account or credit on the books of any Lender in favor of any Borrower or subsidiary or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of the Obligations, any impossibility in the performance of the Obligations or otherwise.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of any Borrower or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Agent, forthwith pay, or cause to be paid, to the Agent for distribution to the Lenders in cash an amount equal the unpaid principal amount of such Obligation. The Company further agrees that if payment in respect of any Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York and if, by reason of any legal prohibition, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any Lender, not consistent with the protection of its rights or interests, then, at the election of such Lender, the Company shall make payment of such Obligation in Dollars (based upon the applicable Spot Exchange Rate in effect on the date of payment) and/or in New York, and shall indemnify such Lender against any losses or expenses (including losses or expenses resulting from fluctuations in exchange rates) that it shall sustain as a result of such alternative payment.

Upon payment in full by the Company of any Obligation of any Borrowing Subsidiary, each Lender shall, in a reasonable manner, assign to the Company the amount of such Obligation owed to such Lender and so paid, such assignment to be pro tanto to the extent to which the Obligation in question was discharged by the Company, or make such disposition thereof as the Company shall direct (all without recourse to any Lender and without any representation or warranty by any Lender). Upon payment by the Company of any sums as provided above, all rights of the Company against any Borrowing Subsidiary arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full of all the Obligations owed by such Borrowing Subsidiary to the Lenders (it being understood that, after the discharge of all the Obligations due and payable from such Borrowing Subsidiary, such rights may be exercised by the Company notwithstanding that such Borrowing Subsidiary may remain contingently liable for indemnity or other Obligations).

ARTICLE X.

Miscellaneous

SECTION 1. Amendments. No amendment, supplement or modification to this Agreement shall be enforceable against any Borrower or the Guarantor unless the same shall be in writing and signed by such Borrower or the Guarantor. No amendment or waiver of any provision of this Agreement, the Guarantee Agreement or any

instrument delivered hereunder, nor consent to any departure by any Borrower or the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and, to the extent required by Section 7.03 hereof, the Required Lenders or each Lender, as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 2. Notices. All notices, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) (except as otherwise expressly herein provided respecting telephone notice) and mailed, telexed, telecopied or telegraphed or delivered, if to any Borrower or the Guarantor at its address set forth below its signature herein written; and if to a Lender other than the Agent, at its address set forth below its signature herein written; or, as to each party, at such other address as shall be designated by such party in a notice to the other parties hereto. All such notices and communications shall, when mailed, telexed, telecopied, telephoned or telegraphed, be effective upon the earliest of (i) actual receipt, (ii) seven days from the date when deposited in the mails, or (iii) when (on a Business Day and during normal business hours at the addressee's address) transmitted by telecopy or telex or delivered to the telegraph company, respectively, except that notices and communications to the Agent or any Lender pursuant to Article II hereof shall not be effective until received by the Agent or such Lender.

SECTION 3. No Waiver; Remedies. Regardless of any fact known or investigation undertaken by the Agent or any Lender, no failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 4. Costs, Expenses, Fees and Indemnities. (a) Each Borrower agrees to pay on demand (i) in connection with the preparation, execution, and delivery of this Agreement and the instruments and other documents to be delivered hereunder, (y) the reasonable fees and out-of-pocket expenses of Cravath, Swaine & Moore LLP, as special counsel for the Agent (and any local counsel retained by such firm) with respect to the closing of the Transaction and the Restatement Transactions and (z) all other reasonable costs and expenses of the Lenders and the Agent (other than any other legal fees and related expenses incurred by them) and (ii) after the Closing Date, all reasonable costs and expenses in connection with the administration of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of any counsel for the Agent or the Lenders in connection with advice given the Agent or the Lenders, from time to time, as to their rights and responsibilities under this Agreement and such instruments and documents. The Borrowers shall not be liable to any Lender in respect of any costs or expenses incurred in connection with any assignment or grant of participation under Section 7.09 hereof. Each Borrower further agrees to pay on demand all losses, costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement of this Agreement and the instruments and other documents delivered hereunder, including, without limitation, losses, costs and expenses sustained as

a result of a Default by any Borrower in the performance of its obligations contained in this Agreement or any instrument or document delivered hereunder.

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

SECTION 5. Judgment. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.05 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 6. Consent to Jurisdiction; Waiver of Immunities. (a) Each of the Borrowers and the Guarantor hereby irrevocably submits to the jurisdiction of any New York State court sitting in New York County and to the jurisdiction of the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement, and each of the Borrowers and the Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be

heard and determined in such New York State or Federal court. Each of the Borrowers and the Guarantor hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Each of the Borrowers and the Guarantor hereby irrevocably appoints C T Corporation System (the "Process Agent"), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, United States, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to any Borrower or the Guarantor in care of the Process Agent (or any successor thereto, as the case may be) at such Process Agent's above address (or the address of any successor thereto, as the case may be), and each of the Borrowers and the Guarantor hereby irrevocably authorizes and directs the Process Agent (and any successor thereto) to accept such service on its behalf. Each of the Borrowers and the Guarantor shall appoint a successor agent for service of process should the agency of C T Corporation System terminate for any reason, and further shall at all times maintain an agent for service of process in New York, New York, so long as there shall be outstanding any Obligations under the Loan Documents. Each of the Borrowers and the Guarantor shall give notice to the Agent of any appointment of successor agents for service of process, and shall obtain from each successor agent a letter of acceptance of appointment and promptly deliver the same to the Agent. As an alternative method of service, each of the Borrowers and the Guarantor also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address specified in Section 9.02 hereof. Without waiver of its rights of appeal permitted by relevant law, each of the Borrowers and the Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Section 9.06 shall affect the right of the Agent or any Lender to serve legal process in any other manner permitted by law, or affect the right of the Agent or any Lender to bring any action or proceeding against any Borrower or the Guarantor or its properties in the courts of any other jurisdiction.

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

SECTION 7. Binding Effect; Merger; Severability; GOVERNING LAW. (a) This Agreement shall become effective when it shall have been executed by the Borrowers and the Agent and when the Agent shall have been notified by each Bank that such Bank has executed it and thereafter this Agreement shall be binding upon, and shall inure to the benefit of each Borrower, the Agent and each Lender, and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein. Each Lender may, to the extent permitted under this Agreement, assign to any other financial institution all or any part of, or any interest in,

the Lender's rights and benefits hereunder and under any instrument delivered hereunder, and to the extent of such assignment such assignee shall have the same rights and benefits against each Borrower and the Guarantor as it would have had if it were the Lender hereunder.

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

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

(d) This Agreement has been delivered in New York, New York. THIS AGREEMENT SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE (WITHOUT REFERENCE TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN TITLE 14 OF ARTICLE 5 OF THE GENERAL OBLIGATIONS LAW)).

SECTION 8. Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient and by each party hereto on separate counterparts, each of which, when so executed, shall be deemed as original, but all such counterparts shall constitute but one and the same agreement.

SECTION 9. Existing Credit Agreement; Effectiveness of Amendment and Restatement. Until this Agreement becomes effective in accordance with the terms of the Amendment and Restatement Agreement, the Existing Credit Agreement shall remain in full force and effect and shall not be affected hereby. After the Restatement Effective Date, all obligations of the Borrowers under the Existing Credit Agreement shall become obligations of the Borrowers hereunder, and the provisions of the Existing Credit Agreement shall be superseded by the provisions hereof.

SECTION 10. WAIVER OF JURY TRIAL. BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS HEREIN DESCRIBED OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

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

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

JPMORGAN CHASE BANK,
as Agent

By: /s/

Title:
Address: 270 Park Avenue
New York, NY 10017

Telephone: (212) 270-0606
Telecopy: (212) 270-5100

CARNIVAL CORPORATION

By: /s/

Title:
Address: 3655 N.W. 87th Avenue
Miami, FL 33178-2428

Telephone: (305) 599-2600
Telecopy: (305) 406-4700

BANK OF AMERICA, N.A.,

By: /s/

Title:
Address: 555 S. Flower Street
Los Angeles, CA 90071

Telephone: (213) 228-2639
Telecopy: (213) 228-3145

CARNIVAL PLC

By: /s/

Title:
Address: Carnival House
5 Gainsford Street
London SE1 2NE
United Kingdom
Telephone:
Telecopy:

Percentage Interest	Commitment
15.2%	$212,500,000

JPMORGAN CHASE BANK

By: /s/

Title:
Address: 270 Park Avenue, 48th Floor
New York, NY 10017

Telephone: (212) 270-0606
Telecopy: (212) 270-5100

Percentage Interest	Commitment	BANK OF AMERICA, N.A.
15.2%	$212,500,000	

By: /s/

Title:
Address: 555 S. Flower Street
Los Angeles, CA 90071

Telephone: (213) 228-2639
Telecopy: (213) 228-3145

Percentage Interest	Commitment	BNP PARIBAS
10.0%	$140,000,000	

By: /s/

Title:
Address: 1200 Smith, Suite 3100
Houston, TX 77002

Telephone: (713) 982-1105
Telecopy: (713) 659-5228

Percentage Interest	Commitment	CITIBANK, N.A.
10.0%	$140,000,000	

By: /s/

Title:
Address: 388 Greenwich Street, 23rd Fl.
New York, NY 10013

Telephone: (212) 816-5430
Telecopy: (212) 516-5429

Percentage Interest	Commitment	UNICREDITO ITALIANO - New York Branch
10.0%	$140,000,000	

By: /s/

Title:

By: /s/

Title:
Address: 375 Park Avenue
New York, NY 10152

Telephone: (212) 546-9611
Telecopy: (212) 546-9665

Percentage Interest	Commitment	KREDITANSTAL FUER WEIDERAUFBAU
7.1%	$100,000,000	

By: /s/

Title:

By: /s/

Title:
Address: Palmengartenstr Str. 5-9
60325 Frankfurt am Main
Germany

Telephone: 49-69-7431 0
Telecopy: 49-69-7431 3768

Percentage Interest	Commitment	SUN TRUST BANKS, INC.
7.1%	$100,000,000	

By: /s/

Title:
Address: 501 E. Las Olas Blvd.
Ft. Lauderdale, FL 33301

Telephone: (954) 765-7331
Telecopy: (954) 765-7363

Percentage Interest	Commitment	BANCA DI ROMA - New York Branch
3.6%	$50,000,000	

By: /s/

Title:

By: /s/

Title:
Address: 34 East 51st Street
New York, NY 10022

Telephone: (212) 407-1791
Telecopy: (212) 407-1740

Percentage Interest	Commitment
3.6%	$50,000,000

BANCA NAZIONALE DEL LAVORO, S.P.A. - New York Branch

By: /s/

Title:

By: /s/

Title:
Address: 25 West 51st Street
New York, NY 10019

Telephone: (212) 314-0263
Telecopy: (212) 765-2978

Percentage Interest	Commitment	CREDIT SUISSE FIRST BOSTON
3.6%	$50,000,000	

By: /s/

Title:

By: /s/

Title:
Address: 11 Madison Avenue
New York, NY 10010

Telephone: (212) 325-9038
Telecopy: (212) 325-8319

Percentage Interest	Commitment	FIRSTAR BANK, N.A.
3.6%	$50,000,000	

By: /s/

Title:
Address: Firstar Tower
425 Walnut Street
8th Floor
Cincinnati, OH 45202

Telephone: (513) 632-3002
Telecopy: (513) 632-2068

Percentage Interest	Commitment
3.6%	$50,000,000

WESTDEUTSCHE LANDESBANK GIROZENTRALE - New York Branch

By: /s/

Title:

By: /s/

Title: Associate Director
Address: 1211 Avenue of the Americas
New York, NY 10036

Telephone: (212) 852-6152
Telecopy: (212) 302-7946

Percentage Interest	Commitment	INTESABCI - New York Branch
2.1%	$30,000,000	

By: /s/

Title:

By: /s/

Title:
Address: One William Street
New York, NY 10004

Telephone: (212) 607-3896
Telecopy: (212) 809-2124

Percentage Interest	Commitment	THE DAI-ICHI KANGYO BANK, LTD
1.8%	$25,000,000	

By: /s/

Title:
Address: One World Trade Center,
Suite 4911
New York, NY 10048

Telephone: (212) 432-6667
Telecopy: (212) 524-0049

Percentage Interest	Commitment	THE NORTHERN TRUST COMPANY
1.8%	$25,000,000	

By: /s/

Title:
Address: 50 S. LaSalle
Chicago, IL 60675

Telephone: (312) 630-6203
Telecopy: (312) 630-6062

Percentage Interest	Commitment	SAN PAOLO IMI SPA
1.8%	$25,000,000	

By: /s/

Title:
Address: 245 Park Avenue
New York, NY 10167

By: /s/

Title:
Address: 245 Park Avenue
New York, NY 10167

Telephone: (212) 692-3016/3165
Telecopy: (212) 692-3178

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

	Years Ended November 30,				
	2003	2002	2001	2000	1999
Net income	$ 1,194	$ 1,016	$ 926	$ 965	$ 1,027
Income tax expense (benefit), net	29	(57)	(12)	1	3
Income before income taxes	1,223	959	914	966	1,030
Adjustment to earnings:					
Minority interest					14
Loss (income) from affiliated operations and dividends received			57	(21)	(61)
Earnings as adjusted	1,223	959	971	945	983
Fixed charges					
Interest expense, net	195	111	121	41	47
Interest portion of rent expense (a)	16	5	4	4	3
Capitalized interest	49	39	29	41	41
Total fixed charges	260	155	154	86	91
Fixed charges not affecting earnings:					
Capitalized interest	(49)	(39)	(29)	(41)	(41)
Earnings before fixed charges	$ 1,434	$ 1,075	$ 1,096	$ 990	$ 1,033
Ratio of earnings to fixed charges	5.5x	6.9x	7.1x	11.5x	11.4x

(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,		
	2003	2002	2001
Revenues			
Cruise			
Passenger tickets	$ 5,039	$ 3,346	$ 3,530
Onboard and other	1,420	898	841
Other	259	139	178
	6,718	4,383	4,549
Costs and Expenses			
Operating			
Cruise			
Passenger tickets	1,021	658	813
Onboard and other	229	116	116
Payroll and related	744	458	459
Food	393	256	265
Other ship operating	1,237	734	694
Other	194	108	135
Total	3,818	2,330	2,482
Selling and administrative	932	609	619
Depreciation and amortization	585	382	372
Impairment charge		20	140
Loss from affiliated operations, net			44
	5,335	3,341	3,657
Operating Income	1,383	1,042	892
Nonoperating (Expense) Income			
Interest income	27	32	34
Interest expense, net of capitalized interest	(195)	(111)	(121)
Other income (expense), net	8	(4)	109
	(160)	(83)	22
Income Before Income Taxes	1,223	959	914
Income Tax (Expense) Benefit, Net	(29)	57	12
Net Income	$ 1,194	$ 1,016	$ 926
Earnings Per Share			
Basic	$ 1.66	$ 1.73	$ 1.58
Diluted	$ 1.66	$ 1.73	$ 1.58
Dividends Per Share	$ 0.44	$ 0.42	$ 0.42

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

CARNIVAL CORPORATION & PLC

CONSOLIDATED BALANCE SHEETS
(in millions, except par/stated values)

	November 30,	
ASSETS	2003	2002
Current Assets		
Cash and cash equivalents	$ 1,070	$ 667
Short-term investments	1	39
Accounts receivable, net	403	108
Inventories	171	91
Prepaid expenses and other	212	149
Fair value of derivative contracts	275	
Fair value of hedged firm commitments		78
Total current assets	2,132	1,132
Property and Equipment, Net	17,522	10,116
Goodwill	3,031	681
Trademarks	1,324	
Other Assets	345	297
Fair Value of Derivative Contracts	135	
Fair Value of Hedged Firm Commitments	2	109
	$ 24,491	$ 12,335
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 94	
Current portion of long-term debt	392	$ 155
Accounts payable	645	269
Accrued liabilities	441	290
Customer deposits	1,352	771
Dividends payable	100	61
Fair value of hedged firm commitments	264	
Fair value of derivative contracts	27	74
Total current liabilities	3,315	1,620
Long-Term Debt	6,918	3,014
Deferred Income and Other Long-Term Liabilities	299	170
Fair Value of Hedged Firm Commitments	103	
Fair Value of Derivative Contracts	63	113
Commitments and Contingencies (Notes 8, 9 and 14)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares at 2003 and 960 at 2002 authorized; 630 shares at 2003 and 587 shares at 2002 issued and outstanding	6	6
Ordinary shares of Carnival plc; $1.66 stated value; 226 shares authorized; 210 shares issued	349	
Additional paid-in capital	7,163	1,089
Retained earnings	7,191	6,326
Unearned stock compensation	(18)	(11)
Accumulated other comprehensive income	160	8
Treasury stock; 42 shares of Carnival plc at cost	(1,058)	
Total shareholders' equity	13,793	7,418
	$ 24,491	$ 12,335

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,		
	2003	2002	2001
OPERATING ACTIVITIES			
Net income	$ 1,194	$ 1,016	$ 926
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	585	382	372
Impairment charge		20	140
Gain on sale of investments in affiliates, net			(117)
Loss from affiliated operations and dividends received			57
Accretion of original issue discount	20	19	2
Other	8	14	19
Changes in operating assets and liabilities, excluding business acquired			
(Increase) decrease in			
Receivables	(91)	(5)	(7)
Inventories	(17)	2	9
Prepaid expenses and other	82	(81)	44
Increase (decrease) in			
Accounts payable	43	(12)	(63)
Accrued and other liabilities	(16)	(28)	
Customer deposits	125	142	(143)
Net cash provided by operating activities	1,933	1,469	1,239
INVESTING ACTIVITIES			
Additions to property and equipment	(2,516)	(1,986)	(827)
Proceeds from sale of investments in affiliates			531
Cash acquired from (expended for) the acquisition of Carnival plc, net	140	(30)	
Proceeds from retirement of property and equipment	51	4	15
Sale (purchase) of short-term investments, net	42	2	(33)
Other, net	(50)	(10)	(28)
Net cash used in investing activities	(2,333)	(2,020)	(342)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	2,123	232	2,574
Principal repayments of long-term debt	(1,137)	(190)	(1,971)
Dividends paid	(292)	(246)	(246)
Proceeds from short-term borrowings, net	94		
Proceeds from issuance of common stock and ordinary shares	53	7	5
Other	(15)	(1)	(25)
Net cash provided by (used in) financing activities	826	(198)	337
Effect of exchange rate changes on cash and cash equivalents	(23)	(5)	(2)
Net increase (decrease) in cash and cash equivalents	403	(754)	1,232
Cash and cash equivalents at beginning of year	667	1,421	189
Cash and cash equivalents at end of year	$ 1,070	$ 667	$ 1,421

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

CARNIVAL CORPORATION & PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)

	Compre-hensive income	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Unearned stock compen-sation
Balances at November 30, 2000		$ 6		$ 1,773	$ 4,884	$ (12)
Comprehensive income						
Net income	$ 926				926	
Foreign currency translation adjustment, net	46					
Unrealized gains on marketable securities, net	6					
Minimum pension liability adjustment	(6)					
Changes related to cash flow derivative hedges, net	(4)					
Transition adjustment for cash flow derivative hedges	(4)					
Total comprehensive income	$ 964					
Cash dividends declared					(246)	
Issuance of stock under stock plans				32		(5)
Amortization of unearned stock compensation						5
Other					(8)	
Balances at November 30, 2001		6		1,805	5,556	(12)
Comprehensive income						
Net income	$ 1,016				1,016	
Foreign currency translation adjustment	51					
Minimum pension liability adjustment	(9)					
Unrealized gains on marketable securities, net	3					
Total comprehensive income	$ 1,061					
Cash dividends declared					(246)	
Issuance of stock under stock plans				11		(4)
Retirement of treasury stock				(727)		
Amortization of unearned stock compensation						5
Balances at November 30, 2002		6		1,089	6,326	(11)
Comprehensive income						
Net income	$ 1,194				1,194	
Foreign currency translation adjustment	162					
Unrealized losses on marketable securities, net	(1)					
Changes related to cash flow derivative hedges, net	(9)					
Total comprehensive income	$ 1,346					
Cash dividends declared					(329)	
Acquisition of Carnival plc			$ 346	6,010		
Issuance of stock under stock plans			3	64		(14)
Amortization of unearned stock compensation						7
Balances at November 30, 2003		$ 6	$ 349	$ 7,163	$ 7,191	$ (18)

	Accumulated other comprehensive income (loss)	Treasury stock	Total share-holders' equity
Balances at November 30, 2000	$ (75)	$ (705)	$ 5,871
Comprehensive income			
Net income			926
Foreign currency translation adjustment, net	46		46
Unrealized gains on marketable securities, net	6		6
Minimum pension liability adjustment	(6)		(6)

Changes related to cash flow derivative hedges, net	(4)		(4)
Transition adjustment for cash flow derivative hedges	(4)		(4)
Total comprehensive income			
Cash dividends declared			(246)
Issuance of stock under stock plans		(22)	5
Amortization of unearned stock compensation			5
Other			(8)
Balances at November 30, 2001	(37)	(727)	6,591
Comprehensive income			
Net income			1,016
Foreign currency translation adjustment	51		51
Minimum pension liability adjustment	(9)		(9)
Unrealized gains on marketable securities, net	3		3
Total comprehensive income			
Cash dividends declared			(246)
Issuance of stock under stock plans			7
Retirement of treasury stock		727	
Amortization of unearned stock compensation			5
Balances at November 30, 2002	8		7,418
Comprehensive income			
Net income			1,194
Foreign currency translation adjustment	162		162
Unrealized losses on marketable securities, net	(1)		(1)
Changes related to cash flow derivative hedges, net	(9)		(9)
Total comprehensive income			
Cash dividends declared			(329)
Acquisition of Carnival plc		(1,058)	5,298
Issuance of stock under stock plans			53
Amortization of unearned stock compensation			7
Balances at November 30, 2003	$ 160	$ (1,058)	$ 13,793

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

NOTE 1 - General

Description of Business

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented Carnival Corporation & plc's DLC structure. The DLC transaction combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities, and each company's shares continue to be publicly traded on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc ADS's are traded on the NYSE. However, the two companies operate as if they were a single economic enterprise (see Note 3).

Carnival Corporation is a Panamanian corporation and Carnival plc is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this 2003 Annual Report as "Carnival Corporation & plc," "our," "us," and "we." Our consolidated financial statements include the consolidated results of operations of Carnival Corporation for all periods presented and Carnival plc's consolidated results of operations since April 17, 2003.

We are a global cruise company and one of the largest vacation companies in the world. As of February 15, 2004, a summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed is as follows:

Cruise Brands	Number of Cruise Ships	Passenger Capacity (a)	Primary Market
Carnival Cruise Lines ("CCL")	20	43,446	North America
Princess Cruises ("Princess")	11	19,880	North America
Holland America Line	12	16,320	North America
Costa Cruises ("Costa")	10	15,570	Europe
P&O Cruises	4	7,724	United Kingdom
AIDA	4	5,314	Germany
Cunard Line ("Cunard")	3	5,078	United Kingdom/North America
Ocean Village	1	1,602	United Kingdom
P&O Cruises Australia	1	1,200	Australia
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	73	118,040	

(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.

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 material intercompany accounts, transactions and unrealized profits and losses on transactions within our consolidated group and with affiliates are eliminated in consolidation.

Commencing in 2003, we changed the reporting format of our consolidated statements of operations to present our significant revenue sources and their directly related variable costs and expenses. In addition, we have separately identified certain ship operating expenses, such as payroll and related expenses and food costs. All prior periods were reclassified to conform to the current year presentation.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, 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. See Note 6.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities of three months or less, which are stated at cost. At November 30, 2003 and 2002, cash and cash equivalents included $937 million and $616 million of investments, respectively, primarily comprised of strong investment grade asset-backed debt obligations, commercial paper and money market funds.

Short-term investments are comprised of marketable debt and equity securities which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of accumulated other comprehensive income ("AOCI") within shareholders' equity until realized. The specific identification method is used to determine realized gains or losses.

Inventories

Inventories consist primarily of provisions, gift shop and art merchandise held for resale, spare parts, supplies and fuel 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
Buildings and improvements	0-10%	5-40
Transportation equipment and other	0-25%	2-20
Leasehold improvements, including port facilities		Shorter of lease term or related asset life

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 assets carrying value over its estimated fair value (see Note 5).

Dry-dock costs are included in prepaid expenses and are amortized to other ship operating expenses using the straight-line method generally over one year.

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 are charged to expense as incurred. We capitalize interest on ships and other capital projects during their construction period. Upon the replacement or refurbishment of previously capitalized ship components, these assets' estimated cost and accumulated depreciation are written-off and any resulting loss is recognized in our results of operations. No such material losses were recognized in fiscal 2003, 2002 or 2001. See Note 4.

Goodwill

Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" requires companies to stop amortizing goodwill and requires an annual,

or when events or circumstances dictate, a more frequent, impairment review of goodwill. Accordingly, upon adoption of SFAS No. 142 on December 1, 2001, we ceased amortizing our goodwill, all of which had been allocated to our cruise reporting units. In April 2003, we recorded $2.25 billion of additional goodwill as a result of our acquisition of Carnival plc, which was also allocated to our cruise reporting units (see Note 3). There was no other change to our goodwill carrying amount since November 30, 2001, other than the changes resulting from using different foreign currency translation rates at each balance sheet date.

The SFAS No. 142 goodwill impairment review consists of a two-step process of first determining the fair value of the reporting unit and comparing 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 comparable market price or discounted future cash flows. If this fair value exceeds the carrying value, which was the case for our reporting units, no further analysis or goodwill write-down is required. If the fair value of the reporting unit is less than the carrying value of the net assets, 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 value. If necessary, goodwill is then written-down to its implied fair value.

Prior to fiscal 2002, our goodwill was reviewed for impairment pursuant to the same policy as our other long-lived assets as discussed above (see Note 5) and our goodwill was amortized over 40 years using the straight-line method.

If goodwill amortization, including goodwill expensed as part of our loss from affiliated operations, had not been recorded for fiscal 2001 our adjusted net income would have been $952 million and our adjusted basic and diluted earnings per share would have been $1.63 and $1.62, respectively.

Trademarks

The cost of developing and maintaining our trademarks have been expensed as incurred. However, pursuant to SFAS No. 141, "Business Combinations," commencing for acquisitions made after June 2001, we have allocated a portion of the purchase price to the acquiree's identified trademarks. The trademarks that Carnival Corporation recorded as part of the DLC transaction, which are estimated to have an indefinite useful life and, therefore, are not amortizable, are reviewed for impairment annually, or more frequently when events or circumstances indicate that the trademark may be impaired. Our trademarks are considered impaired if their carrying value exceeds their fair value. See Note 3.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as forward foreign currency contracts, cross currency swaps and foreign currency debt obligations to limit our exposure to fluctuations in foreign currency exchange rates and interest rate swaps to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt (see Note 12).

All derivatives are recorded at fair value, and the changes in fair value must be 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 firm commitment. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of AOCI until the underlying hedged item is recognized in earnings. If a derivative or a nonderivative financial instrument is designated as a hedge of a net investment in a foreign operation, then changes in the fair value of the financial instrument are recognized as a component of AOCI to immediately offset the change in the translated value of the net investment being hedged, until the investment is liquidated.

The ineffective portion of a hedge's change in fair value is immediately recognized in earnings. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategies for undertaking our 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 assets and liabilities depending on whether the maturity date of the derivative contract is within or beyond one year from our balance sheet dates, respectively. The cash flows from derivatives treated as hedges are classified in our statements of cash flows in the same category as the item being hedged.

During fiscal 2003, 2002 and 2001, all net changes in the fair value of both our fair value hedges and the offsetting hedged firm commitments and our cash flow hedges were immaterial, as were any ineffective portions of these hedges. No fair value hedges or cash flow hedges were derecognized or discontinued in fiscal 2003, 2002 or 2001, and the amount of estimated cash flow hedges unrealized net losses which are expected to be reclassified to earnings in the next twelve months is not material. At November 30, 2003 and 2002, AOCI included $17 million and $8 million of unrealized net losses, respectively, from cash flow hedge derivatives, the majority of which were variable to fixed interest rate swap agreements.

Finally, if any shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency forward contracts related to these shipbuilding contracts. Accordingly, based upon the circumstances, we may have to discontinue the accounting for those forward contracts as hedges, if the shipyard cannot perform. 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 and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Future travel discount vouchers issued to guests are recorded as a reduction of revenues when such vouchers are utilized. Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of our advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Media production costs are also recorded as prepaid expenses and charged to expense upon the first airing of the advertisement. Advertising expenses totaled $334 million, $208 million and $214 million in fiscal 2003, 2002 and 2001, respectively. At November 30, 2003 and 2002, the amount of advertising costs included in prepaid expenses was not material.

Foreign Currency Translations and Transactions

For our foreign subsidiaries and affiliates using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates. Translation adjustments resulting from this process are reported as cumulative translation adjustments, which are a component of AOCI. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted-average exchange rates for the period. Therefore, the U.S. dollar value of these items on the income statement fluctuates from period to period, depending on the value of the dollar against these functional currencies. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are immediately included in our earnings.

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. See Note 15.

Stock-Based Compensation

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

been as follows (in millions, except per share amounts):

	Years ended November 30,		
	2003	2002	2001
Net income, as reported	$ 1,194	$ 1,016	$ 926
Stock-based compensation expense included in net income, as reported	7	5	5
Total stock-based compensation expense determined under the fair value-based method for all awards	(36)	(30)	(27)
Adjusted net income for basic earnings per share	1,165	991	904
Interest on dilutive convertible notes	5		
Adjusted net income for diluted earnings per share	$ 1,170	$ 991	$ 904
Earnings per share			
Basic			
As reported	$ 1.66	$ 1.73	$ 1.58
Adjusted	$ 1.62	$ 1.69	$ 1.54
Diluted			
As reported	$ 1.66	$ 1.73	$ 1.58
Adjusted	$ 1.62	$ 1.69	$ 1.54

As recommended by SFAS No. 123, the fair value of options were estimated using the Black-Scholes option-pricing model. The Black-Scholes weighted-average assumptions were as follows:

Fair value of options at the dates of grant	$ 13.33	$ 12.16	$ 12.67
Risk free interest rates	3.5%	4.3%	4.5%
Dividend yields	1.30%	1.23%	1.16%
Expected volatility	48.7%	48.0%	50.0%
Expected option life (in years)	6	6	6

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting or trading restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including expected stock price volatility. Because our options have characteristics different from those of traded options, the existing models do not necessarily provide a reliable single measure of the fair value of our options.

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. Credit risk, including counterparty nonperformance under derivative instruments, contingent obligations and new ship progress payment guarantees, is considered minimal, as we primarily conduct business with large, well-established financial institutions who have long-term credit ratings of A or above and we seek to diversify our counterparties. In addition, we have established guidelines regarding credit ratings and investment maturities that we follow to maintain safety and liquidity. We do not anticipate nonperformance by any of our significant counterparties.

We also monitor the creditworthiness of our customers 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 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 do normally require collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards.

Reclassifications

Reclassifications have been made to prior year amounts to conform to the current year presentation.

NOTE 3 - DLC Transaction

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 other monetary obligations, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and 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 guarantees, the holders of indebtedness and other obligations that are subject to the guarantees 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. 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 or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and expect to 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 sheet. The holders of Carnival Corporation shares, including the new shareholders who exchanged their Carnival plc shares for Carnival Corporation shares under the PSO, now own an economic interest equal to approximately 79%, and holders of Carnival plc shares now own an economic interest equal to approximately 21%, of Carnival Corporation & plc.

The management of Carnival Corporation and Carnival plc ultimately agreed to enter into the DLC transaction because, among other things, the creation of Carnival Corporation & plc would result in a company with complementary well-known brands operating globally with enhanced growth opportunities, benefits of sharing best practices and generating cost savings, increased financial flexibility and access to capital markets and a DLC structure, which allows for continued participation in an investment in the global cruise industry by Carnival plc's shareholders who wish to continue to hold shares in a UK-listed company.

Carnival plc was the third largest cruise company in the world and operated many well-known global brands with leading positions in the U.S., UK, Germany and Australia. The combination of Carnival Corporation with Carnival plc under the DLC structure has been accounted for under U.S. generally accepted accounting principles ("GAAP") as an acquisition of Carnival plc by Carnival Corporation pursuant to SFAS No. 141. The purchase price of $25.31 per share was based upon the average of the quoted closing market price of Carnival Corporation's shares beginning two days before and ending two days after January 8, 2003, the date the Carnival plc board agreed to enter into the DLC transaction. The number of additional shares effectively issued in the combined entity for purchase accounting purposes was 209.6 million. In addition, Carnival Corporation incurred approximately $60 million of direct acquisition costs, which have been included in the purchase price. The aggregate purchase price of $5.36 billion, computed as described above, has been allocated to the assets and liabilities of Carnival plc as follows (in millions):

Ships	$ 4,669
Ships under construction	233
Other tangible assets	868
Goodwill	2,248
Trademarks	1,291
Debt	(2,879)
Other liabilities	(1,072)
	$ 5,358

During the fourth quarter of fiscal 2003 an appraisal firm who we engaged completed its valuation work in connection with establishing the estimated fair values of Carnival plc's cruise ships and non-amortizable and amortizable intangible assets as of the April 17, 2003 acquisition date. Accordingly, we reduced the carrying values of 15 Carnival plc ships, including three ships which were under construction at the acquisition date, by $689 million. Trademarks are non-amortizable and represent the Princess, P&O Cruises, P&O Cruises Australia, AIDA, and A'ROSA trademarks' estimated fair values. There were no significant amortizable intangible assets identified in this appraisal firm's valuation study.

The information presented below gives pro forma effect to the DLC transaction between Carnival Corporation and Carnival plc. Management has prepared the pro forma information based upon the companies' reported financial information and, accordingly, the pro forma information should be read in conjunction with the companies' financial statements.

As noted above, the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation, using the purchase method of accounting. Carnival

plc's accounting policies have been conformed to Carnival Corporation's policies. Carnival plc's reporting period has been changed to Carnival Corporation's reporting period and the information presented below covers the same periods of time for both companies.

This pro forma information has been prepared as if the DLC transaction had occurred on December 1, 2002 and 2001, respectively, rather than April 17, 2003, and has not been adjusted to reflect any net transaction benefits. In addition, this pro forma information does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2002 and 2001 or what those results will be for any future periods.

	Years ended November 30,	
	2003	2002
	(in millions, except earnings per share)	
Pro forma revenues	$7,596	$6,768
Pro forma net income (a)-(d)	$1,159	$1,271
Pro forma earnings per share		
Basic	$ 1.46	$ 1.60
Diluted	$ 1.45	$ 1.59
Pro forma weighted-average shares outstanding		
Basic	797	795
Diluted	805	800

(a) In accordance with SFAS No. 141, pro forma net income was reduced by $51 million in 2003 and $104 million in 2002 for Carnival plc's nonrecurring costs related to its terminated Royal Caribbean transaction and the completion of the DLC transaction with Carnival Corporation, which were expensed by Carnival plc prior to April 17, 2003.

(b) As a result of the reduction in depreciation expenses due to the revaluation of Carnival plc's ships carrying values, pro forma net income has been increased by $16 million in 2003 and $14 million in 2002.

(c) The 2002 pro forma net income included a $51 million nonrecurring income tax benefit related to an Italian incentive tax law, which allowed Costa to receive an income tax benefit for contractual expenditures during 2002 incurred on the construction of a new ship.

(d) The 2003 pro forma net income included a $13 million nonrecurring expense related to a DLC litigation matter and $19 million of income related to the receipt of nonrecurring net insurance proceeds.

NOTE 4 - Property and Equipment

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

	November 30,	
	2003	2002
Ships	$ 18,134	$ 10,666
Ships under construction	886	713
	19,020	11,379
Land, buildings and improvements, and port facilities	504	315
Transportation equipment and other	549	409
Total property and equipment	20,073	12,103
Less accumulated depreciation and amortization	(2,551)	(1,987)
	$ 17,522	$ 10,116

Capitalized interest, primarily on our ships under construction, amounted to $49 million, $39 million and $29 million in fiscal 2003, 2002 and 2001, respectively. Ships under construction include progress payments for the construction of the ship, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2003, seven ships with an aggregate net book value of $1.94 billion were pledged as collateral pursuant to mortgages related to $1.04 billion of debt and a $469 million contingent obligation (see Notes 7 and 9). During fiscal 2003, $1.05 billion of ship collateral, which was pledged against $697 million of Carnival plc debt was released as collateral in exchange for revising the maturity dates of this debt

and providing Carnival Corporation guarantees (see Note 7).

Maintenance and repair expenses and dry-dock amortization were $251 million, $175 million and $160 million in fiscal 2003, 2002 and 2001, respectively.

NOTE 5 - Impairment Charge

In fiscal 2002 we reduced the carrying value of one of our ships by recording an impairment charge of $20 million. In fiscal 2001, we recorded an impairment charge of $140 million, which consisted principally of a $71 million reduction in the carrying value of ships, a $36 million write-off of Seabourn goodwill, a $15 million write-down of a Holland America Line note receivable, and a $11 million loss on the sale of the Seabourn Goddess I and II. The impaired ships' and note receivable fair values were based on third party appraisals, negotiations with unrelated third parties or other available evidence, and the fair value of the impaired goodwill was based on our estimates of discounted future cash flows.

NOTE 6 - Investments In and Advances To Affiliates

On June 1, 2001, we sold our equity investment in Airtours plc, which resulted in a nonoperating net gain of $101 million and net cash proceeds of $492 million. Cumulative foreign currency translation losses of $59 million were reclassified from AOCI and included in determining the 2001 net gain.

NOTE 7 - Debt

Short-Term Borrowings

Short-term borrowings consisted of unsecured notes, bearing interest at libor plus 0.18% (1.3% weighted-average interest rate at November 30, 2003), repaid to a bank in December 2003.

Long-Term Debt

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

	November 30,	
	2003(a)	2002(a)
Secured		
Floating rate notes, collateralized by two ships, bearing interest at libor plus 1.25% and libor plus 1.29% (2.24% and 2.33% at November 30, 2003), due through 2015 (b)	$ 631	
Euro floating rate note, collateralized by one ship, bearing interest at euribor plus 0.5% (2.75% and 4.0 % at November 30, 2003 and 2002, respectively), due through 2008	115	$ 119
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74%, due through 2012 (b)	182	
Capitalized lease obligations, collateralized by two ships, implicit interest at 3.66%, due through 2005	115	
Other	3	3
	1,046	122
Unsecured		
Fixed rate notes, bearing interest at 3.75% to 8.2%, due through 2028 (b)	2,123	857
Euro floating rate notes, bearing interest at euribor plus 0.35% to euribor plus 1.29% (2.4% to 3.9% and 3.8% to 4.0% at November 30, 2003 and 2002, respectively), due through 2008 (b)	1,129	570
Euro revolving credit facilities, bearing interest at euribor plus 0.50% and euro libor plus 0.98% (2.6% to 3.2% and 3.6% at November 30, 2003 and 2002, respectively), due through 2006 (b)	300	110
Sterling fixed rate notes, bearing interest at 6.4%, due in 2012 (b)	355	
Euro fixed rate notes, bearing interest at 5.57%, due in 2006	353	297
Floating rate note, bearing interest at libor plus 1.33% (2.45% at November 30, 2003), due through 2008 (b)	244	
Revolving credit facility, bearing interest at libor plus 0.17% (1.6% at November 30, 2002), due through 2006		50
Other	44	42
Convertible notes, bearing interest at 2%, due in 2021, with first put option in 2005(b)	600	600
Zero-coupon convertible notes, net of discount, with a face value of $1.05 billion, due in 2021, with first put option in 2006(b)	541	521
Convertible notes, bearing interest at 1.75%, net of discount, with a face value of $889 million, due in 2033, with first put option in 2008(b)	575	
	6,264	3,047

	7,310	3,169
Less portion due within one year	(392)	(155)
	$ 6,918	$ 3,014

(a) All borrowings are in U.S. dollars unless otherwise noted. Euro and sterling denominated notes have been translated to U.S. dollars at the period-end exchange rates. At November 30, 2003, 67%, 28% and 5% of our debt was U.S. dollar, euro and sterling denominated, respectively, and at November 30, 2002, 65% was U.S. dollar and 35% was euro denominated.

(b) At November 30, 2003, all of Carnival plc's $1.20 billion of debt was unconditionally guaranteed by P&O Princess Cruises International Limited ("POPCIL"), a 100% direct wholly-owned subsidiary of Carnival plc. On June 19, 2003, POPCIL, Carnival Corporation and Carnival plc executed a deed of guarantee under which POPCIL agreed to guarantee all indebtedness and related obligations of both Carnival Corporation and Carnival plc incurred under agreements entered into after April 17, 2003, the date the DLC transaction was completed. Under this deed of guarantee, POPCIL also agreed to guarantee all other Carnival Corporation and Carnival plc indebtedness and related obligations that Carnival Corporation and Carnival plc agreed to guarantee under their deeds of guarantee. We anticipate that, in connection with corporate reorganization transactions that we expect to complete shortly, the POPCIL guarantee will terminate in accordance with its terms.

In addition, in exchange for certain amendments to Carnival plc's consolidated indebtedness, which was outstanding prior to April 17, 2003, Carnival Corporation has guaranteed substantially all of the Carnival plc consolidated pre-acquisition debt outstanding at November 30, 2003. Finally, Carnival plc has guaranteed all of the Carnival Corporation pre-acquisition debt outstanding at November 30, 2003.

Carnival Corporation's 2% convertible notes ("2% Notes"), its zero-coupon convertible notes ("Zero-Coupon Notes") and its 1.75% convertible notes ("1.75% Notes") are convertible into 15.3 million shares, 17.4 million shares and a maximum of 20.9 million shares, respectively, of Carnival Corporation common stock.

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 have not been met since their issuance in 2001 through November 30, 2003.

The Zero-Coupon Notes have a 3.75% yield to maturity and are convertible 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. The trigger price commenced at a low of $31.94 per share for the first quarter of fiscal 2002 and increases at an annual rate of 3.75% thereafter, until maturity. As of the end of the 2003 third and fourth quarters, the Zero-Coupon Notes became convertible into Carnival Corporation common stock for the 2003 fourth quarter and the 2004 first quarter as a result of Carnival Corporation's common stock achieving its target conversion trigger price per share of $33.77 and $34.09, respectively, for the requisite periods of time (see Note 15). No Zero-Coupon Notes were converted in fiscal 2003.

The 1.75% Notes, which were issued in April 2003, are convertible at a conversion price of $53.11 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 will be $63.73 per share. Thereafter, this conversion trigger price increases each quarter based on an annual rate of 1.75%, until maturity. In addition, holders may also surrender the 1.75% Notes for conversion if they have been called for redemption or, for other specified occurrences, including the credit rating assigned to the 1.75% Notes being Baa3 or lower by Moody's Investors Service and BBB- or lower by Standard & Poor's Rating Services, as well as certain corporate transactions. The conditions for conversion of the 1.75% Notes were not met during fiscal 2003. The 1.75% Notes interest is payable in cash semi-annually in arrears, commencing October 29, 2003 through April 29, 2008. Effective April 30, 2008, the 1.75% Notes no longer require a cash interest payment, but interest will accrete at a 1.75% yield to maturity.

Subsequent to April 29, 2008 and October 23, 2008, we may redeem all or a portion of the 1.75% Notes and Zero-Coupon Notes, respectively, at their accreted values and subsequent to April 14, 2008, we may redeem all or a portion of our 2% Notes at their face value plus any unpaid accrued interest.

In addition, on April 29, 2008, 2013, 2018, 2023 and 2028 the 1.75% Noteholders, on April 15 of 2005, 2008 and 2011 the 2% Noteholders and on October 24 of 2006, 2008, 2011 and 2016 the Zero-Coupon Noteholders may require us to repurchase all or a portion of the outstanding 1.75% Notes and Zero-Coupon Notes at their accreted values and the 2% Notes at their face value plus any unpaid accrued interest.

Upon conversion, redemption or repurchase of the 1.75% Notes, the 2% Notes and the Zero-Coupon 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. If the 1.75% Notes, 2% Notes and Zero-Coupon Notes were to be put back to us, we would expect to settle them for cash and, accordingly, they are not included in our diluted earnings per share common stock calculations, unless they become convertible and are dilutive to our earnings per share computation. However, no assurance can be given that we will have sufficient liquidity to make such cash payments. See Note 15.

Costa has a 257.5 million euro ($303 million U.S. dollars at the November 30, 2003 exchange rate) unsecured euro revolving credit facility, which expires in May 2006, of which $219 million was available at November 30, 2003. In addition, POPCIL has $710 million of unsecured revolving multi-currency credit facilities, which expire in September 2005, of which $494 million was available at November 30, 2003.

Carnival Corporation's $1.4 billion unsecured multi-currency revolving credit facility matures in June 2006. This facility currently bears interest at libor/eurolibor plus 20 basis points ("BPS"), which interest rate spread over the base rate will vary based on changes to Carnival Corporation's senior unsecured debt ratings, and provides for an undrawn facility fee of ten BPS. Carnival Corporation's commercial paper program is supported by this revolving credit facility and, accordingly, any amounts outstanding under its commercial paper program, none at November 30, 2003 and 2002, reduce the aggregate amount available under this facility. At November 30, 2003, the entire facility was available.

This $1.4 billion facility and other of our loan and derivative agreements contain covenants that require us, among other things, to maintain a minimum debt service coverage and limits our debt to capital ratios and debt to equity ratio, and the amounts of our secured assets and secured indebtedness, and shareholders' equity. In addition, if our business suffers a material adverse change or if other events of default under our loan agreements are triggered, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due and the underlying facilities could be terminated. At November 30, 2003, we were in compliance with all of our debt covenants.

In November 2003, we issued $550 million of unsecured 3.75% Notes due in November 2007, the proceeds of which we used to repay some of the amounts outstanding under the POPCIL $710 million credit facilities and for working capital purposes.

At November 30, 2003, the scheduled annual maturities of our long-term debt was as follows (in millions):

Fiscal	
2004	$ 392
2005	1,263(a)
2006	1,587(a)
2007	999
2008	1,492(a)
Thereafter	1,577
	$7,310

(a) Includes $600 million of Carnival Corporation's 2% Notes in 2005, $541 million of its Zero-Coupon Notes in 2006, and $575 million of its 1.75% Notes in 2008, based in each case on the date of the noteholders' first put option.

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 loan issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

NOTE 8 - Commitments

Ship Commitments

A description of our ships under contract for construction at November 30, 2003 was as follows (in millions, except passenger capacity):

Brand and Ship	Expected Service Date(a)	Shipyard	Passenger Capacity	Estimated Total Cost(b)
Princess				
Diamond Princess	3/04	Mitsubishi	2,674	$ 475
Caribbean Princess	4/04	Fincantieri(c)	3,114	500
Sapphire Princess	6/04	Mitsubishi	2,674	475
Newbuild	6/06	Fincantieri	3,114	500
Total Princess			11,576	1,950
CCL				
Carnival Miracle	2/04	Masa-Yards (c)(d)	2,124	375
Carnival Valor	12/04	Fincantieri(c)	2,974	510
Carnival Liberty	8/05	Fincantieri	2,974	460
Total CCL			8,072	1,345
Holland America Line				
Westerdam	4/04	Fincantieri(c)	1,848	410
Noordam	2/06	Fincantieri(c)	1,848	410
Total Holland America Line			3,696	820
Cunard				
Queen Mary 2	1/04	Chantiers de L'Atlantique(c)(d)	2,620	800
Queen Victoria	4/05	Fincantieri (c)	1,968	410
Total Cunard			4,588	1,210
Costa				
Costa Magica	11/04	Fincantieri(e)	2,702	545
Total			30,634	$5,870

(a) The expected service date is the month in which the ship is currently expected to begin its first revenue generating cruise.

(b) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items.

(c) These construction contracts are denominated in euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(d) The Carnival Miracle and the Queen Mary 2 were delivered in February 2004 and December 2003, respectively.

(e) This construction contract is denominated in euros, which is Costa's functional currency and, therefore, we have not entered into a forward foreign currency contract to hedge this commitment. The estimated total cost has been translated into U.S. dollars using the November 30, 2003 exchange rate.

In addition to these ship construction contracts, in January 2004, Costa entered into a letter of intent for a 3,004-passenger ship with Fincantieri for a Summer 2006 delivery date at an estimated total cost of 450 million euros.

In connection with our cruise ships under contract for construction, we have paid $876 million through November 30, 2003 and anticipate paying the remaining estimated total costs as follows: $2.98 billion in 2004, $1.24 billion in 2005 and $775 million in 2006.

Operating Leases

Rent expense under our operating leases, primarily for office and warehouse space, was $48 million, $15 million and $13 million in fiscal 2003, 2002 and 2001, respectively. At November 30, 2003, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year, were as follows (in millions): $57, $49, $36, $26, $23 and $85 in fiscal 2004 through 2008 and thereafter, respectively.

Port Facilities and Other

At November 30, 2003, we had commitments through 2052, with initial or remaining terms in excess of one year, to pay minimum amounts for our annual usage of port facilities and other contractual commitments as follows (in millions): $57, $32, $33, $35, $35 and $200 in fiscal 2004 through 2008 and thereafter, respectively.

NOTE 9 - Contingencies

Litigation

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

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

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America Line's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers and crew have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska requesting that they appear before a grand jury. One subpoena also requested the production of Holland America Line documents, which Holland America Line has produced. Holland America Line is also complying with a subpoena for additional documents. If the investigation results in charges being filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The State of Alaska is separately investigating this incident. The ultimate outcomes of these matters cannot be determined at this time. However, if Holland America

Line were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

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

On April 23, 2003, Festival Crociere S.p.A. commenced an action against the European Commission (the "Commission") in the Court of First Instance of the European Communities in Luxembourg seeking to annul the Commission's antitrust approval of the DLC transaction (the "Festival Action"). We have been granted leave to intervene in the Festival Action and intend to contest such action vigorously. A successful third party challenge of an unconditional Commission clearance decision would be unprecedented, and based on a review of the law and the factual circumstances of the DLC transaction, as well as the Commission's approval decision in relation to the DLC transaction, we believe that the Festival Action will not have a material adverse effect on the companies or the DLC transaction. However, the ultimate outcome of this matter cannot be determined at this time.

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

Contingent Obligations

At November 30, 2003, we had contingent obligations totaling $1.08 billion to participants in lease out and lease back type transactions for three of our ships. At the inception of the leases, the entire amount of the contingent obligations was paid by us to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither funds nor the contingent obligations have been included on our balance sheets. We would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, we obtained a direct guarantee from another AAA rated financial institution for $298 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. If the major financial institutions' credit ratings fall below AA-, we would be required to move a majority of the funds from these financial institutions to other highly-rated financial institutions. If Carnival Corporation's credit rating falls below BBB, we would be required to provide a standby letter of credit for $90 million, or alternatively provide mortgages in the aggregate amount of $90 million on two of Carnival Corporation's ships.

In the unlikely event that we were to terminate the three lease agreements early or default on our obligations, we would, as of November 30, 2003 have to pay a total of $168 million in stipulated damages. As of November 30, 2003, $177 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. In the event we were to default under our $1.4 billion revolving credit facility, we would be required to post cash collateral to support the stipulated damages standby letters of credit. Between 2017 and 2022, we have the right to exercise options that would terminate these transactions at no cost to us. As a result of these three transactions, we have $40 million and $43 million of deferred income recorded on our balance sheets as of November 30, 2003 and 2002, respectively, which is being amortized to nonoperating income through 2022.

Other Contingent Obligations

Some of the debt agreements that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no

stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for indemnification is probable.

NOTE 10 - Income and Other Taxes

We believe that substantially all of our income, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours and the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations discussed in the following paragraph, is exempt from U.S. federal income taxes. If we were found not to qualify for exemption pursuant to applicable income tax treaties or under the Internal Revenue Code or if the income tax treaties or Internal Revenue Code were to be changed in a manner adverse to us, a portion of our income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

On August 26, 2003, final regulations under Section 883 of the Internal Revenue Code were published in the Federal Register. Section 883 is the primary provision upon which we rely to exempt certain of our international ship operation earnings from U.S. income taxes. The final regulations list elements of income that are not considered to be incidental to ship operations and, to the extent earned within the U.S., are subject to U.S. income tax. Among the items identified in the final regulations are income from the sale of air and other transportation, shore excursions and pre-and post cruise land packages. These rules will first be effective for us in fiscal 2004.

AIDA, A'ROSA, Ocean Village, P&O Cruises, P&O Cruises Australia and Swan Hellenic are all strategically and commercially managed in the UK and have elected to enter the UK tonnage tax regime. Accordingly, these operations pay UK corporation tax on shipping profits calculated by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits is taxable under the normal UK tax rules. We believe that substantially all of the income attributable to these brands constitutes shipping profits and, accordingly, income tax expense from these operations has been and is expected to be minimal.

Some of our subsidiaries, including Costa, Holland America Tours, Princess Tours and other of our non-shipping activities, are subject to foreign and/or U.S. federal and state income taxes. In fiscal 2003, we recognized a net $29 million income tax expense, primarily related to these operations. In 2002, we recognized a net $57 million income tax benefit primarily due to an Italian investment incentive law, which allowed Costa to receive a $51 million income tax benefit based on contractual expenditures during 2002 on the construction of a new ship. At November 30, 2003, Costa had a remaining net deferred tax asset of approximately $61 million relating primarily to the tax benefit of the net operating loss carryforwards arising from this incentive law, which expire in 2007. In fiscal 2001, we recognized a $9 million income tax benefit from Costa primarily due to changes in Italian tax law.

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings.

In addition to or in place of income taxes, virtually all jurisdictions where our ships call, impose taxes based on passenger counts, ship tonnage or some other measure. These taxes, other than those directly charged to and/or collected from passengers by us, are recorded as operating expenses in the accompanying statements of operations.

NOTE 11 - Shareholders' Equity

Carnival Corporation's articles of incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of its preferred stock and Carnival plc has 100,000 authorized preference shares. At November 30, 2003 and 2002, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preferred shares had been issued.

At November 30, 2003, there were 91.7 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 4.8 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2003 and 2002, AOCI included cumulative foreign currency translation adjustments which increased shareholders' equity by $191 million and $29 million, respectively.

NOTE 12 - Financial Instruments

We estimated the fair value of our financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of fair value and, accordingly, amounts are not necessarily indicative of the amounts that we could realize in a current market exchange. Our financial instruments are not held for trading or other speculative purposes.

Cash and Cash Equivalents

The carrying amounts of our cash and cash equivalents approximate their fair values due to their short maturities.

Other Assets

At November 30, 2003 and 2002, long-term other assets included marketable securities held in rabbi trusts for certain of our nonqualified benefit plans and notes and other receivables. These assets had carrying and fair values of $225 million at November 30, 2003 and $173 million at November 30, 2002. Fair values were based on public market prices, estimated discounted future cash flows or estimated fair value of collateral.

Debt

The fair values of our non-convertible debt and convertible notes were $5.8 billion and $1.92 billion, respectively, at November 30, 2003 and $2.04 billion and $1.28 billion at November 30, 2002. These fair values were greater than the related carrying values by $140 million and $205 million, respectively, at November 30, 2003 and $4 million and $162 million at November 30, 2002. The net difference between the fair value of our debt and its carrying value was due primarily to our issuance of debt obligations at fixed interest rates that are above market interest rates in existence at the measurement dates, as well as the impact of changes in the Carnival Corporation common stock value on our convertible notes on those dates. The fair values of our unsecured fixed rate public notes, convertible notes, sterling bonds and unsecured 5.57% euro notes were based on their public market prices. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

Foreign Currency Contracts

We have forward foreign currency contracts, designated as foreign currency fair value hedges, for seven of our euro denominated shipbuilding contracts (see Note 8). At November 30, 2003 and 2002, the fair value of these forward contracts was an unrealized gain of $363 million and an unrealized loss of $178 million, respectively. These forward contracts mature through 2006. The fair values of our forward contracts were estimated based on prices quoted by financial institutions for these instruments.

We have cross currency swaps totaling $644 million that are designated as hedges of our net investments in foreign subsidiaries, which have euro and sterling denominated functional currencies. These cross currency swaps were entered into to effectively convert U.S. dollar denominated debt into euro or sterling debt, which acts as a hedge of our net investments in cruise lines whose functional currencies are the euro and sterling. At November 30, 2003, the fair value of these cross currency swaps was an unrealized loss of $49 million, of which $39 million is included in the cumulative translation adjustment component of AOCI. These currency swaps mature through 2007. We also have $171 million of cross currency swaps, which effectively converts euro denominated debt into sterling debt, which is the functional currency of our subsidiary which was the borrower. At November 30, 2003, the fair value of these cross euro/sterling currency swaps was a loss of $21 million. These currency swaps mature through 2012. The fair value of our cross currency swaps were estimated based on prices quoted by financial institutions for these instruments. Finally, we have designated $355 million of outstanding sterling debt, which is a nonderivative and matures in 2012, as a hedge of our net investments in foreign operations and, accordingly, have included $24 million of foreign currency transaction losses in the cumulative translation adjustment component of AOCI at November 30, 2003.

Interest Rate Swaps

We have interest rate swap agreements designated as fair value hedges whereby we

receive fixed interest rate payments in exchange for making variable interest rate payments. At November 30, 2003 and 2002, these interest rate swap agreements effectively changed $1.19 billion and $225 million of fixed rate debt to Libor-based floating rate debt.

In addition, we also have interest rate swap agreements designated as cash flow hedges whereby we receive variable interest rate payments in exchange for making fixed interest rate payments. At November 30, 2003 and 2002, these interest rate swap agreements effectively changed $760 million and $468 million, respectively, of euribor floating rate debt to fixed rate debt.

These interest rate swap agreements mature through 2012. At November 30, 2003 and 2002, the fair value of our interest rate swaps was a loss of $6 million and $0.1 million, respectively. The fair values of our interest rate swap agreements were estimated based on prices quoted by financial institutions for these instruments.

NOTE 13 - Segment Information

Our cruise segment included thirteen cruise brands since April 17, 2003, and six Carnival Corporation cruise brands from December 1, 2001 to April 16, 2003, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics.

Our other segment represents the transportation, hotel and tour operations of Holland America Tours and Princess Tours and the business to business travel agency operations of P&O Travel Ltd., the latter two since completion of the DLC transaction on April 17, 2003. 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 year ended November 30, was as follows (in millions):

	Revenues(a)(b)	Operating expenses	Selling and adminis-trative	Depreciation and amortization	Operating income (loss)	Capital expend-itures	Total assets
2003							
Cruise	$ 6,459	$ 3,624	$896	$ 568	$ 1,371	$ 2,454	$24,090
Other	345	280	36	17	12	62	401(c)
Intersegment elimination	(86)	(86)					
	$ 6,718	$ 3,818	$932	$ 585	$ 1,383	$ 2,516	$24,491
2002							
Cruise(d)	$ 4,244	$ 2,222	$577	$ 371	$ 1,055(c)	$ 1,949	$12,120
Other	176	145	32	11	(13)	37	215(c)
Intersegment elimination	(37)	(37)					
	$ 4,383	$ 2,330	$609	$ 382	$ 1,042	$ 1,986	$12,335
2001							
Cruise(d)	$ 4,371	$ 2,347	$584	$ 361	$ 946(e)	$ 802	$11,375
Other	229	186	35	11	(10)(e)	25	189(c)
Affiliated operations(f)					(44)		
Intersegment elimination	(51)	(51)					
	$ 4,549	$ 2,482	$619	$ 372	$ 892	$ 827	$11,564

(a) Other revenues included revenues for the cruise portion of a tour, when a cruise is sold along with a land tour package by Holland America Tours and Princess Tours, and shore excursion and port hospitality services provided to cruise passengers by these tour companies. These intersegment revenues are eliminated from other revenues in the line "Intersegment elimination."

(b) Revenue amounts in 2002 and 2001 have been reclassified to conform to the 2003 presentation.

(c) Other assets primarily included hotels and lodges in Alaska and the Canadian Yukon, luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, motor coaches used for sightseeing and charters in the States of Washington and Alaska, British Columbia, Canada and the Canadian Yukon and private, domed rail cars, which run on the Alaska Railroad between Anchorage and Fairbanks.

(d) In 2003, we commenced allocating all corporate expenses to our cruise segment. Accordingly, the 2002 and 2001 presentations have been restated to allocate the previously unallocated 2002 and 2001 corporate expenses and assets to our cruise segment.

(e) Cruise operating income included impairment charges of $20 million in 2002 and $134 million in 2001 and other operating loss included an impairment charge of $6 million in 2001.

(f) On June 1, 2001, we sold our investment in Airtours. Accordingly, we did not record any equity in the earnings or losses of Airtours after May 31, 2001.

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 these foreign revenues are from the UK, Italy, Germany, Canada, France, Australia, Spain, Switzerland and Brazil. Substantially all of our long-lived assets are located outside of the U.S. and consist principally of our goodwill, trademarks, ships and ships under construction.

Revenue information by geographic area for fiscal 2003, 2002 and 2001 was as follows (in millions):

	2003	2002	2001
U.S	$4,513	$3,304	$3,500
Foreign	2,205	1,079	1,049
	$6,718	$4,383	$4,549

NOTE 14 - Benefit Plans

Stock Option Plans

We have stock option plans primarily for supervisory and management level employees and members of our Board of Directors. The Carnival Corporation and Carnival plc plans are administered by a committee of three of our directors (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The Carnival Corporation and Carnival plc option exercise price is generally set by the Committee at 100% of the fair market value of the common stock/ordinary shares on the date the option is granted. Substantially all Carnival Corporation options granted during fiscal 2003, 2002 and 2001 and Carnival plc options granted in 2003 were granted at an exercise price per share equal to the fair market value of the Carnival Corporation common stock and Carnival plc ordinary shares, respectively, on the date of grant. Carnival Corporation employee options generally vest evenly over five years and have a ten year term. Carnival plc employee options generally vest at the end of three years and have a ten year term. Carnival Corporation director options granted subsequent to fiscal 2000 vest evenly over five years and have a ten year term. At November 30, 2003, Carnival Corporation had 34.9 million shares and Carnival plc had 4.8 million shares, which were available for future grants under the option plans.

A combined summary of the activity and status of the Carnival Corporation and Carnival plc stock option plans was as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	2003	2002	2001	2003	2002	2001
Outstanding options-beginning of year	$ 29.26	$ 28.95	$ 26.80	11,828,958	12,774,293	8,840,793
Carnival plc outstanding options at April 17, 2003(a)	$ 19.64			5,523,013		
Options granted	$ 30.88	$ 26.54	$ 26.44	5,464,109	33,000	6,580,250
Options exercised(b)	$ 17.35	$ 14.35	$ 11.70	(2,919,554)	(404,615)	(2,218,075)
Options canceled	$ 28.64	$ 32.80	$ 35.15	(598,547)	(573,720)	(428,675)
Outstanding options-end of year (e)	$ 28.79	$ 29.26	$ 28.95	19,297,979(c)	11,828,958	12,774,293
Options exercisable-end of year	$ 27.68	$ 28.71	$ 25.96	7,848,335(d)	4,775,894	2,972,498

(a) All Carnival plc unvested options outstanding on the date the DLC transaction was completed vested fully on such date, except for 1.3 million options, which were granted on April 15, 2003.

(b) Included 1.8 million Carnival plc options in 2003, of which 1.0 million had a

sterling denominated exercise price.

(c) Included 3.6 million of Carnival plc options at a weighted average exercise price of $20.89 per share, based on the November 30, 2003 U.S. dollar to sterling exchange rate.

(d) Included 2.2 million of Carnival plc options at a weighted average exercise price of $18.06 per share.

(e) On December 1, 2003, as a result of the Princess cruise operations being transferred to the Carnival Corporation side of the DLC structure, options to purchase 567,000 shares of Carnival plc vested immediately, and the termination date of 1.5 million Carnival plc exercisable options were shortened to the earlier of 12 months after the December 1, 2003 reorganization date or 42 months after the date of grant. All such changes have been made pursuant to the original terms of the Carnival plc plan.

Combined information with respect to outstanding and exercisable Carnival Corporation and Carnival plc stock options at November 30, 2003 was as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 1.94-$ 2.25	30,980	(a)	$ 2.07	30,980	$ 2.07
$10.59-$15.00	735,102	5.4	$13.54	735,102	$13.54
$16.28-$22.57	4,477,849	7.1	$20.71	2,617,539	$19.70
$23.04-$27.88	5,714,089	8.4	$26.44	1,319,694	$25.00
$28.21-$34.91	5,518,009	8.4	$32.12	1,172,570	$30.27
$36.72-$41.34	102,000	4.8	$38.09	97,600	$38.06
$43.56-$48.56	2,719,950	5.7	$44.36	1,874,850	$44.50
Total	19,297,979	7.6	$28.79	7,848,335	$27.68

(a) These stock options do not have an expiration date.

Carnival Corporation Restricted Stock

Carnival Corporation has issued restricted stock to a few officers. These shares have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. During fiscal 2003, 2002 and 2001, 455,000 shares, 150,000 shares and 150,000 shares, respectively, of Carnival Corporation common stock were issued, which were valued at $14 million, $4 million and $5 million, respectively. 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 and is amortized to expense using the straight-line method from the grant date through the earlier of the vesting date or the officers estimated retirement date. These shares either have three or five-year cliff vesting or vest evenly over five years after the grant date. As of November 30, 2003 and 2002 there were 1,055,000 shares and 750,000 shares, respectively, issued under the plan which remained to be vested.

Defined Benefit Pension Plans

We have several 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. The plans are funded, at a minimum, in accordance with U.S. or UK regulatory requirements, with the remaining plans being primarily unfunded. In determining our plans' benefit obligations at November 30, 2003, we used assumed weighted-average discount rates of 6.0% and 5.3% for our U.S. and foreign plans, respectively. The net liabilities related to the obligations under these single employer defined benefit pension plans are not material.

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. At November 30, 2003 and 2002, our single employer plans had aggregated additional minimum pension liability adjustments, less allowable intangible assets, of $14 million and $15 million, respectively, which are included in AOCI.

In addition, P&O Cruises participated in a Merchant Navy Ratings Pension Fund ("MNRPF"), which is a defined benefit multiemployer pension plan. This plan has a significant funding deficit and has been closed to further benefit accrual since prior to the completion of the DLC transaction. P&O Cruises, along with other unrelated employers,

are making payments into this plan under a non-binding Memorandum of Understanding to reduce the deficit. Accordingly, at November 30, 2003, we had recorded a long-term pension liability of $19 million, which represented our estimate of the present value of the entire liability due by us under this plan.

P&O Cruises, Princess and Cunard Line Limited also participate in an industry-wide British merchant navy officers pension fund ("MNOPF"), which also is a defined benefit multiemployer pension plan that is available to certain of their shipboard British 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. Holland America Line also participates in a Dutch shipboard officers defined benefit multiemployer pension plan. Our multiemployer yearly pension fund plan expenses are based on the amount of contributions we are required to make annually into the plans.

Total expense for all of our defined benefit pension plans, including our multiemployer plans, was $17 million, $11 million and $8 million in fiscal 2003, 2002 and 2001, respectively.

As of March 31, 2003, the date of the most recent formal actuarial valuation prepared by the MNOPF's actuary, the New Section of the MNOPF was estimated to have a fund deficit of approximately 200 million sterling, or $340 million, assuming a 7.7% discount rate. At November 30, 2003, our external actuary informally updated the March 31, 2003 valuation and estimated that the New Section deficit was approximately 640 million sterling, or $1.1 billion, assuming a 5.3% discount rate. The 5.3% is the assumed discount rate we have used for determining our other foreign pension plans obligations. Based solely upon our share of current contributions to the MNOPF, our share of these deficit amounts would be between $27 million and $85 million, depending on whether the deficit was $340 million or $1.1 billion, respectively. However, the extent of our portion of any liability with respect to the fund's deficit is uncertain, and is the subject of ongoing litigation, the outcome of which cannot be determined at this time. In addition, the amount of the fund deficit is subject to estimates and assumptions, which could cause the deficit amount to vary considerably.

A substantial portion of any MNOPF fund deficit liability which we may have relates to P&O Cruises and Princess liabilities which existed prior to the DLC transaction. However, since the MNOPF is a multiemployer plan and it is not probable that we will withdraw from the plan nor is our share of the liability certain, we are required to record our MNOPF plan expenses, including any contributions to fund the deficit, as they are contributed, instead of as a Carnival plc acquisition liability that existed at the DLC transaction date. It is currently expected that deficit funding contributions, if any, will be required to be paid over at least ten years.

Defined Contribution Plans

We have several defined contribution plans available to substantially all employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans was $12 million, $8 million and $8 million in fiscal 2003, 2002 and 2001, respectively.

NOTE 15 - Earnings Per Share

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

	Years Ended November 30,		
	2003	2002	2001
Net income	$ 1,194	$ 1,016	$ 926
Interest on dilutive convertible notes	5		
Net income for diluted earnings per share	$ 1,199	$ 1,016	$ 926
Weighted-average common and ordinary shares outstanding	718	587	585
Dilutive effect of convertible notes	4		
Dilutive effect of stock plans	2	1	2
Diluted weighted-average shares outstanding	724	588	587
Basic earnings per share	$ 1.66	$ 1.73	$ 1.58
Diluted earnings per share	$ 1.66	$ 1.73	$ 1.58

The weighted-average shares outstanding for the year ended November 30, 2003 includes the pro rata Carnival plc shares since April 17, 2003.

If Carnival Corporation's common stock price reaches specified trigger prices for a defined duration of time within a completed quarter, then, under the terms of various classes of Carnival Corporation's convertible debt securities (each having its own trigger prices), such classes of debt securities will become convertible for the next succeeding quarter, and the shares of Carnival Corporation common stock into which those debt securities become convertible will be considered outstanding for the most recently completed quarter's diluted earnings per share computation, if dilutive.

Carnival Corporation's Zero-Coupon Notes' contingent conversion trigger price was reached in the second half of fiscal 2003. Accordingly, the diluted earnings per share computation included an adjustment to increase net income for the imputed interest expense recorded on these Zero-Coupon Notes and the diluted weighted-average shares outstanding for fiscal 2003 included the weighted-average of the 17.4 million shares that could be converted at the noteholders' options. The conversion of these notes was only dilutive in the 2003 third quarter.

Our diluted earnings per share computation for fiscal 2003 did not include a maximum of 36.2 million (32.7 million in 2002 and 2001) shares of Carnival Corporation common stock issuable upon conversion of its convertible debt, as this common stock was not issuable under the contingent conversion provisions of these debt instruments (see Note 7).

Options to purchase 8.4 million, 6.0 million and 5.4 million shares for fiscal 2003, 2002 and 2001, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 16 - Supplemental Cash Flow Information

	Years Ended November 30,		
	2003	2002	2001
	(in millions)		
Cash paid for			
Interest, net of amount capitalized	$156	$110	$109
Income taxes, net	$ 21		$ 4
Other noncash investing and financing activities			
Common stock received as payment of stock option exercise price			$ 23
Notes received upon the sale of the Nieuw Amsterdam		$ 60	

NOTE 17 - Recent Accounting Pronouncement

In January 2003, as amended, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards Board Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 requires consolidation of variable interest entities ("VIE's") by the "primary beneficiary", as defined, if certain criteria are met. FIN No. 46 is effective immediately for VIE's created or acquired after January 31, 2003. For pre-existing VIE's, disclosure requirements are effective immediately and consolidation provisions are effective for our 2004 second quarter. In accordance with FIN No. 46, we have determined that we are carrying a loan, initially made in April 2001, to a ship repair facility that is a VIE. Although we use this facility for some of our ship repair work, we are not a "primary beneficiary" and, accordingly, this entity will not be consolidated in our financial statements. At November 30, 2003, our loan to this VIE, which is also our maximum exposure to loss, was $41 million.

Report of Independent Certified Public Accountants

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) at November 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, the Company adopted SFAS No.142 "Goodwill and Other Intangible Assets" which changed the method of accounting for goodwill and other intangible assets effective December 1, 2001.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
January 29, 2004

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this 2003 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, plans, outlook, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this 2003 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 tax costs, costs per available lower berth day, estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- achievement of expected benefits from the DLC transaction;

- risks associated with the DLC structure;

- risks associated with the uncertainty of the tax status of the DLC structure;

- general economic and business conditions, which may impact levels of disposable income of consumers and net revenue yields for our cruise brands;

- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;

- the impact of operating internationally;

- the international political and economic climate, armed conflicts, terrorist attacks, availability of air service and other world events and adverse publicity, and their impact on the demand for cruises;

- accidents and other incidents affecting the health, safety, security and vacation satisfaction of passengers;

- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our business worldwide;

- our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;

- our ability to obtain financing on terms that are favorable or consistent with our expectations;

- the impact of changes in operating and financing costs, including changes in foreign currency and interest rates and fuel, food, payroll, insurance and security costs;

- changes in the tax, environmental, health, safety, security and other regulatory regimes under which we operate;

- continued availability of attractive port destinations;

- our ability to successfully implement cost improvement plans and to integrate business acquisitions;

- continuing financial viability of our travel agent distribution system;

- weather patterns or natural disasters; and

- the ability of a small group of shareholders to effectively control the outcome of shareholder voting.

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 2003 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

Over the past three years our net revenue yields have declined (see "Key Performance

Indicators" below). We believe this decline has been a result of a number of factors affecting consumers' vacation demand including, among other things, armed conflicts in the Middle East and elsewhere, terrorist attacks in the U.S. and elsewhere, minor passenger and crew illnesses, the uncertain worldwide economy and adverse publicity surrounding these and other events. In addition to these concerns, the recent large increase in new ship capacity in the cruise industry over this period has intensified competition to attract customers from land-based vacation alternatives, which has also contributed to lower cruise ticket prices.

In addition to the lower pricing trends over this period, the cruise industry has also experienced historically high fuel costs; significant increases in insurance and security costs, precipitated by the events of September 11, 2001; and higher environmental costs, resulting primarily from upgrading environmental compliance programs. It is possible that some of these increasing cost trends will continue in the future. However, as we have done in the past, we expect to be able to partially offset these increases through the continuing benefits of scale, as well as cost containment measures.

The factors mentioned above have put pressure on our earnings over this period, especially since most of our costs are largely fixed once we put a ship into service. Although it is impossible to quantify the financial impact on us of each of the foregoing factors, these events adversely impacted the entire leisure and travel industry in general, and the cruise industry and us in particular.

During 2003, we were able to complete the largest acquisition in our history, the DLC transaction with P&O Princess. We have made significant progress in integrating our two organizations, including announcing the expected redeployment in late 2004 of CCL's Jubilee to the P&O Cruises Australia fleet, the transfer of a Holland America newbuild shipyard slot to Princess for a new ship deployment in 2006, the consolidation of our German and London office operations and the sale of our German river boat business, global procurement savings and the implementation of many best practices among our brands. As a result, we are well on our way to realizing the $100 million of annual DLC transaction synergies we initially targeted.

In addition, during the second half of 2003, we saw a strong rebound in our booking volumes, which commenced shortly after the conclusion of the Iraqi war, although our cruise ticket prices were still somewhat lower than last year.

As mentioned above, the entire cruise industry had a large increase in capacity during this three year period, including our introduction of seven new ships into service during 2003. Even with our 17.5% pro forma capacity increase in fiscal 2003, we were able to maintain our occupancy level at over 103%. As a large part of our operating costs are fixed in nature, we strategically manage our prices to enable us to fill our ships at the highest possible prices, since incremental passengers contribute to our fixed costs. Our ability to maintain these high occupancy levels helped us to achieve an increasing level of onboard and other revenues, which partially offset the impact of lower cruise ticket prices.

Throughout this period, despite the adverse external travel and leisure environment and the significant increase in cruise industry capacity, we generated significant cash flows. These results provide an indication of the strength of our business. However, our operations are subject to many risks, as briefly noted above and under the caption "Cautionary Note Concerning Factors That May Affect Future Results," which could significantly impact our future results.

The year over year percentage increases in Carnival Corporation & plc's available lower berth day ("ALBD") capacity for fiscal 2004 (versus fiscal 2003 pro forma ALBD, assuming that the DLC transaction was completed and Carnival plc was consolidated for the full period in 2003), 2005 and 2006, resulting primarily from new ships entering service, is currently expected to be 17.5%, 9.2% and 5.3%, respectively.

We believe that given a more stable geopolitical environment, our net revenue yields will increase in 2004, despite the expected significant increase in our 2004 passenger capacity.

Outlook For Fiscal 2004 ("2004")

As of December 18, 2003, we said that we expected our first quarter 2004 earnings per share to be in the range of $0.17 to $0.20 versus 2003 pro forma first quarter earnings per share of $0.16 ($0.18 less a $0.02 per share non-recurring gain from insurance settlements). We also said that we were comfortable with consensus earnings estimates for

the 2004 year, which at that time was $1.98 per share, assuming no significant geopolitical or economic shocks.

Since early January, the cruise industry has entered the "wave season" (a period of higher booking levels than during the rest of the year). As we had expected, bookings during this year's wave season have been significantly higher than during the comparable period last year, which was adversely impacted by the build up to the war in Iraq. Since the beginning of January, company wide booking levels have been running 59% higher than during the same period last year, which is significantly above the company's 17.5% proforma capacity increase for 2004.

We now expect that first quarter 2004 net revenue yields will increase 3% to 4% (versus an increase of 1% to 2% in our previous guidance) and net cruise costs per ALBD, will be at the low end of our previous guidance of an increase of 1% to 3%. The increase in expected net revenue yields is largely due to the weakening of the U.S. dollar, and to a lesser extent, higher than expected pricing on close to sailing bookings. The weak dollar also had the effect of increasing net cruise costs per ALBD, however that is expected to be more than offset by lower than anticipated advertising costs, which is partially timing and is expected to be expended later in the year, and lower than forecasted fuel costs. We now expect first quarter 2004 earnings per share to be in the range of $0.21 to $0.22.

Net revenue yields for the year 2004 are now forecast to increase 5% to 7%, versus our previous forecast of an increase of 2% to 4%. The increase in expected net revenue yields is largely due to weakness in the U.S. dollar (our current to guidance is based on an exchange rate of $1.27 to the euro and $1.84 to the sterling), and to a lesser extent, strengthening booking levels noted during wave season. Net cruise costs per ALBD is forecast to increase 2% to 3% versus our earlier guidance of flat compared to 2003 proforma costs. The increase in expected net cruise costs per ALBD is due to the weaker U.S. dollar.

Carnival Corporation's 2% Notes become convertible if the share price of its common stock closes above $43.05 for 20 days out of the last 30 trading days of the quarter. If the 2% Notes become convertible, earnings per share for the full year 2004 will be reduced by $0.02 per share. Assuming this dilution occurs, we are comfortable with the current consensus 2004 earnings estimates of $2.02 per share, assuming no geopolitical or economic shocks.

Income Taxes

The new U.S. income tax regulations under Section 883 of the Internal Revenue Code have become effective for us in 2004. Although we are still in the process of analyzing the impact of these new rules on our operations, based upon our preliminary analysis, we currently estimate that their application will reduce our 2004 earnings per share by approximately $0.02 to $0.03.

Key Performance Indicators

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

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

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 set forth below.

Ship Accounting

Our most significant assets are our ships and ships under construction, which represent 78% of our total assets. We make several critical accounting estimates dealing with our ship accounting. First, we compute our ships' depreciation expense, which represents 11.9% of our cruise operating expenses in fiscal 2003, 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. Finally, we account for the replacement or refurbishment of our ship components and recognize the resulting loss in our results of operations.

We determine the average useful lives of our ships based primarily on our estimates of the average useful lives of the ships' major component systems, such as cabins, main diesels, main electric, superstructure and hull. In addition, we consider, among other things, the impact of anticipated technological changes, long-term vacation market conditions and competition and historical useful lives of similarly-built ships. We have estimated our new ships' average useful lives at 30 years and their 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 componetize our ship systems; therefore, our overall estimates of the relative costs of these component systems are based principally on general and technical information known about major ship component system lives and our knowledge of the cruise industry. In addition, we do not identify and track the depreciation of specific component systems, but instead utilize estimates when determining the net cost basis of assets being replaced or refurbished. 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 or refurbishment of ship assets 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, partially offset by a decrease in depreciation expense, as less costs would have been initially capitalized to our ships. Our fiscal 2003 ship depreciation expense would have increased by approximately $18 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 2003 depreciation expense would have increased by approximately $78 million. Some ships in our fleet are over 30 years old.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied 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 (1) in determining the average useful life and residual values of our ships; (2) in determining which ship improvement costs add value to our ships; and (3) in determining the net cost basis of ship component assets being replaced or refurbished. 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 ship and trademark assets and of our goodwill, which has been allocated to our reporting units, such as our cruise lines, require us to make significant estimates to determine the fair values, including the cash flows, 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 and cruise lines 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, ship additions and retirements, technological changes, consumer demand, governmental regulations

and the effects of competition. In addition, third party appraisers are sometimes used to determine fair values and some of their valuation methodologies are also subject to similar types of uncertainties. Also, the determination of fair values of reporting units using a price earnings multiple approach also requires significant judgments, such as determining reasonably comparable multiples. Finally, determining trademark fair values also requires significant judgments in determining both the estimated trademark cash flows, and the appropriate 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.

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 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 that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of the loss can be reasonably estimated, in accordance with the provisions of SFAS No. 5, "Accounting for Contingencies," as amended. 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 similar matters and any related insurance coverage. See Notes 9 and 14 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 probable 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.

Property, Plant and Equipment Draft Statement of Position

In late 2003, the Accounting Standards Executive Committee issued a new Statement of Position draft, entitled "Accounting for Certain Costs and Activities Related to Property, Plant and Equipment" ("PP&E SOP"), the adoption of which is subject to the final clearance of the FASB. If issued in its new form, the PP&E SOP would allow us the choice of selecting the level at which we componetize our ships, as long as the identified components are at or below the "functional unit level", which is the ship itself. If we elect to identify and track ship components below the ship level, the PP&E SOP will require us, among other things, to maintain very detailed historical cost records for these ship parts and determine separate depreciable lives for each component, which may result in changes in the amount and timing of depreciation and repair and maintenance expenses and the amount of loss recognized on the replacement or refurbishment of ship parts. Alternatively, the PP&E SOP allows us to identify our entire ship as one component; however, electing each ship as one component will require us to expense as incurred all otherwise capitalizable expenditures incurred after the ship is placed into service, rather than capitalize and depreciate these expenditures over their estimated useful lives. In addition, the PP&E SOP will require us to expense our dry-dock costs as incurred, instead of amortizing our dry-dock costs to expense generally over one year.

We have not decided what level of componentization we will choose nor have we completed an analysis of the impact this PP&E SOP would have on our financial statements, although it may be material, dependent upon the alternatives we choose in relation to identifying components. The PP&E SOP is expected to be effective for fiscal years beginning after December 15, 2004 (fiscal 2006 for us), with earlier application encouraged.

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, meals, entertainment and many onboard activities, and

- the sale of goods and/or services primarily on board our ships, which include bar and beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales and pre-and post cruise land packages. These activities are either performed directly by us or by independent concessionaires, from which we receive a percentage of their revenues.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise tickets which represent costs that vary directly with passenger cruise ticket revenues, and include travel agent commissions, air and other travel 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 beverages, costs of tangible goods sold from our gift, photo and art auction activities, pre-and post cruise land packages and credit card fees. Concession revenues do not have any significant amount of costs associated with them, as the costs and services incurred for these activities are provided 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,

- food costs which include both our passenger and crew food costs, and

- other ship operating costs which include fuel, repairs and maintenance, port charges, insurance, entertainment and all other shipboard operating costs and expenses.

We do not allocate payroll and related costs, food costs or other ship operating costs to the passenger cruise ticket costs or to onboard and other cruise costs since they are incurred to support the total cruise experience and do not vary significantly with passenger levels.

For segment information related to our revenues, expenses, operating income and other financial information see Note 13 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information were as follows (a):

	Years Ended November 30,		
	2003	2002	2001
Revenues			
Cruise			
Passenger tickets	75.0%	76.3%	77.6%
Onboard and other	21.1	20.5	18.5
Other	3.9	3.2	3.9
	100.0	100.0	100.0
Costs and Expenses			
Operating			
Cruise			
Passenger tickets	15.2	15.0	17.9
Onboard and other	3.4	2.7	2.6
Payroll and related	11.1	10.5	10.1
Food	5.8	5.8	5.8
Other ship operating	18.4	16.7	15.2
Other	2.9	2.5	3.0
Total	56.8	53.2	54.6
Selling and administrative	13.9	13.9	13.6
Depreciation and amortization	8.7	8.7	8.2
Impairment charge		0.4	3.0
Loss from affiliated operations, net			1.0
Operating Income	20.6	23.8	19.6
Nonoperating (Expense) Income, Net	(2.4)	(1.9)	0.5
Income Before Income Taxes	18.2	21.9	20.1
Income Tax (Expense) Benefit, Net	(0.4)	1.3	0.3
Net Income	17.8%	23.2%	20.4%
Selected Statistical Information			
Passengers carried (in thousands)	5,038	3,549	3,385
Occupancy percentage (b)	103.4%	105.2%	104.7%

(a) The information presented above includes the results of Carnival plc since April 17, 2003. See below for discussion of pro forma results.

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

Fiscal 2003 ("2003") Compared To Fiscal 2002 ("2002")

Given that our reported results for 2003 include the results of Carnival plc for only the last seven and one-half months of 2003 and the preceding year does not include any of Carnival plc's results, we believe that the most meaningful presentation of our operating performance measures for 2003 is on a pro forma basis, which reflects the results of both Carnival Corporation and Carnival plc for the entirety of both years. Accordingly, we have disclosed pro forma information, as well as the required reported information, in the discussion of our results of operations.

Revenues

Cruise revenues increased $2.22 billion, or 52.2%, to $6.46 billion in 2003 from $4.24 billion in 2002. Approximately $1.75 billion of our cruise revenue increase was due to the consolidation of Carnival plc and $462 million (a 10.9% increase over 2002) was due to increased revenues from Carnival Corporation's cruise brands. Carnival Corporation's increase in cruise revenues resulted primarily from a 17.3% increase in its standalone ALBD capacity in 2003 compared to 2002, partially offset by lower cruise ticket prices and, to a lesser extent, a reduced number of passengers purchasing air transportation from Carnival Corporation.

Included in onboard and other revenues were concession revenues of $198 million in 2003 and $154 million in 2002.

Our pro forma ALBD capacity increase was 17.5% in 2003 compared to 2002. Pro forma gross revenue yields (gross revenue per ALBD) declined 3.8% (reported declined 2.1%) in 2003 compared to 2002 primarily for the same reasons as the decline in net revenue yields discussed below. Pro forma net revenue yields declined 3.2% (reported declined 3.4%) in 2003 compared to 2002 largely because of lower cruise ticket prices and, to a lesser extent, lower occupancy levels. Our revenue yields were adversely affected by consumer concerns about travel during the period leading up to the war with Iraq and its eventual outbreak, the uncertain world economy and the increase in cruise industry capacity. Finally, our pro forma net revenue yields in 2003 were favorably impacted by the strengthening of the euro and sterling against the dollar.

Other non-cruise revenues increased $169 million, or 96.0%, to $345 million in 2003 from $176 million in 2002 due to the consolidation of Princess Tours and P&O Travel Ltd.

Costs and Expenses

Total cruise operating expenses increased $1.40 billion, or 63.1%, to $3.62 billion in 2003 from $2.22 billion in 2002. Approximately $1.02 billion of our increase was due to the consolidation of Carnival plc, and the remaining $380 million (a 17.1% increase over 2002) of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 17.3% increase in its standalone ALBD capacity in 2003 compared to 2002. In addition, higher fuel prices added approximately $44 million to the Carnival Corporation standalone expenses in 2003 compared to 2002. Finally, the increase in each of the individual cruise operating expense line items was primarily a result of the same factors as discussed above. Pro forma cruise operating expenses increased $655 million, or 18.4%, to $4.2 billion in 2003 from $3.57 billion in 2002

primarily as a result of the 17.5% increase in pro forma ALBD capacity and higher fuel costs.

Other non-cruise operating expenses increased $135 million, or 93.1%, to $280 million in 2003 from $145 million in 2002 due to the consolidation of Princess Tours and P&O Travel Ltd.

Cruise selling and administrative expenses increased $319 million, or 55.3%, to $896 million in 2003 from $577 million in 2002. Approximately $247 million of our increase was due to the consolidation of Carnival plc and the remaining $72 million (a 12.5% increase over 2002) of the increase was from Carnival Corporation, which was primarily due to the 17.3% increase in standalone ALBD capacity. Pro forma cruise selling and administrative expenses, excluding Carnival plc nonrecurring DLC transaction expenses, increased $142 million, or 15.6%, to $1.05 billion from $912 million in 2002, primarily as a result of the 17.5% increase in pro forma ALBD capacity, partially offset by the benefits of scale and synergy savings from the DLC transaction.

Pro forma gross cruise costs per ALBD increased by 0.2% (reported increased 3.9%) in 2003 compared to 2002. Pro forma net cruise costs per ALBD increased 2.9% (reported increased 4.0%) in 2003 compared to 2002. Pro forma gross and net cruise costs per ALBD in 2003 compared to 2002 were higher largely because of higher fuel costs. Finally, our pro forma net cruise costs were unfavorably affected by the weakening of the dollar against the euro and sterling.

Depreciation and amortization increased by $203 million, or 53.1%, to $585 million in 2003 from $382 million in 2002. A large portion of this increase was from the consolidation of Carnival plc, which accounted for approximately $126 million of the increase. The majority of the remaining increase was a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures. Pro forma depreciation and amortization expense increased by $120 million, or 22.5%, to $654 million from $534 million largely due to the expansion of the combined fleet and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $217 million in 2003 from $118 million in 2002, or $99 million, which increase was comprised primarily of a $125 million increase in interest expense from our increased level of average borrowings, partially offset by a $31 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of Carnival plc's debt (see Note 7 in the accompanying financial statements) and new ship deliveries. Capitalized interest increased $10 million during 2003 compared to 2002 due primarily to higher average levels of investments in ship construction projects.

Other income was $8 million in 2003, which included $19 million from net insurance proceeds, $10 million as a result of Windstar's Wind Song casualty loss and $9 million as a reimbursement of expenses incurred in prior years, partially offset by $13 million related to a DLC-related litigation matter.

Income Taxes

The income tax provision of $29 million in 2003 was primarily due to the consolidation of Carnival plc's U.S. based Princess Tours and Costa's Italian taxable income.

Fiscal 2002 ("2002") Compared to Fiscal 2001 ("2001")

Revenues

Cruise revenues decreased $127 million, or 2.9%, to $4.24 billion in 2002 from $4.37 billion in 2001. Our cruise revenue change resulted from a 7.0% decrease in our gross revenue per passenger cruise day, partially offset by a 3.6% increase in passenger capacity and a 0.5% increase in our occupancy rate. This decrease in our gross revenue per passenger cruise day was primarily caused by a significant decline in the number of guests purchasing air transportation from us in 2002 compared to 2001. When a guest elects to provide his or her own transportation, rather than purchasing air transportation from us, both our cruise revenues and operating expenses decrease by approximately the same amount. Also adding to the reduction in gross revenue per passenger cruise day was the adverse impact of the September 11, 2001 events, which resulted in lower cruise ticket prices. Net revenue yield was down 2.7% (gross revenue yield was down 6.3%) in 2002 compared to 2001.

Included in onboard and other revenues were concession revenues of $154 million in 2002 and $136 million in 2001.

Other revenues, which consisted of Holland America Tours decreased $53 million, or 23.1%, to $176 million in 2002 from $229 million in 2001 principally due to a lower number of Alaska and Canadian Yukon cruise/tours sold. This revenue decrease was primarily as a result of one less ship offering land tours to its guests in 2002 compared to 2001 and increased competition. In addition, three isolated cancellations of Holland America Alaska cruises in 2002 resulting primarily from mechanical malfunctions also contributed to this decrease in revenues.

Costs and Expenses

Total cruise operating costs decreased by $125 million, or 5.3%, to $2.22 billion in 2002 from $2.35 billion in 2001. Approximately $116 million of this decrease was due to reduced air travel and related costs primarily due to fewer guests purchasing air transportation through us, and $41 million was primarily due to lower commissions because of lower cruise revenues. This decrease was partially offset by an increase in fuel and other cruise operating expenses, which was largely due to costs associated with our 3.6% increase in passenger capacity. Net cruise operating costs per ALBD decreased 2.4% (gross cruise operating costs per ALBD decreased 7.8%), partially as a result of the cost reduction initiatives we undertook after the events of September 11, 2001.

Other operating expenses, which consisted of Holland America Tours, decreased $41 million, or 22.0%, to $145 million in 2002 from $186 million in 2001 principally due to the reduction in the number of cruise/tours sold.

Selling and administrative expenses decreased $10 million, or 1.6%, to $609 million in 2002 from $619 million in 2001. Selling and administrative expenses decreased in 2002 primarily because of our 4.7% decrease in cruise selling and administrative costs per ALBD, partially offset by additional expenses associated with our 3.6% increase in passenger capacity. Our costs per ALBD decreased partially because of the cost containment actions taken after September 11, 2001.

Depreciation and amortization increased by $10 million, or 2.7%, to $382 million in 2002 from $372 million in 2001. Depreciation and amortization in 2002 compared to 2001 increased by $30 million primarily as a result of the expansion of our fleet and ship improvement expenditures, partially offset by the elimination of $20 million of annual goodwill amortization upon our adoption of SFAS No. 142 on December 1, 2001 (see Note 2 in the accompanying financial statements).

See Notes 5 and 6 in the accompanying financial statements for a discussion of the 2002 and 2001 impairment charge and 2001 affiliated operations.

Nonoperating (Expense) Income

Interest income decreased by $2 million in 2002 compared to 2001, which was comprised of a $25 million reduction in interest income due to lower average interest rates, partially offset by a $23 million increase in interest income from our higher average invested cash balances. Interest expense was the same in 2002 and in 2001, which was comprised of a $22 million increase in interest expense due to our increased level of average borrowings, offset by a $22 million reduction in interest expense due to lower average borrowing rates. The higher level of average borrowings in 2002 were due primarily from the issuance of our convertible notes in April and October 2001. Capitalized interest increased $10 million during 2002 compared to 2001 due primarily to higher average levels of investments in ship construction projects.

Other expense in 2002 of $4 million consisted primarily of a $8 million loss, including related expenses, resulting from the sale of Holland America Line's former Nieuw Amsterdam, partially offset by $4 million of income related to the termination of an over funded pension plan.

Income Taxes

The income tax benefit of $57 million recognized in 2002 was substantially all due to an Italian investment incentive law, which allowed Costa to receive an income tax benefit of $51 million based on contractual expenditures during 2002 on the construction of a new ship.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $1.93 billion of net cash from operations during fiscal 2003, an increase of $464 million, or 31.6%, compared to fiscal 2002, due primarily to the consolidation of Carnival plc. We continue to generate substantial cash from operations and remain in a strong financial position.

During fiscal 2003, our net expenditures for capital projects were $2.52 billion, of which $2.25 billion was spent for our ongoing new shipbuilding program. The remaining capital expenditures consisted primarily of $133 million for ship improvements and refurbishments, and $130 million for Alaska tour assets, cruise port facility developments and information technology assets.

During fiscal 2003, we borrowed net proceeds of $1.08 billion primarily to finance a portion of our shipbuilding programs and other capital expenditures, and for working capital purposes. Specifically, we issued 1.75% Notes and 3.75% unsecured notes for gross proceeds of $1.12 billion, and we borrowed $335 million for the acquisition of the Island Princess. We also paid cash dividends of $292 million in fiscal 2003.

Future Commitments and Funding Sources

At November 30, 2003, our contractual cash obligations, with initial or remaining terms in excess of one year, and the effects such obligations are expected to have on our liquidity and cash flow in future periods were as follows (in millions):

	Payments Due by Fiscal Year						
Contractual Cash Obligations (a)	Total	2004	2005	2006	2007	2008	Thereafter
Long-term debt	$ 7,310	$ 392	$1,263	$1,587	$ 999	$1,492	$1,577
Shipbuilding	4,994	2,982	1,237	775			
Port and other commitments	392	57	32	33	35	35	200
Operating leases	276	57	49	36	26	23	85
Total contractual cash obligations	$12,972	$3,488	$2,581	$2,431	$1,060	$1,550	$1,862

(a) See Notes 7, 8, 9 and 14 in the accompanying financial statements for additional information regarding our debt, shipbuilding and other contractual cash obligations and commitments and our contingent obligations.

At November 30, 2003, we had liquidity of $3.92 billion, which consisted of $1.07 billion of cash and cash equivalents, $2.11 billion available for borrowing under our $2.41 billion revolving credit facilities, and $736 million under committed ship financing arrangements. Our revolving credit facilities mature in September 2005 with respect to $710 million, and in May and June 2006 with respect to $1.70 billion. A key to our access to liquidity is the maintenance of our strong credit ratings.

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

our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing, if necessary.

Off-Balance Sheet Arrangements

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

Other Matters

Market Risks

We are principally exposed to market risks from fluctuations in foreign currency exchange rates, bunker fuel prices and interest rates. We seek to minimize foreign currency and interest rate risks through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets, through our long-term investment and debt portfolio strategies and, when considered appropriate, through the use of derivative financial instruments. 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 financial instruments for trading or other speculative purposes.

Exposure to Foreign Currency Exchange Rates

One of our primary foreign currency exchange risks is related to our outstanding commitments under ship construction contracts denominated in a currency other than the functional currency of the cruise brand that is expected to be operating the ship. These 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. Foreign currency forward contracts are generally used to manage this risk (see Notes 2, 8 and 12 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency forward contracts offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

We have forward foreign currency contracts for seven of our euro denominated shipbuilding contracts. At November 30, 2003, the fair value of these forward contracts was an unrealized gain of $363 million which is recorded, along with an offsetting $363 million fair value liability related to our shipbuilding firm commitments, on our accompanying 2003 balance sheet. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the euro as of November 30, 2003, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $247 million, which would be offset by a decrease or increase of $247 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to us.

The cost of shipbuilding orders that we may place in the future for our cruise lines who 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 recent decline in the U.S. dollar relative to the euro, the U.S. dollar cost to order new cruise ships at current exchange rates has increased significantly. We currently have on order new cruise ships for delivery through 2006. Should the U.S. dollar remain at current levels or decline further, this may affect our ability to order new cruise ships for 2007 or later years.

In addition to the foreign currency denominated operations of our Costa subsidiary, we have broadened our global presence as a result of Carnival plc's foreign operations. Specifically, our expanded international business operations through P&O Cruises, Ocean Village and Swan Hellenic in the UK and Aida in Germany subject us to an increasing level of foreign currency exchange risk related to the sterling and euro. These are the primary currencies for which we have U.S. dollar exchange rate exposures. Accordingly, these foreign currency exchange fluctuations against the 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 weakening of the U.S. dollar against these local functional currencies has the financial statement effect of increasing the U.S. dollar values reported

for cruise revenues and cruise expenses in our consolidated financial statements. Strengthening of the U.S. dollar has the opposite effect. We will continue to monitor the effect of such exposures to determine if any additional actions, such as the issuance of additional foreign currency denominated debt or use of other financial instruments would be warranted to reduce such risk.

We consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and/or of a long-term nature. However, we partially hedge these exposures by denominating our debt in our subsidiary's functional currency (generally euros or sterling). Specifically, we have $815 million of cross currency swaps, whereby we have converted U.S. dollar debt to euro and sterling debt and euro debt to sterling debt, thus partially offsetting this foreign currency exchange risk. At November 30, 2003, the fair value of these cross currency swaps was a loss of $70 million, $39 million of which is recorded in AOCI and offsets a portion of the gains recorded in AOCI upon translating these foreign subsidiaries net assets into U.S. dollars. Based upon a 10% hypothetical increase or decrease in the November 30, 2003 foreign currency exchange rate, we estimate that these contracts fair values would increase or decrease by $82 million, which would be offset by a decrease or increase of $82 million in the U.S. dollar value of our net investments.

Exposure to Bunker Fuel Prices

Other cruise ship operating expenses are impacted by changes in bunker fuel prices. Fuel consumed over the past three fiscal years ranged from approximately 5.5% in fiscal 2003 to 4.5% in fiscal 2002 and 4.2% in fiscal 2001 of our cruise revenues. We have typically not used financial instruments to hedge our exposure to the bunker fuel price market risk.

Based upon a 10% hypothetical increase or decrease in the November 30, 2003 bunker fuel price, we estimate that our fiscal 2004 bunker fuel cost would increase or decrease by approximately $45 million.

Exposure to Interest Rates

In order to limit our exposure to interest rate fluctuations, we have entered into a substantial number of fixed rate debt instruments. We continuously evaluate our debt portfolio, including interest rate swap agreements, and make periodic adjustments to the mix of floating rate and fixed rate debt based on our view of interest rate movements. Accordingly in 2003 and 2001, we entered into fixed to variable interest rate swap agreements, which lowered our fiscal 2003, 2002 and 2001 interest costs and are also expected to lower our fiscal 2004 interest costs. At November 30, 2003, 61% of the interest cost on our debt was effectively fixed and 39% was variable, including the effect of our interest rate swaps.

At November 30, 2003, our long-term debt had a carrying value of $7.31 billion. At November 30, 2003, our interest rate swap agreements effectively changed $1.19 billion of fixed rate debt to Libor-based floating rate debt. In addition, interest rate swaps at November 30, 2003 effectively changed $760 million of euribor floating rate debt to fixed rate debt. The fair value of our long-term debt and interest rate swaps at November 30, 2003 was $7.69 billion. Based upon a hypothetical 10% decrease or increase in the November 30, 2003 market interest rates, the fair value of our long-term debt and swaps would increase or decrease by $128 million. In addition, based upon a hypothetical 10% decrease or increase in our November 30, 2003 common stock price, the fair value of our convertible notes would increase or decrease by approximately $97 million.

These hypothetical amounts are determined by considering the impact of the hypothetical interest rates and common stock price on our existing long-term 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, since substantially all of our fixed rate long-term debt cannot currently be called or prepaid and some of our variable rate long-term debt is subject to interest rate swaps which effectively fix the interest rate, it is unlikely we would be able to take any significant steps in the short-term to mitigate our exposure in the unlikely event of a significant decrease in market interest rates.

REPORTED GAAP RECONCILING INFORMATION

Gross and net revenue yields were computed as follows:

	Years Ended November 30,		
	2003	2002	2001
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$ 5,039	$ 3,346	$ 3,530
Onboard and other	1,420	898	841
Gross cruise revenues	6,459	4,244	4,371
Less cruise costs			
Passenger tickets	(1,021)	(658)	(813)
Onboard and other	(229)	(116)	(116)
Net cruise revenues	$ 5,209	$ 3,470	$ 3,442
ALBDs(a)	33,309,785	21,435,828	20,685,123
Gross revenue yields (b)	$ 193.91	$ 198.01	$ 211.33
Net revenue yields (c)	$ 156.38	$ 161.91	$ 166.44

Gross and net cruise costs per ALBD were computed as follows:

	Years Ended November 30,		
	2003	2002	2001
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$ 3,624	$ 2,222	$ 2,347
Cruise selling and administrative expenses	896	577	584
Gross cruise costs	4,520	2,799	2,931
Less cruise costs			
Passenger tickets	(1,021)	(658)	(813)
Onboard and other	(229)	(116)	(116)
Net cruise costs	$ 3,270	$ 2,025	$ 2,002
ALBDs(a)	33,309,785	21,435,828	20,685,123
Gross cruise costs per ALBD (d)	$ 135.69	$ 130.54	$ 141.66
Net cruise costs per ALBD (e)	$ 98.16	$ 94.43	$ 96.76

PRO FORMA GAAP RECONCILING INFORMATION

Pro forma gross and net revenue yields, assuming that the DLC transaction was completed and Carnival plc was consolidated for the full years noted below, would have been computed as follows (f):

	Years Ended November 30,	
	2003	2002
	(in millions, except ALBDs and yields)	
Cruise revenues		
Passenger tickets	$ 5,732	$ 5,128
Onboard and other	1,600	1,356
Gross cruise revenues	7,332	6,484
Less cruise costs		
Passenger tickets	(1,227)	(1,121)
Onboard and other	(279)	(240)
Net cruise revenues	$ 5,826	$ 5,123
ALBDs (a)	37,554,709	31,962,000
Gross revenue yields (b)	$ 195.23	$ 202.85
Net revenue yields (c)	$ 155.11	$ 160.25

Pro forma gross and net cruise costs per ALBD would have been computed as follows (f):

	Years Ended November 30,	
	2003	2002
	(in millions, except ALBDs and costs per ALBD)	
Cruise operating expenses	$ 4,222	$ 3,567
Cruise selling and administrative expenses	1,054	912
Gross cruise costs	5,276	4,479
Less cruise costs		
Passenger tickets	(1,227)	(1,121)
Onboard and other	(279)	(240)
Net cruise costs	$ 3,770	$ 3,118
ALBDs(a)	37,554,709	31,962,000
Gross cruise costs per ALBD (d)	$ 140.50	$ 140.15
Net cruise costs per ALBD (e)	$ 100.38	$ 97.55

(a) Total passenger capacity for the period, assuming two passengers per cabin, that we offer for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

(b) Gross cruise revenues divided by ALBDs.

(c) Net cruise revenues divided by ALBDs.

(d) Gross cruise costs divided by ALBDs.

(e) Net cruise costs divided by ALBDs.

(f) The pro forma information gives pro forma effect for the DLC transaction between Carnival Corporation and Carnival plc, which was completed on April 17, 2003, as if the DLC transaction had occurred on December 1, 2001. Management has prepared the pro forma information based upon the companies' reported financial information and, accordingly, the above information should be read in conjunction with the companies' financial statements.

The DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation, using the purchase method of accounting. The Carnival plc accounting policies have been conformed to Carnival Corporation's policies. Carnival plc's reporting period has been changed to the Carnival Corporation reporting period and the information presented above covers the same periods of time for both companies.

The above pro forma information has not been adjusted to reflect any net transaction benefits from the DLC transaction. In addition, it excludes

the costs related to the terminated Royal Caribbean transaction and the completion of the DLC transaction with Carnival Corporation, which were expensed by Carnival plc prior to April 17, 2003. The exclusion of these nonrecurring costs is consistent with the requirements of Article 11 of Regulation S-X. Finally, the pro forma information does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2001 or what those results will be for any future periods.

The 2003 pro forma information is computed by adding four and one-half months of Carnival plc's results of operations, adjusted for SFAS No. 141 acquisition accounting adjustments, to the reported Carnival Corporation & plc results since the April 17, 2003 DLC transaction date. The 2002 pro forma information is computed by adding Carnival plc's 2002 results, adjusted for acquisition adjustments, to the 2002 Carnival Corporation reported results. For additional information related to the pro forma statements of operations see Note 3 in the accompanying financial statements.

(g) We have not provided estimates of future gross revenue yields or gross cruise costs per ALBD because we are unable to provide reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses without unreasonable effort. The reconciliations would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the "air/sea mix"). Since the forecasting of future air/sea mix involves several significant variables and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues and costs rather than gross cruise revenues and costs. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues or forecasted net cruise costs.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 1999 through 2003 and as of the end of each such year, 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,				
	2003	2002	2001	2000	1999
	(in millions, except per share and other operating data)				
Statement of Operations and Cash Flow Data (a)(b)					
Revenues(c)	$ 6,718	$ 4,383	$ 4,549	$ 3,791	$ 3,509
Operating income	$ 1,383	$ 1,042	$ 892	$ 983	$ 1,020
Net income(d)	$ 1,194	$ 1,016(e)	$ 926(e)	$ 965	$ 1,027
Earnings per share (d)					
Basic	$ 1.66	$ 1.73	$ 1.58	$ 1.61	$ 1.68
Diluted	$ 1.66	$ 1.73	$ 1.58	$ 1.60	$ 1.66
Dividends declared per share	$ 0.440	$ 0.420	$ 0.420	$ 0.420	$ 0.375
Cash from operations	$ 1,933	$ 1,469	$ 1,239	$ 1,280	$ 1,330
Capital expenditures	$ 2,516	$ 1,986	$ 827	$ 1,003	$ 873
Other Operating Data(a)(b)					
Available lower berth days (f)					
North America	24,388,144	17,037,860	16,536,756	15,033,370	13,505,014
Europe and Australia	8,921,641	4,397,968	4,148,367	855,034	831,466
Total	33,309,785	21,435,828	20,685,123	15,888,404	14,336,480
Passengers carried	5,037,553	3,549,019	3,385,280	2,669,153	2,365,720
Occupancy percentages (g)	103.4%	105.2%	104.7%	105.4%	104.3%

	As of November 30,				
	2003	2002	2001	2000	1999
	(in millions, except percentages)				
Balance Sheet and Other Data (a)(b)					
Total assets	$ 24,491(h)	$ 12,335(h)	$ 11,564(h)	$ 9,831	$ 8,286
Long-term debt, excluding current portion	$ 6,918	$ 3,014	$ 2,955	$ 2,099	$ 868
Total shareholders' equity	$ 13,793	$ 7,418	$ 6,591	$ 5,871	$ 5,931
Debt to capital (i)	34.9%	29.9%	31.1%	28.6%	15.3%

(a) Includes the results of Carnival plc since April 17, 2003. Accordingly, the information for 2003 is not comparable to the prior periods.

(b) From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we completed the acquisition of the remaining 50% interest in Costa. We accounted for this transaction using the purchase accounting method. Prior to the fiscal 2000 acquisition, we accounted for our 50% interest in Costa using the equity method. Commencing in fiscal 2001, Costa's results of operations have been consolidated in the same manner as our other wholly-owned subsidiaries. Our November 30, 2000 and subsequent consolidated balance sheets include Costa's balance sheet. All statistical information prior to 2001 does not include Costa.

(c) Reclassifications have been made to prior period amounts to conform to the current period presentation.

(d) Effective December 1, 2001, we adopted SFAS No. 142, which required us to stop amortizing goodwill as of December 1, 2001, and requires an annual, or when events or circumstances dictate a more frequent, impairment review of goodwill. If goodwill had not been recorded for periods prior to December 1, 2001, our adjusted net income and adjusted basic and diluted earnings per share would have been as follows (in millions, except per share data):

	Years Ended November 30,		
	2001	2000	1999
Net income	$ 926	$ 965	$1,027
Goodwill amortization	26	23	21
Adjusted net income	$ 952	$ 988	$1,048
Adjusted earnings per share			
Basic	$1.63	$1.65	$ 1.71
Diluted	$1.62	$1.64	$ 1.70

(e) Our net income for fiscal 2002 and 2001 includes an impairment charge of $20 million and $140 million, respectively, and fiscal 2001 includes a nonoperating net gain of $101 million from the sale of our investment in Airtours plc. In addition, fiscal 2002 includes a $51 million income tax benefit as a result of an Italian investment incentive.

(f) Total annual passenger capacity for the period, assuming two passengers per cabin, that we offered for sale, which is computed by multiplying passenger capacity by revenue- producing ship operating days in the period. North America brands in 2003 include CCL, Holland America Line, Princess, Seabourn and Windstar. Europe brands in 2003 include AIDA, A'ROSA, Costa, Cunard, Ocean Village, P&O Cruises and Swan Hellenic.

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

(h) Effective December 1, 2000, we adopted SFAS No. 133, which requires that all derivative instruments be recorded on our balance sheet. At November 30, 2003, total assets included $410 million of derivative contract fair values. Total assets at November 30, 2002 and 2001 included $187 million and $578 million, respectively, of fair value of hedged firm commitments. See Note 2 in the accompanying financial statements.

(i) 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". Effective April 22, 2003, Carnival plc's ordinary shares trade on the London Stock Exchange ("LSE") under the symbol "CCL" (formerly traded under "POC"). Effective April 21, 2003, Carnival plc's American Depositary Shares or ADSs, each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK" (formerly traded under "POC"). The depository for the ADSs is JPMorgan Chase Bank. The high and low stock sales price for the periods indicated were as follows:

Carnival Corporation

	High	Low
Fiscal 2003		
Fourth Quarter	$35.99	$32.76
Third Quarter	$36.04	$30.50
Second Quarter	$30.74	$20.34
First Quarter	$28.15	$21.86
Fiscal 2002		
Fourth Quarter	$29.78	$22.07
Third Quarter	$30.90	$22.81
Second Quarter	$34.64	$27.40
First Quarter	$28.62	$25.05

Carnival plc (a)

	Price per Ordinary Share (GBP)		Price per ADS ($)	
	High	Low	High	Low
Fiscal 2003				
Fourth Quarter	21.80	18.72	$35.71	$31.21
Third Quarter	21.80	16.50	$33.98	$27.92
Second Quarter	17.41	11.24	$28.50	$18.54
First Quarter	16.82	11.97	$26.22	$19.97
Fiscal 2002				
Fourth Quarter	17.88	12.32	$27.92	$20.72
Third Quarter	15.06	11.15	$23.13	$18.14
Second Quarter	16.64	12.98	$23.54	$19.35
First Quarter	13.85	11.75	$20.89	$17.06

(a) Per share price has been adjusted for the effect of the consolidation of each 3.3289 existing shares into one share effected in connection with the DLC transaction.

As of January 29, 2004, there were approximately 4,897 holders of record of Carnival Corporation and 63,801 holders of record of Carnival plc ordinary shares and 64 holders of record of Carnival plc ADSs.

Since the completion of the DLC transaction, Carnival plc dividends per share are the same as Carnival Corporation's per share dividends and are declared in U.S. dollars. Carnival plc UK ordinary shareholders can elect to receive these dividends either in U.S. dollars or Sterling, based upon a current U.S. dollar to Sterling exchange rate announced prior to the dividend payment date.

Selected Quarterly Financial Data (Unaudited)

Our revenue from the sale of passenger tickets is seasonal, with our third quarter being the strongest. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the North American summer months. The consolidation of Carnival plc has caused our quarterly results to be slightly more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. Revenues from our Holland America Tours and Princess Tours units are highly seasonal, with a vast majority of those revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

Quarterly financial results for fiscal 2003 were as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
	(in millions, except per share data)			
Revenues	$1,035	$1,342	$2,523	$1,818
Operating income	$ 132	$ 168	$ 809	$ 274
Net income	$ 127(a)	$ 128(b)	$ 734	$ 205
Earnings per share				
Basic	$ 0.22	$ 0.19	$ 0.92	$ 0.26
Diluted	$ 0.22	$ 0.19	$ 0.90	$ 0.26
Dividends declared per share	$0.105	$0.105	$0.105	$0.125

(a) Included $19 million of income from net insurance proceeds.

(b) Included $16 million of expenses related to litigation and other charges associated with the DLC transaction.

Quarterly financial results for fiscal 2002 were as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
	(in millions, except per share data)			
Revenues(a)	$ 910	$ 993	$1,440	$1,040
Operating income	$ 146	$ 220	$ 488	$ 188
Net income	$ 130	$ 194	$ 501(b)	$ 191(b)
Earnings per share				
Basic	$ 0.22	$ 0.33	$ 0.85	$ 0.33
Diluted	$ 0.22	$ 0.33	$ 0.85	$ 0.33
Dividends declared per share	$0.105	$0.105	$0.105	$0.105

(a) Reclassifications have been made to these amounts to conform to the 2003 presentation.

(b) Included a $17 million and a $34 million income tax benefit in the August 31 and November 30 quarters, respectively, from Costa, resulting from an Italian investment incentive law. In addition, the August 31 quarter included a $20 million impairment charge.

Glossary of Terms

The attached financial statements include certain U.S. accounting terminology, which may not be familiar to a UK reader. The following glossary is provided to assist in interpreting these financial statements:

UK Term	U.S. Term
Acquisition accounting	Purchase method of accounting
Associate/Joint venture	Equity investment
Called up share capital	Common stock at par value
Creditors	Payables
Debtors	Receivables
Finance lease	Capital lease
Financial year	Fiscal year
Gearing	Debt/Capital (debt plus equity)
Interest payable	Interest expense
Interest receivable	Interest income
Profit	Income
Profit and loss account	Statement of operations
Profit and loss account reserves	Retained earnings
Profit for the financial year	Net income
Provisions	Liabilities or reserves
Share premium	Additional paid-in capital
Shareholders' funds	Shareholders' equity
Stocks	Inventories
Tangible fixed assets	Property, plant and equipment
Turnover	Revenue

Significant Subsidiaries of Carnival Corporation and Carnival plc(1)

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Costa Crociere, S.p.A.(2)	Italy
Costa Finance, S.A.(3)	Luxembourg
Costa Holdings, Srl(4)	Italy
HAL Antillen N.V.	Netherlands Antilles
HAL Buitenland B.V.(5)	Netherlands
Holland America Line N.V.(5)	Netherlands Antilles
P&O Princess Cruises International Limited ("POPCIL")(6)	United Kingdom
Princess Bermuda Holdings Ltd.(7)	Bermuda
Princess Cruise Lines Ltd.(8)	Bermuda
Sitmar International Srl ("Sitmar")(9)	Panama
Sunshine Shipping Corp. ("Sunshine")(10)	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 of Carnival plc by Carnival Corporation. Accordingly, we have determined the significant subsidiaries based upon the consolidated results of operations and financial position of Carnival Corporation & plc.

(2) Subsidiary of Costa Holdings, Srl

(3) Subsidiary of HAL Buitenland B.V. and Carnival Corporation

(4) Subsidiary of Costa Finance, S.A.

(5) Subsidiaries of HAL Antillen N.V. as of November 30, 2003. All of HAL Buitenland shares were sold to Carnival plc in December 2003.

(6) Subsidiary of Carnival plc

(7) Subsidiary of Sitmar

(8) Subsidiary of Sunshine

(9) Subsidiary of POPCIL as of November 30, 2003. All of Sitmar shares were sold to Carnival Corporation on December 1, 2003.

(10) Subsidiary of Princess Bermuda Holdings Ltd.

Consent of Independent Certified Public Accountants

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. 333-106850, 333-106553, 333-106293, 333-72729, 333-68999 and 333-43269),the Registration Statements on Form S-8 of Carnival Corporation (File Nos. 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. 333-104609, 333-84968, 333-13794 and 333-12742), of our report, dated January 29, 2004, relating to the financial statements appearing in the joint Annual Report to Shareholders of Carnival Corporation and Carnival plc, which is incorporated in this joint Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
February 20, 2004

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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Micky Arison

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

I, Howard S. Frank, certify that:

1. I have reviewed this 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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Howard S. Frank

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

I, Gerald R. Cahill, certify that:

1. I have reviewed this 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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

I, Micky Arison, certify that:

1. I have reviewed this 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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Micky Arison

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

I, Howard S. Frank, certify that:

1. I have reviewed this 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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Howard S. Frank

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

I, Gerald R. Cahill, certify that:

1. I have reviewed this 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 have:

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: February 24, 2004

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Micky Arison

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

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Howard S. Frank

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

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Micky Arison

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

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Howard S. Frank

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

In connection with the Annual Report on Form 10-K for the year ended November 30, 2003 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: February 24, 2004

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer