

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

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FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 23, 2000

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

Republic of Panama (State or other jurisdiction of incorporation)	1-9610 (Commission File Number)	59-1562976 (I.R.S. Employer Identification No.)
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3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (zip code)
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Registrant's telephone number, including area code: (305) 599-2600

Item 5. Other Events.

On January 23, 2000, Carnival Corporation (the "Company") entered into a letter of intent with Fairfield Communities, Inc. relating to a proposed merger with Fairfield.

The Company has not entered into any definitive agreement concerning the proposed acquisition of Fairfield. No assurance can be given that any agreement relating to the proposed acquisition of Fairfield will be entered into or that an acquisition of Fairfield by the Company will be consummated.

On January 24, 2000, the Company issued the press release attached hereto as Exhibit 99.1. The letter of intent is attached hereto as Exhibit 99.2. The press release and the letter of intent are incorporated herein by reference.

Item 7. Exhibits.

Exhibit Number  
(Referenced to Item 601  
of Regulation S-K)

Description of Exhibit

99.1 Press Release dated January 24, 2000.

99.2 Letter of Intent dated January 23, 2000.

Signatures

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

Date: January 24, 2000

CARNIVAL CORPORATION

By: /s/ Arnaldo Perez

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Name: Arnaldo Perez

Title: Vice President & General Counsel

EXHIBIT INDEX

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Exhibit Number

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99.1

99.2

Description of Exhibit

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Press Release dated January 24, 2000.

Letter of Intent dated January 23, 2000.

FOR IMMEDIATE RELEASE

CARNIVAL CORPORATION TO ACQUIRE FAIRFIELD COMMUNITIES  
IN \$775 MILLION TRANSACTIONFairfield is one of the Largest and Most Successful  
Vacation Ownership CompaniesTransaction is an Extension of Carnival as One of the  
Leading Vacation Companies in the WorldProvides Carnival with Access to Fairfield's Large Pool of Seasoned Travelers  
Provides Fairfield With Expanded Sales and Marketing Opportunities

MIAMI (01/24/00) -- Carnival Corporation, the world's largest cruise vacation company (NYSE: CCL), and Fairfield Communities, Inc (NYSE: FFD), one of America's largest vacation ownership companies, today announced they have entered into a letter of intent whereby Carnival will acquire Fairfield in a strategic merger. Under the proposed transaction, Fairfield would become a wholly owned subsidiary of Carnival.

The transaction is to be structured as a tax-free reorganization in which stockholders of Fairfield will receive .3164 share of Carnival common stock for each Fairfield common share owned. Based on Carnival's closing price during the last 10 trading days, the exchange ratio implies a per share price of \$15.61 for each Fairfield share, representing a premium of 54% over the average closing price of Fairfield's common stock during the same period. This values Fairfield's equity at \$725 million. Including assumption of \$50 million of Fairfield debt, the total value of the transaction is \$775 million.

Both parties intend that the transaction will be treated as a pooling-of-interest for accounting purposes. The transaction is expected to be accretive to Carnival's earnings per share in 2000. Fairfield serves more than 278,000 vacation-owning households, which totals approximately 640,000 individuals, and has 28 resorts throughout North America with six resorts under development. Fairfield has been successfully selling

Carnival brand cruises through its innovative points-based vacation program (FairShare Plus(R)) since 1996 and is the largest purchaser of Carnival cruises among vacation ownership companies. Fairfield operates one of the largest points-based vacation systems in the world. Through this highly flexible system, owners are able to use their points for vacation experiences throughout the world. The fastest growing exchange request within the FairShare Plus(R) system is for cruises.

According to Micky Arison, Carnival's chairman and CEO, the transaction would give Carnival access to a large pool of seasoned travelers, many of whom are experienced cruisers. Approximately 72% of Fairfield's customers have expressed an interest in cruising and 52% of Fairfield's customers have taken a cruise. Arison pointed out that the vacation ownership concept does more than provide "customers for life," in fact, it lasts beyond that, as the interests are passed down and remain in families.

"I believe this will be a very synergistic combination of two large leisure and vacation companies serving the best interest of the stockholders of both Carnival and Fairfield," Arison said. "The wide-ranging opportunities presented by this transaction should allow us to capitalize on the tremendous brand, marketing and sales channels that exist between the two companies," he added. Arison noted that he looks forward to working with Fairfield's strong management team.

Jim Berk, president and CEO of Fairfield, said that the transaction allows the company to align itself with the world's largest cruise company and leverage Carnival's global brand awareness, financial strength and reputation for high quality, value-oriented vacation products. He also indicated he believes this will enable Fairfield to accelerate the expansion of its business. "We believe the vacation ownership companies that will enjoy the greatest success in the future will do so as part of a large, well-branded company as we are now seeing with Marriott, Four Seasons and Disney," he said. "Fairfield stockholders should be enthusiastic about this transaction, as Carnival not only possesses tremendous brand recognition with consumers but also is one of the world's fastest growing and most dynamic vacation companies," he added.

Berk pointed out that Carnival's stature as a worldwide vacation leader was validated in a 1999 Business Week magazine performance survey of S&P 500 companies in which Carnival ranked 33rd and was the only company in the "leisure time industry" category to make the top 50.

Carnival has been seeking an acquisition in the vacation industry with the potential to achieve high returns and opportunities for significant growth.  
"This transaction is in line

with that strategy, as both Carnival and Fairfield are characterized by aggressive strategic expansion, strong margins and leadership positions within their respective segments of the leisure travel industry. In addition, our guests share extremely similar demographic attributes," Arison said.

Completion of the transaction is conditioned upon the receipt of all corporate, stockholder, regulatory and government approvals and other customary conditions, including completion of satisfactory due diligence and definitive documentation. No assurance can be given that the foregoing conditions will be satisfied or that the transaction will be finalized.

Fairfield's stockholders should carefully review the proxy and registration statements when they are filed with the Securities and Exchange Commission with respect to the proposed transaction before making any decisions concerning the proposed transaction.

Carnival Corporation is comprised of Carnival Cruise Lines, the world's largest cruise line based on passengers carried, Holland America Line, Windstar Cruises, Cunard Line Limited, which operates the Cunard and Seabourn cruise brands, and interests in Costa Cruises and Airtours plc. Combined, Carnival Corporation's various brands operate 45 ships in the Caribbean, Alaska, Europe and other worldwide destinations.

Fairfield is one of the largest vacation ownership companies in North America. The company markets vacation products and manages resort properties that provide quality vacation experiences at 28 locations in 11 states and the Bahamas, to more than 278,000 vacation-owning households. Fairfield currently has six new properties under development.

Carnival Corporation has scheduled an analyst call for 11 a.m. (EST) today to discuss the proposed transaction. Interested parties who would like to listen to the call may do so via a simulcast on the company's Web site at [www.carnivalcorp.com](http://www.carnivalcorp.com).

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NOTE: Statements in this press release relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of Carnival and Fairfield to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, changes in cruise industry capacity and competition, interest rate trends, availability of real estate properties, changes in tax and other laws and regulations affecting Carnival and Fairfield and other factors, which are described in further detail in the companies' filings with the Securities and Exchange Commission.

CONTACTS:

For Carnival Corporation:

Tim Gallagher - (305) 599-2600, ext. 16000

For Fairfield Communities:

Jim Berk - (407) 370-5200

Morgen Walke Associates

(212) 850-5600

Michele Katz/Ian Hirsch

Press: Stacey Reed

NOTE TO EDITORS: A Fairfield fact sheet is attached.

FAIRFIELD COMMUNITES, INC.  
FACT SHEET

GENERAL COMPANY DESCRIPTION

Fairfield Communities, Inc. is one of the largest vacation ownership companies in the United States. The Company markets vacation products and manages resort properties, providing quality vacation experiences at 28 locations in 11 states and the Bahamas to over 250,000 Fairfield owners. The common stock trades on the New York Stock Exchange under the symbol "FFD."

OWNERS (as of 12/31/99)

FairShare Plus	106,054
Fixed week	102,205
Discovery	28,463
Lot	38,212
Select Vacation Club	3,491
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Total Owners:	278,425

FAIRFIELD RESORTS AND SALES CENTERS

Vacation Ownership Resorts:	28 resorts in 11 states
Resorts under development:	6
Rental Resorts:	1
Urban Sales Centers:	5

OTHER RESORTS

Affiliate Resorts - Resorts which have an agreement with Fairfield to participate in the FairShare Plus program. Accommodations at the resort through FairShare Plus become available as these enrollments take place.

Associate Resorts - Resorts where Fairfield has acquired accommodations which are available in the FairShare Plus system for a limited period of time.

EMPLOYEES (active as of 12/31/99)  
5,404 employees

UNITS  
Approximate number of timeshare units manages  
and/or developed: 3,200

PROGRAMS

FairShare - Vacation ownership of a fixed week at a fixed location. The FairShare Exchange (FAX) system offers internal exchanges to participating Fairfield resorts during three designated seasons.

FairShare Plus - The reservation system that allows members to use points which are symbolic of their vacation ownership to make reservations at participating resorts. Members choose the location, season, length of stay and size of the unit.

Ambassador Referral Program - The program where members can earn credits when their friends and family members visit a Fairfield sales location and purchase LeisurePlan.

LeisurePlan - A travel-related benefits program that offers travel, entertainment and recreational opportunities and discounts.

Discovery Vacations - A short-term membership in the FairShare Plus and LeisurePlan programs.

VCI (Vacation Clearinghouse International) - The Fairfield program which provides additional resort rentals and listing service for resort rentals and resales.

Select Vacation Club - A membership product that offers cash-back savings on travel-related services.

Vacations-To-Go Hotline - An automated call-in service (1-800-851-5730) which provides a listing of last-minute vacation accommodations available at discounted values.

CORPORATE OFFICES  
8669 Commodity Circle, Suite 200



Orlando, FL 32819  
407-370-5200

11001 Executive Center Drive  
Little Rock, AR 72211  
501-228-2700

6400 North Andrews Avenue, Suite 200  
Fort Lauderdale, FL 33309  
954-351-8500

Carnival Corporation  
3655 NW 87th Avenue  
Miami, FL 33178-2428

January 23, 2000

Fairfield Communities, Inc.  
8669 Commodity Circle, Suite 200  
Orlando, Florida 32819

Ladies and Gentlemen:

This letter sets forth our understanding with respect to a contemplated business combination (the "Proposed Transaction") between Carnival Corporation, a corporation organized under the laws of the Republic of Panama ("Carnival"), and Fairfield Communities, Inc. ("Fairfield"), a Delaware corporation. To induce each party to work towards definitive agreements for the Proposed Transaction, the parties hereby agree as follows:

1. The Proposed Transaction. The Proposed Transaction will be a merger between a subsidiary of Carnival and Fairfield based upon a fixed exchange ratio of 0.3164 share of Carnival common stock for each share of Fairfield common stock outstanding (on a total outstanding amount of 44,601,728 shares on the date hereof), the principal terms of which are set forth on Exhibit A hereto.
2. Conditions. Consummation of the Proposed Transaction is subject to the following conditions: (i) execution and delivery of definitive agreements providing for the Proposed Transaction containing representations, warranties, covenants and closing

conditions customary for transactions of this type and which are acceptable to Carnival and Fairfield; (ii) approval of the Proposed Transaction by the Boards of Directors of each of Carnival and Fairfield and the stockholders of Fairfield; (iii) satisfactory completion by each party of its legal, accounting and financial due diligence review of the other party; (iv) receipt of all requisite regulatory approvals, including approval with respect to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (v) an effective registration statement relating to the issuance of the shares of common stock in the merger and no issued or pending stop order (or proceedings with respect thereto); (vi) the exchange of Fairfield common stock for Carnival common stock by the stockholders of Fairfield will qualify as a reorganization under Section 368 of the Internal Revenue Code of 1986, as amended; (vii) the Proposed Transaction will qualify as a pooling of interests under generally accepted accounting principles (provided that Carnival, in its sole discretion, shall be entitled to waive any failure to qualify); (viii) absence of a material adverse change in the business, operations, prospects or financial condition of Fairfield and its subsidiaries or of Carnival and its subsidiaries; (ix) no material breach by either party of representations and covenants in the merger agreement or other definitive agreements; and (x) other customary conditions to closing.

3. Press Release. Promptly after the execution and delivery of this letter by the parties hereto, Carnival and Fairfield shall issue a joint press release in the form of Exhibit B hereto. Thereafter, except as may be required by applicable law or pursuant to the rules and regulations of the New York Stock Exchange, each party shall not, and shall cause its affiliates, agents, advisors and representatives not to, issue or cause the publication of any press release or other announcement with respect to the Proposed Transaction without the prior written consent of the other party.
4. Exclusivity.

(a) From the date hereof until the termination of this letter of intent, neither Fairfield nor any of its subsidiaries shall, nor shall it or any of its subsidiaries authorize or permit any of their respective officers, directors, employees, attorneys, accountants, investment bankers, financial advisors, representatives, agents or other authorized persons to (i) solicit, initiate, encourage (including by way of furnishing information)

or take any other action to facilitate, any inquiry or the making of any proposal which constitutes, or may reasonably be expected to lead to, any acquisition or purchase of a material amount of assets of, or any equity interest in, Fairfield or any of its subsidiaries or any tender offer (including a self tender offer) or exchange offer, merger, consolidation, business combination, sale of substantially all assets, sale of securities, recapitalization, liquidation, dissolution or similar transaction involving Fairfield or any of its subsidiaries (other than (i) the transactions contemplated by this letter, (ii) sales of Fairfield's contracts receivable in any financing in the ordinary course of business or (iii) pursuant to the terms of (A) options and warrants outstanding and as in effect on the date hereof and (B) agreements in effect on the date hereof and expressly disclosed in writing to Carnival) or any other material corporate transaction the consummation of which would or could reasonably be expected to impede, interfere with, prevent or materially delay the Proposed Transaction (collectively, "Transaction Proposals") or agree to or endorse any Transaction Proposal or (ii) propose, enter into or participate in any discussions or negotiations regarding any of the foregoing, or furnish to any other person or entity any information with respect to its business, properties or assets or any of the foregoing, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person or entity to do or seek any of the foregoing.

(b) Notwithstanding the foregoing paragraph 4(a), nothing herein shall prohibit Fairfield from (i) furnishing information pursuant to an appropriate confidentiality letter concerning Fairfield and its businesses, properties or assets to a third party who has made a Qualified Transaction Proposal (as defined below), (ii) engaging in discussions or negotiations with such a third party who has made a Qualified Transaction Proposal or (iii) following receipt of a Qualified Transaction Proposal, taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) under the Securities Exchange Act of 1934, as amended, but in each case referred to in the foregoing clauses (i) through (iii) only after the Board of Directors of Fairfield concludes in good faith after consultation with Fairfield's outside counsel that such action is reasonably necessary for the Board of Directors of Fairfield to comply with its fiduciary obligations to stockholders under applicable law. If the Board of Directors of Fairfield receives a Transaction Proposal, then Fairfield shall (i)

immediately inform Carnival of the terms and conditions of such proposal and the identity of the person or entity making it, (ii) keep Carnival informed of the status and material details of any such Transaction Proposal and of all steps it is taking in response to such Transaction Proposal and (iii) provide Carnival with copies of all documents received in connection with such Transaction Proposal.

(c) For purposes of this letter, the term "Qualified Transaction Proposal" shall mean any Transaction Proposal (i) with respect to which any required financing is committed or, in the good faith judgment of the Board of Directors of Fairfield, after consultation with its outside financial advisors, is reasonably capable of being financed by the person making the proposal, (ii) with respect to which the Board of Directors of Fairfield shall have concluded in good faith, after consultation with its outside legal counsel and financial advisors, is reasonably capable of being completed, taking into account all legal, financial, regulatory and other aspects of the Transaction Proposal and the person making the proposal, and (iii) which would, if consummated, result in a transaction more favorable to Fairfield's stockholders from a financial point of view than the transactions contemplated by this letter of intent.

5. Conduct of Business. Fairfield agrees that it shall conduct the business of Fairfield and its subsidiaries in the ordinary course and that, without the prior written consent of Carnival, Fairfield and its subsidiaries shall not enter into any extraordinary transactions other than as expressly permitted hereby, or settle or compromise any material litigations or claims. Without the prior written consent of Carnival, neither Fairfield nor any of its subsidiaries shall declare or pay any dividends or make any other distributions, issue any securities (including, without limitation, the issuance of any stock options, restricted stock or convertible securities to employees of Fairfield or its subsidiaries) or incur any material indebtedness other than (i) in connection with the conversion of outstanding securities pursuant to their terms or the exercise of outstanding stock options or warrants or pursuant to agreements in effect on the date hereof and expressly disclosed in writing to Carnival and (ii) incurring any indebtedness or entering into any financings in the ordinary course of business of Fairfield and its subsidiaries. Fairfield represents to Carnival that, as of the date hereof, there are 44,601,728 shares of its common stock outstanding, outstanding options and warrants to acquire 3,935,318 shares of common stock at an average

price per share of \$6.86 and no other convertible securities, warrants or options, stock appreciation rights or other similar types of securities outstanding other than pursuant to agreements in effect on the date hereof which have been expressly disclosed in writing to Carnival. Neither Fairfield nor any of its subsidiaries shall take any action which would cause the Proposed Transaction to become ineligible for pooling of interests treatment under generally accepted accounting principles.

6. Due Diligence and Negotiation Process. Each party hereby agrees to cooperate with the other party and its advisors and representatives with a view to consummating its due diligence investigation as promptly as practicable and to provide promptly to the other party such information, documents and agreements as it may request.

The parties hereto agree to begin immediately the due diligence process and the preparation of definitive agreements relating to the Proposed Transaction. The parties hereto agree to use their commercially reasonable efforts to consummate the Proposed Transaction as contemplated hereby.

7. Expenses. Each party agrees to pay its own expenses in connection with the Proposed Transaction (including, without limitation, the negotiation, execution and delivery of this letter). Notwithstanding the foregoing, Fairfield agrees to pay all of Carnival's out-of-pocket expenses incurred in connection with the Proposed Transaction, including, without limitation, all investment banking, legal and accounting fees and expenses (a) if any fee is payable under paragraph 8(b) hereof, (b) if Carnival shall have terminated this letter of intent after having learned of any fact or event which could reasonably be expected, individually or in the aggregate, to result in a material adverse effect on the assets, properties, business, results of operations, condition (financial or otherwise) or prospects of Fairfield and its subsidiaries, taken as a whole, or (c) if the Board of Directors or stockholders of Fairfield shall fail to approve the Proposed Transaction.

8. Termination.

(a) The Proposed Transaction may be abandoned and this letter of intent may be terminated (i) by any party if definitive agreements representing the Proposed

Transaction have not been executed on or before March 1, 2000, or (ii) by Carnival at any time if it determines, in its sole discretion, not to proceed with the Proposed Transaction (A) due to the disclosure of any fact not known to Carnival on the date hereof or (B) because a condition set forth in paragraph 2 will not be satisfied. Notwithstanding the foregoing, paragraphs 4 and 7 through 13 shall survive any such termination.

(b) Fairfield agrees that if at any time within 9 months following the date of termination hereof (A) Fairfield enters into a letter of intent or definitive agreement for a Business Combination, (B) a Business Combination shall have occurred, (C) a special committee of the Board of Directors or the Board of Directors of Fairfield shall have recommended to its shareholders that Fairfield consummate any Business Combination with any person or entity, or (D) (1) any person (other than Carnival or any of its subsidiaries) shall have acquired beneficial ownership (as such term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or the right to acquire beneficial ownership of, or any "group" (as such term is defined in the Exchange Act) shall have been formed which beneficially owns or has the right to acquire beneficial ownership of, shares of Fairfield common stock aggregating 15% or more of the then outstanding Fairfield common stock, or (2) either a Transaction Proposal shall have been made to Fairfield or any of its subsidiaries or any of its stockholders or any person shall have publicly announced an intention (whether or not conditional) to make, or the making of, a Transaction Proposal with respect to Fairfield or any of its subsidiaries and, in the case of clause (A), (C), (D)(1) or (D)(2), thereafter either (i) the proposed Business Combination shall have occurred or (ii) another Business Combination shall have occurred within 18 months following the date of termination hereof, then in such case Fairfield shall pay Carnival an amount equal to the sum of \$25 million. Notwithstanding the foregoing, no such fee shall be paid under this paragraph 8(b) if (i) this letter of intent is terminated (A) by Carnival (i) solely because it determines not to proceed with the Proposed Transaction because it is not satisfied with its due diligence review of Fairfield, (ii) if the Board of Directors of Carnival does not approve the Proposed Transaction, or (iii) due to the failure of any condition referred to in paragraph 2(iv), 2(vi) (unless such failure results from acts or omissions by Fairfield), or 2(vii) (if such failure results from acts or omissions of Carnival), or (B)

by Fairfield (i) if the Board of Directors of Carnival does not approve the Proposed Transaction, or (ii) due to the failure of any condition referred to in paragraph 2(iv) (except that if the failure to satisfy such condition relates to (i) regulatory approvals applicable to Fairfield, Fairfield must have used reasonable commercial efforts to have obtained such approvals and failed to do so, or (ii) regulatory approvals applicable to Carnival, Carnival must have attempted to obtain such approvals and failed to do so, it being understood that neither party is obligated to attempt to obtain such approvals prior to the execution of definitive agreements for the Proposed Transaction), 2(vi) (unless such failure results from acts or omissions by Fairfield), or 2(viii) (if a material adverse change relating to Carnival occurs after August 31, 1999). As used in this paragraph 8(b), "person" shall have the meaning specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(c) Any payment required to be made pursuant to this paragraph 8 shall be made simultaneously with the occurrence of the Business Combination referred to in clause (b) and shall be made by wire transfer of immediately available funds in US Dollars to an account designated by Carnival.

(d) For purposes of this letter, the term "Business Combination" shall mean (i) any transaction or series of related transactions involving a merger, consolidation, share exchange, business combination or similar transaction or transactions relating to Fairfield (other than the Proposed Transaction) resulting in Fairfield's stockholders holding, directly or indirectly, less than 75% of the voting securities of the resulting entity; (ii) a sale, lease, exchange, transfer or other disposition (other than to Carnival or its affiliates) of 20% or more of the assets of Fairfield and its subsidiaries taken as a whole, in a single transaction or series of transactions (other than sales of contracts receivable or other transactions in connection with financings of Fairfield and its subsidiaries in the ordinary course of business); or (iii) the acquisition by any person or "group" (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended and the rules and regulations thereunder) (other than Carnival or its affiliates or any such group controlled by Carnival or its affiliates) of "beneficial ownership" of 25% or more of the Fairfield voting securities whether by tender offer or exchange offer or otherwise.

9. Governing Law and Amendment.

(a) THIS LETTER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

(b) ANY ACTION OR PROCEEDING AGAINST ANY PARTY HERETO RELATING TO THIS LETTER OF INTENT MAY BE BROUGHT AND ENFORCED EXCLUSIVELY IN THE COURTS OF THE STATE OF DELAWARE OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING IN SUCH COURTS AND ANY CLAIM THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) This letter may not be amended, modified or waived except by a written instrument executed by both parties.

10. Third Party Beneficiaries. No third party beneficiary rights are granted hereunder.

11. Remedies. Each of the parties acknowledges and agrees that no failure or delay in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. The parties to this letter further acknowledge and agree that money damages would not be a sufficient remedy for any breach hereof, and that the non-breaching party will be entitled to specific performance as a remedy for any such breach. Such remedy will not be deemed to be the exclusive remedy for a breach hereof but will be in addition to all other remedies available at law or



equity to the non-breaching party.

12. Other. It is understood that this letter agreement and the exhibit hereto merely set forth a statement of intentions with respect to the Proposed Transaction, do not contain all matters upon which agreement must be reached in order for the Proposed Transaction to be consummated, do not constitute an obligation binding on any person to complete the Proposed Transaction or enter into definitive agreements or create rights in favor of any person and no claim shall be made by any party hereto that any withdrawal from the Proposed Transaction was not made in good faith and, except as expressly provided herein, there shall be no liability to any person on the basis of such claim or withdrawal. A binding agreement with respect to the Proposed Transaction will result only from the execution of definitive agreements with respect thereto and will be entirely subject to the terms and conditions contained therein. Notwithstanding the foregoing, the provisions of paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 are acknowledged and agreed to be fully binding on the parties hereto.
13. Counterparts. This letter agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

If this letter correctly sets forth our understanding, please so acknowledge by signing in the space indicated below and returning the enclosed copy of this letter.

Very truly yours,

CARNIVAL CORPORATION

By:

Name:

Title:

ACCEPTED AND AGREED:

FAIRFIELD COMMUNITIES, INC.

By:

Name: James G. Berk

Title: President and Chief Executive Officer

Exhibit A

Seller: Fairfield Communities, Inc.

Buyer: A corporation to be formed by Carnival.

Merger Consideration: Seller and Buyer will merge (the "Merger"). In the Merger, each share of Fairfield common stock outstanding will be converted into 0.3164 shares of Carnival common stock.

Each option and warrant to purchase shares of Fairfield common stock will be converted into options and warrants for a number of shares of Carnival common stock (based on the exchange ratio described above) on the same terms and conditions (with appropriate adjustments to the number of shares and the exercise price to reflect the exchange ratio).

Definitive Agreements: The transaction is subject to negotiation, execution and delivery of definitive agreements setting forth the terms of the Merger. Prior to the execution of definitive agreements, Fairfield's stockholder rights plan will be amended so that the execution and delivery of the definitive agreements and the consummation of the Merger and related transactions will be exempted from the provisions of the stockholder rights plan.

Lock-up and Voting Agreements: Fairfield shall use its reasonable best efforts to cause Ralph Muller, Stephens Group, Inc., its executive officers and directors to enter into customary lock-up and voting agreements with Carnival.

Representations,  
Warranties and Covenants:

Customary for transactions of this nature (including no-shop, expense reimbursement and break-up fee provisions (which shall provide for a \$30 million fee and a 12-month break up fee tail period), which may be different from the terms set forth in the letter of intent to which this Exhibit A is attached) involving the sale of a publicly owned corporation. There will be no survival of any representations, warranties or covenants by Fairfield.

Tax

Treatment: The exchange of Fairfield common stock for Carnival common stock pursuant to a transaction is expected to qualify as a "reorganization" within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended.

Accounting Treatment:

The exchange of Fairfield common stock for Carnival common stock pursuant to a transaction is expected to qualify as a pooling of interests under generally accepted accounting principles; provided that Carnival, in its sole discretion, shall be entitled in the definitive agreement to waive any failure so to qualify.