



best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ].

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately \$2,172,000,000 based upon the closing market price on February 8, 1995 of a share of Class A Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 8, 1995, the Registrant had outstanding 227,657,557 shares of its Class A Common Stock, \$.01 par value and 54,957,142 shares of its Class B Common Stock, \$.01 par value.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

## (A) (3) EXHIBITS:

A. Exhibit 13 to the Registrant's Annual Report on Form 10-K is hereby amended to correct the amount of authorized shares of Class A and Class B Common Stock set forth in the Consolidated Balance Sheet of the Registrant. The corrected amounts are 399,500,000 authorized shares of Class A Common Stock and 100,500,000 authorized shares of Class B Common Stock. The Consolidated Balance Sheet was filed with the commission on page 20 of the Registrant's 1994 Annual Report and incorporated by reference into the Registrant's Annual Report of Form 10-K.

Exhibit 13, as amended, is attached hereto and refiled in its entirety.

B. Part IV, Item 14(a)(3) of the Annual Report on Form 10-K is hereby amended to file the five previously unfiled Exhibits listed below. The Registrant has requested confidential treatment of certain portions of such exhibits.

10.23 Shipbuilding Agreement dated January 14, 1995 between Utopia Cruises, Inc. and Fincantieri-Cantieri Navali Italiani S.p.A.

10.24 Shipbuilding Agreement dated January 14, 1995 between Wind Surf Limited and Fincantieri-Cantieri Navali Italiani S.p.A.

10.25 Shipbuilding Agreement dated December 7, 1994 between Carnival Corporation and Kvaerner Masa-Yards, Inc.

10.26 Shipbuilding Agreement dated January 12, 1995 between Carnival Corporation and Kvaerner Masa-Yards, Inc.

10.27 Shipbuilding Agreement dated March 25, 1992 between Carnival Corporation and Kvaerner Masa-Yards, Inc.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Miami, and the State of Florida on this 20th day of March 1995.

CARNIVAL CORPORATION

By: /S/ HOWARD FRANK

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Howard Frank, Vice Chairman and  
Chief Financial Officer

## OPERATING LEASES

On March 27, 1989, the Company entered into a ten-year lease for 230,000 square feet of office space located in Miami, Florida. The Company moved its operation to this location in October 1989. In December 1994, the Company purchased the building and an adjacent parcel of land for approximately \$23 million. In order to provide space for the Company's expanding operations, the Company has commenced construction of a second building on the parcel of land at an estimated cost of \$35 million. The Company also leases other facilities, transportation and other equipment under operating leases. Rental expense for all operating leases for the years ended November 30, 1994, 1993 and 1992 was approximately \$7.7 million, \$8.7 million and \$10.7 million, respectively. As of November 30, 1994, minimum annual rentals for all operating leases, excluding the lease related to the building purchase discussed above, with initial or remaining terms in excess of one year, are as follows (in thousands):

1995	\$ 5,792
1996	5,789
1997	5,681
1998	4,666
1999	2,908
Thereafter	9,676
-----	
	\$34,512
=====	

## NOTE 11 -- SEGMENT INFORMATION

The Company's cruise segment currently operates sixteen passenger cruise ships and three luxury sailing vessels. Cruise revenues are comprised of sales of tickets and other revenues from on-board activities. A tour business operated by HAL, consisting of sixteen hotels, four luxury day-boats, over 290 motor coaches and eight private domed rail cars comprise the assets that generate revenue for the tour segment. Intersegment revenues represent tour revenues generated when tour services are rendered in conjunction with a cruise.

Segment information for the three years ended November 30, 1994 is as follows:

	(in thousands)		
Year Ended November 30,	1994	1993	1992
-----			
REVENUES			
Cruise	\$1,623,069	\$1,381,473	\$1,292,587
Tour	227,613	214,382	215,194
Intersegment revenues	(44,666)	(38,936)	(34,167)
	-----	-----	-----
	\$1,806,016	\$1,556,919	\$1,473,614
=====			
GROSS OPERATING PROFIT			
Cruise	\$ 726,808	\$ 598,642	\$ 552,669
Tour	50,733	50,352	55,358
	-----	-----	-----
	\$ 777,541	\$ 648,994	\$ 608,027
=====			
DEPRECIATION AND AMORTIZATION			
Cruise	\$ 101,146	\$ 84,228	\$ 79,743
Tour	9,449	9,105	9,090
	-----	-----	-----
	\$ 110,595	\$ 93,333	\$ 88,833
=====			
OPERATING INCOME			
Cruise	\$ 425,590	\$ 333,392	\$ 301,845
Tour	18,084	14,274	23,051
	-----	-----	-----
	\$ 443,674	\$ 347,666	\$ 324,896
=====			
IDENTIFIABLE ASSETS			
Cruise	\$3,531,727	\$2,995,221	\$2,415,547
Tour	138,096	134,146	140,507
Discontinued resort and casino		89,553	89,553
	-----	-----	-----
	\$3,669,823	\$3,218,920	\$2,645,607
=====			
CAPITAL EXPENDITURES			
Cruise	\$ 587,249	\$ 705,196	\$ 111,766
Tour	9,963	10,281	11,400
	-----	-----	-----
	\$ 597,212	\$ 715,477	\$ 123,166
=====			

## NOTE 12 -- EMPLOYEE BENEFIT PLANS

## STOCK OPTION PLANS

The Company has stock option plans, applicable to Class A Common Stock, for certain key employees. The plans are administered by a committee of two directors of the Company (the "Committee") who determine the employees and directors eligible to participate, the number of shares for which options are to be granted and the amounts that any employee or director may exercise within a specified year or years. The maximum number of shares available to be granted as of November 30, 1994 was 3,128,836. Under the terms of the plans, the option price per share is established by the Committee as an amount between 50% and 100% of the fair market value of the shares of Class A Common Stock on the date the option is granted. Since 1991, all options granted have been for 100% of the fair market value of the shares on the date of grant. Options may extend for such periods as may be determined by the Committee but only for so long as the optionee remains an employee of the Company.

The status of options issued by the Company was as follows (restated to reflect a two-for-one stock split):

Years Ended November 30,	1994	1994	1993	1992
	PRICE PER SHARE		NUMBER OF SHARES	
Unexercised Options -- Beginning of Year	\$ 3.88 - \$20.25	730,526	730,598	101,718
Options Granted	\$19.82 - \$23.88	1,764,000	72,000	674,000
Options Exercised	\$ 4.50 - \$16.00	(61,290)	(56,472)	(45,120)
Options Cancelled			(15,600)	
Unexercised Options -- End of Year	\$ 3.88 - \$23.88	2,433,236	730,526	730,598

## RESTRICTED STOCK PLANS

The Company has restricted stock plans under which certain key employees are granted restricted shares of the Company's Class A Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Class A shareholders, subject to certain restriction and forfeiture provisions. Unearned compensation is recorded at the date of award based on the market value of the shares on the date of grant. Unearned compensation is amortized to expense over the vesting period. As of November 30, 1994 there have been 1,896,032 shares issued under the plans of which 661,850 remain to be vested.

## DEFINED CONTRIBUTION PLANS

HAL has two defined contribution plans available to substantially all U.S. and Canadian employees. HAL contributes to these plans based on employee contributions and salary levels. Total expense relating to these plans in each fiscal year ended November 30, 1994, 1993 and 1992 was approximately \$2 million.

## DEFINED BENEFIT PENSION PLANS

The Company adopted two pension plans (qualified and non-qualified) effective January 1, 1989 which together cover all full-time employees of Carnival Corporation working in the United States, excluding HAL employees. Employees will vest in the pension plans 100% after five years of service and will be eligible to receive benefits at age 55. The benefits are based on years of service and the employee's highest average compensation over five consecutive years during the last ten years of employment. Carnival Corporation's funding policy for the qualified plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The weighted average discount rate, 8.5% in 1994, 7.5% in 1993 and 8.0% in 1992, and a 5.0% rate of increase in future compensation levels were used in determining the projected benefit obligation. The expected long-term rate of return on assets was 8.5%.

Pension costs for the qualified and non-qualified defined benefit plans were approximately \$2.0 million, \$1.5 million and \$1.4 million in 1994, 1993 and 1992, respectively.

The funded status of the plans at November 30, 1994 and 1993 is:

	Qualified (in thousands)		Non-Qualified (in thousands)	
	1994	1993	1994	1993
Accumulated benefit obligation:				
Vested	\$ 2,796	\$ 2,673	\$ 3,089	\$ 3,464
Non-vested	285	461	102	149
	\$ 3,081	\$ 3,134	\$ 3,191	\$ 3,613
Projected benefit obligation	\$ 4,606	\$ 4,842	\$ 4,801	\$ 5,532
Plan assets	(3,745)	(3,307)		
Unfunded accumulated benefits	861	1,535	4,801	5,532
Unrecognized prior service cost	(491)	(576)	(460)	(1,553)
Unrecognized gains and (losses)	(493)	(1,067)	309	(265)
Accrued (prepaid) pension obligation	\$ (123)	\$ (108)	\$ 4,650	\$ 3,714



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

PRICE WATERHOUSE LLP [LOGO]

To the Board of Directors and Shareholders of  
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and cash flows present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1994, in conformity with generally accepted accounting principles. 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 generally accepted auditing standards 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 the opinion expressed above.

PRICE WATERHOUSE LLP  
Miami, Florida  
January 23, 1995

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Carnival Corporation and its subsidiaries (the "Company") earn revenues primarily from (i) the sale of passenger tickets, which include accommodations, meals, airfare and substantially all shipboard activities, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour operations of HAL Antillen N.V. ("HAL").

For selected segment information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 11 in the accompanying financial statements.

The following table presents operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated:

Years Ended November 30,	1994	1993	1992
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	57	58	59
Selling and administrative	12	14	13
Depreciation and amortization	6	6	6
OPERATING INCOME	25	22	22
OTHER INCOME (EXPENSE)	(4)	(2)	(3)
INCOME FROM CONTINUING OPERATIONS	21%	20%	19%
=====			
SELECTED STATISTICAL INFORMATION:			
Passengers carried	1,354,000	1,154,000	1,153,000
Passenger cruise days	8,102,000	7,003,000	6,766,000
Occupancy percentage	104.0%	105.3%	105.3%

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity.

Fixed costs, including depreciation, fuel, insurance, port charges and crew costs represent more than one-third of the Company's operating expenses and do not significantly change in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late December through April and late June through August. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets. The Company's tour revenues are extremely seasonal with a large majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

FISCAL YEAR ENDED NOVEMBER 30, 1994 COMPARED TO FISCAL YEAR ENDED NOVEMBER 30, 1993

REVENUES

The increase in total revenues of \$249.1 million from 1993 to 1994 was comprised of a \$241.6 million, or 17.5%, increase in cruise revenues and an increase of \$7.5 million, or 4.3%, in tour revenues for the period. The increase in cruise revenues was primarily the result of a 17.2% increase in capacity for the period. This capacity increase resulted from additional capacity provided by Carnival's Superliners Sensation and Fascination which entered service in November 1993 and July 1994, respectively, and Holland America Line's Maasdam and Ryndam which entered service in December 1993 and October 1994, respectively. Also affecting cruise revenues were slightly higher yields, slightly lower occupancies and lost revenues related to the grounding of the Nieuw Amsterdam which resulted in the cancellation of three one-week cruises in August 1994. See Other Income (Expense) below.

Average capacity is expected to increase approximately 13% during the next fiscal year as a result of the delivery of the Fascination in July 1994, the Ryndam in October 1994 and the Imagination in June 1995, net of a reduction in capacity due to the discontinuance of the Company's FiestaMarina cruise division in September 1994.

Revenues from the Company's tour operations increased to \$182.9 million in 1994 from \$175.4 million in 1993 primarily due to an increase in the number of tour passengers.

COSTS AND EXPENSES

Operating expenses increased \$120.6 million, or 13.3%, from 1993 to 1994. Cruise operating costs increased by \$113.4 million, or 14.5%, to \$896.3 million in 1994 from \$782.8 million in 1993. Cruise operating costs increased primarily due to costs associated with the increased capacity in 1994.

Selling and administrative expenses increased \$15.3 million, or 7.3%, from 1993 to 1994. These increases were

attributable to additional advertising and other costs associated primarily with the increase in capacity. Depreciation and amortization increased by \$17.3 million, or 18.5%, to \$110.6 million in 1994 from \$93.3 million in 1993.

Depreciation and amortization increased primarily due to the additional capacity discussed above. Also, the depreciable lives of four of the Carnival ships built in the 1980's were extended from 20 or 25 years to 30 years to conform to industry standards. This resulted in a reduction of depreciation of approximately \$4 million during 1994.

#### OTHER INCOME (EXPENSE)

Total other expense (net of other income) in 1994 of \$61.9 million increased from \$29.5 million in 1993. Interest income decreased to \$8.7 million in 1994 from \$11.5 million in 1993 due to a lower level of investments in 1994. Interest expense increased to \$73.3 million in 1994 from \$58.9 million in 1993 as a result of increased debt levels. Both the lower investment levels and higher debt levels were the result of expenditures made in connection with the ongoing construction and delivery of cruise ships. Capitalized interest decreased to \$21.9 million in 1994 from \$24.6 million in 1993.

Other expenses increased to \$9.1 million in 1994 because of two events which occurred during 1994. In August 1994, HAL's Nieuw Amsterdam ran aground in Alaska which resulted in the cancellation of three one-week cruises. Costs associated with repairs to the ship, passenger handling and various other expenses amounted to \$6.4 million and were included in other expenses. In September 1994, the Company discontinued its FiestaMarina division because of lower than expected passenger occupancy levels. This resulted in a charge of \$3.2 million to other expense. The cruise ship operated by FiestaMarina was under charter from Epirotiki Lines, 43% owned by the Company, and was returned to Epirotiki.

Income tax expense increased to \$10.1 million in 1994 primarily as a result of taxes, approximately \$3 million, on a dividend paid by the tour company, a U.S. company, to its parent company, a foreign shipping company.

FISCAL YEAR ENDED NOVEMBER 30, 1993 COMPARED TO FISCAL YEAR ENDED NOVEMBER 30, 1992

#### REVENUES

The increase in total revenues of \$83.3 million from 1992 to 1993 was comprised of an \$88.9 million, or 6.9%, increase in cruise revenues for the period and a \$5.6 million decrease in tour revenues. The increase in cruise revenues was primarily the result of a 3.5% increase in capacity for the period resulting from the addition of Holland America Line's cruise ship Statendam in late January 1993 and a 3.3% increase in passenger yields resulting from an increase in ticket pricing and passenger spending.

Revenues from the Company's tour operation decreased \$5.6 million, or 3.1%, from \$181.0 million in 1992 as compared to \$175.4 million in 1993. The decrease was due to a reduction in pricing resulting from increased discounting by competitors.

#### COSTS AND EXPENSES

Operating expenses increased \$42.3 million, or 4.9%, from 1992 to 1993. Cruise operating costs increased by \$42.9 million, or 5.8%, to \$782.8 million in 1993 from \$739.9 million in 1992, primarily due to additional costs associated with the increased capacity in 1993.

Selling and administrative costs increased \$13.7 million, or 7.0%, primarily due to increases in advertising expenses associated with increased capacity and an increase in television advertising in 1993.

Depreciation and amortization increased by \$4.5 million, or 5.1%, to \$93.3 million in 1993 from \$88.8 million in 1992 primarily due to the addition of the Statendam.

#### OTHER INCOME (EXPENSE)

Other expense (net of other income) of \$29.5 million decreased in 1993 from \$43.1 million in 1992. Interest income decreased to \$11.5 million in 1993 from \$16.9 million in 1992 due to lower interest rates on short-term investments in 1993. Interest expense, net of capitalized interest, decreased to \$34.3 million in 1993 from \$53.8 million in 1992. Total interest expense decreased to \$58.9 million in 1993 from \$75.5 million in 1992 as a result of decreased debt levels and lower interest rates on floating rate debt. Capitalized interest increased to \$24.6 million in 1993 from \$21.7 million in 1992 due to higher investments in vessels under construction. Income tax expense decreased \$3.5 million to \$5.5 million in 1993 from \$9.0 million in 1992 due primarily to a reduction in earnings for the tour operation.

#### LIQUIDITY AND CAPITAL RESOURCES

##### SOURCES AND USES OF CASH

The Company's business provided \$537 million of net cash from operations during the year ended November 30, 1994, an increase of 12% over the comparable period in 1993. The increase was primarily the result of higher earnings for the period.

During the year ended November 30, 1994, the Company spent approximately \$595 million on capital projects of which \$549 million was spent in connection with its ongoing shipbuilding program. The Fascination and the Ryndam were completed and delivered in 1994. The remainder was spent on vessel refurbishments, tour assets and other equipment.

These capital expenditures were funded by cash from operations, borrowings under the \$750 Million Revolving Credit Facility and the issuance by the Company of \$100 million of 7.7% Notes Due July 15, 2004 (the 7.7% Notes) and \$30 million of medium term notes due from 1999 to 2004.

The Company also made scheduled principal payments during 1994 totalling approximately \$90 million under various individual vessel mortgage loans and paid \$79 million in cash dividends.

#### FUTURE COMMITMENTS

The Company is scheduled to take delivery of eight new vessels over the next five years. The Imagination is scheduled for delivery in fiscal 1995. The Company will pay approximately \$385 million in fiscal 1995 related to the

construction of cruise ships and \$1.9 billion beyond fiscal 1995. See Note 10  
in the accompany-

ing financial statements for more information related to commitments for the construction of cruise ships. In addition, the Company has \$1,132 million of long-term debt of which \$85 million is due in fiscal 1995. See Note 6 for more information regarding the Company's debt. The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations. See Notes 2 and 8 for more information regarding forward contracts and swap agreements.

#### FUNDING SOURCES

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. In addition, the Company may fund a portion of the construction cost of new ships from borrowings under the \$750 Million Revolving Credit Facility and/or through the issuance of long-term debt in the public or private markets. One of the Company's subsidiaries also has a \$25 million line of credit. At November 30, 1994, approximately \$512 million was available for borrowing by the Company under the \$750 Million Revolving Credit Facility.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under the \$750 Million Revolving Credit Facility, the Company believes that it 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. In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to \$500 million aggregate principal amount of debt or equity securities. In July 1994, the Company issued the 7.7% Notes under the Shelf Registration. The Company has also commenced an ongoing \$100 million medium term note program under the Shelf Registration pursuant to which the Company may from time to time issue notes with maturities from nine months to 50 years from the date of issue. Under the medium term note program, the Company has issued \$30 million of five to ten-year notes bearing interest at rates ranging from 5.95% to 7% per annum. A balance of \$370 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration.

## SUPPLEMENTAL INFORMATION

## SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years ended November 30, 1990 through 1994 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes. Certain amounts in prior years have been reclassified to conform with the current year's presentation.

(In thousands, except per share data)

Years Ended November 30,	1994	1993	1992	1991	1990
<b>INCOME STATEMENT DATA:</b>					
Total revenues	\$1,806,016	\$1,556,919	\$1,473,614	\$1,404,704	\$1,253,756
Operating income	\$ 443,674	\$ 347,666	\$ 324,896	\$ 315,905	\$ 291,313
Income from continuing operations	\$ 381,765	\$ 318,170	\$ 281,773	\$ 253,824	\$ 234,431
Net income	\$ 381,765	\$ 318,170	\$ 276,584	\$ 84,988	\$ 206,202
<b>Earnings per share (1):</b>					
Income from continuing operations	\$ 1.35	\$ 1.13	\$ 1.00	\$ .93	\$ .87
Net income	\$ 1.35	\$ 1.13	\$ .98	\$ .31	\$ .77
Dividends declared per share	\$ .285	\$ .280	\$ .280	\$ .245	\$ .240
Passenger cruise days	8,102	7,003	6,766	6,365	5,565
Percent of total capacity (2)	104.0%	105.3%	105.3%	105.7%	106.6%

(in thousands)

November 30,	1994	1993	1992	1991	1990
<b>BALANCE SHEET DATA:</b>					
Total assets	\$3,669,823	\$3,218,920	\$2,645,607	\$2,650,252	\$2,583,424
Long-term debt and convertible notes	\$1,161,904	\$1,031,221	\$ 776,600	\$ 921,689	\$ 999,772
Total shareholders' equity	\$1,928,934	\$1,627,206	\$1,384,845	\$1,171,129	\$1,036,071

(1) All earnings per share amounts have been adjusted to reflect a two-for-one stock split effective November 30, 1994.

(2) In accordance with cruise industry practice, total capacity is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

## MARKET PRICE FOR CAPITAL STOCK

The following table sets forth for the periods indicated the high and low market prices for the Class A Common Stock on the New York Stock Exchange restated to reflect the two-for-one stock split effective November 30, 1994:

	SALES PRICE			SALES PRICE	
	HIGH	LOW		HIGH	LOW
Fiscal Year ended November 30, 1994:			Fiscal Year ended November 30, 1993:		
FIRST QUARTER	\$26.125	\$23.000	FIRST QUARTER	\$19.688	\$15.688
SECOND QUARTER	\$25.438	\$21.000	SECOND QUARTER	\$19.563	\$15.125
THIRD QUARTER	\$24.063	\$21.750	THIRD QUARTER	\$22.125	\$16.500
FOURTH QUARTER	\$23.125	\$20.563	FOURTH QUARTER	\$24.125	\$19.875

As of February 14, 1995, there were approximately 3,488 holders of record of the Company's Class A Common Stock. All of the issued and outstanding shares of Class B Common Stock are held by The Micky Arison 1994 "B" Trust, a United States Trust, whose primary beneficiary is Micky Arison. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

## SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for the year ended November 30, 1994 are as follows:

FOR THE QUARTER	(in thousands, except per share data)			
	FIRST	SECOND	THIRD	FOURTH
TOTAL REVENUES	\$385,256	\$409,400	\$600,796	\$410,564
OPERATING INCOME	\$ 72,013	\$ 85,780	\$204,927	\$ 80,954
NET INCOME	\$ 65,051	\$ 77,886	\$168,776	\$ 70,052
EARNINGS PER SHARE	\$ .23	\$ .28	\$ .60	\$ .25

Quarterly financial results for the year ended November 30, 1993 are as follows:

FOR THE QUARTER	(in thousands, except per share data)			
	FIRST	SECOND	THIRD	FOURTH
TOTAL REVENUES	\$323,635	\$378,237	\$529,328	\$325,719
OPERATING INCOME	\$ 51,732	\$ 70,236	\$172,008	\$ 53,690
NET INCOME	\$ 50,677	\$ 65,140	\$152,214	\$ 50,139
EARNINGS PER SHARE	\$ .18	\$ .23	\$ .54	\$ .18

[PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO  
AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT  
REQUESTED BY CARNIVAL CORPORATION]

FINCANTIERI CANTIERI NAVALI ITALIANI SpA

and

UTOPIA CRUISES, INC.

SHIPBUILDING CONTRACT  
for Hull 5979

## INDEX

Art.	Index
1.	Subject of the Contract
2.	Vessel's Classification - Rules and Regulations - Certificates
3.	Vessel's Characteristics
4.	Builder's Supply - Owner's Supply
5.	Approvals - Supplies by Third Parties
6.	Hull Number
7.	Inspection of Construction
8.	Delivery
9.	Price
10.	Payment Conditions
11.	Defaults by the Owner
12.	Trials
13.	Speed - Liquidated Damages
14.	Deadweight - Liquidated Damages
15.	Stability
16.	Passengers and Crew Accommodation Capacity
17.	Fuel Oil Consumption - Liquidated Damages
18.	Vibrations and Noise
19.	Maximum Amount of Liquidated Damages
20.	Termination of the Contract - Liquidated Damages to be paid by the Builder
21.	Property Rights
22.	Responsibility after Delivery
23.	Insurance
24.	Modification to Plans and Specification
25.	Guarantee - Liability
26.	Events of Force Majeure
27.	Patents
28.	Contract Expenses
29.	Assignment of the Contract
30.	Law of the Contract - Disputes
31.	Address for Correspondence
	Annex 1
	Annex 2
	Annex 3 A, B, C, D
	Annex 4
	Annex 5

## SHIPBUILDING CONTRACT

Between:

UTOPIA CRUISES, INC. a company organised and existing under the law of Panama, with a registered office in Panama City, Panama hereinafter called the "Owner"

and

FINCANTIERI - CANTIERI NAVALI ITALIANI S.p.A., a company organised and existing under the law of the Republic of Italy, with registered office in Trieste, via Genova, 1, fiscal code 00397130584, hereinafter called the "Builder",

IT IS HEREBY AGREED AND STIPULATED AS FOLLOWS:

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 1

Subject of the Contract

1.1

The Builder undertakes to design and build at its Monfalcone Yard and to deliver to the Owner, who undertakes to accept delivery of one passenger cruiseship for the transport of XXXX passengers and XXXX crew (plus XXX pullmans or convertible sofas) and a deadweight of XXXX metric tonnes (hereinafter called "Vessel"), identical in all respects (except as provided in this Contract) to the passenger ship identified by Hull Number 5941, now under construction at Monfalcone yard, as originally contracted for in the Shipbuilding Contract dated January 11, 1993 (hereinafter as amended, called the "Principal Contract" ) but with all modifications to the plans and specification and related documentation (including Maker's List) agreed in regard of Hull 5941 to the date of December 19, 1994. In this contract the term "Specification" means the Specification as defined in the Principal Contract in relation to Hull 5941 with the modifications provided in this Contract. The length of the Vessel shall be increased as compared with Hull 5941 as provided in Article 3 and the Vessel shall be constructed in accordance with the General Arrangement Plan of even date herewith (G.A. Plan Yard No. 5979 as modified 12 January 1995) and the Owner's architect's telefax message of 12 January 1995 and attached plans (hereinafter together called the "Plan").

The Specification for the Vessel shall be the same as for Hull 5941 except that:

- Model tests shall be restricted to propulsion tests only.
- Mock-up cabins for Hull 5941 will apply and no additional mock-up cabins will be required.
- A bow, anchor-test model will not be required.

- 1.2 The decorative details of the public areas of the Vessel will be different from the Vessel built under the Principal Contract and the Owner's architects will provide drawings thereof according to the building schedule of the Vessel. The Builder will advise the Owner as soon as practical of the dates by which such drawings require to be supplied to provide the architect reasonable time to prepare the drawings. It is however agreed that the Specification for the Vessel relating to the public areas and the general scope, materials and finish for the Vessel will be to the standard until today agreed for Hull 5941.
- 1.3 In the event of conflict between this Contract and the Specification and/or Plans, the provisions of this Contract shall prevail. In the event of conflict between the Specification and the Plan, the provisions of the Specification shall prevail.

## ARTICLE 2

## Vessel's Classification - Rules and Regulations - Certificates

- 2.1 The Vessel will be built under the survey of Lloyd's Register of Shipping (the "Classification Society") and to Rules and Regulations of Lloyd's Register of Shipping for the Class "+ 100 A1 + LMC, UMS, Passenger Ship Unrestricted Service, Underwater Survey".
- 2.2 The Vessel shall comply with the laws, rules, regulations and enactments published and in force on the date hereof as stated in the SPECIFICATIONS, including also Stability Regulations for Passenger Vessels (April 1990) and Fire Protection for Lifeboats and Rafts in way of windows and screens (SOLAS 74, amended) to the requirements of the Classification Society and the Panamanian Government. The Vessel shall also comply with the requirements of the following:
- (a) U.S.P.H including "Vessel Sanitation Programme - Operation Manual (edition August 1989) and W.H.O. "Guide to Ship Sanitation"; and
  - (b) SOLAS Regulations and Wireless in relation to Global Marine Distress Signal Systems.
- 2.3 Classification, certification, testing and survey charges to be paid to the Classification Society and other third parties related to the construction and delivery of the Vessel, its machinery and equipment shall if so required in the Specification be for the account of the Builder.
- 2.4 The decisions by the Classification Society and other regulatory bodies which are to issue the certificates set forth in the Specification shall be binding on both Parties hereto as to the Vessel's compliance or non-compliance with the rules and regulations of the Classification Society and such regulatory bodies. This does not absolve Builder from compliance with the Specification in respect of provisions which exceed the above requirements.

2.5 The Builder shall carry out such work as is necessary in accordance with this Contract so that the Vessel on arrival in the U.S.A. is approved by the USPH authorities.

2.6 Where after December 19, 1994 amendments to the Specifications and/or Plans for Hull 5941 are agreed in relation to Hull 5941, such amendments shall, except where agreed otherwise, be incorporated in the Vessel with the same adjustments to the Contract Price and technical characteristics of the Vessel as was agreed in relation to Hull 5941.

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ARTICLE 3

Vessel's Characteristics

3.1 The Vessel shall have the following main dimensions and characteristics:

(A)	Main dimensions -----			
	Length between perpendiculars	abt.	XXXXX	m
	Length overall	"	XXXXX	m
	Breadth at water line (moulded)	"	XXXXX	m
	Breadth Maximum	"	XXXXX	m
	Depth moulded to deck 2	"	XXXXX	m
	Depth moulded to deck 7	"	XXXXX	m
	Depth moulded to deck 12	"	XXXXX	m
	Design Draught (maximum in seawater density 1.025 kg/m(3))	"	XXXXX	m
	Deadweight at above Design			
	Draught of XXXX M	"	about XXXX	metric tons (to be adjusted)
	which may be distributed as follows:			
	- passengers and crew effects		XXX	tonnes
	- provisions and stores		XXX	tonnes
	- heavy fuel oil		XXX	tonnes
	- diesel oil		XXX	tonnes
	- pool water		XXX	tonnes
	- stores and spares		XXX	tonnes
	- Owner's supplies over and above			To be
	Owner's supplies included in lightship weight		XXX	tonnes
	- sewage			Adjusted XXX tonnes
	- lubricating oil (in storage)		XXX	tonnes

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- fresh water	XXX tonnes
- technical water	XXX tonnes
- miscellaneous	XXX tonnes
	-----
	Total XXXX tonnes
	(to be adjusted)

To be adjusted relative to 5941 as follows:

(B) Passenger Cabins

Standard Cabins inside (with shower)	XXX
Standard Cabins outside without balcony	XXX
Outside Cabins with Balcony	XXX
Suites	XXX
Penthouse Suites	XXX

-----  
XXXX Total

Crew Cabins

crew cabins (shared bathroom between two cabins)	XXX	May be subject
staff cabins/P.O. cabins	XXX	to minor
officer cabins	XXX	re-distribution

-----  
XXXX Total

(C) Life saving equipment

Total number of persons on board for purpose of life saving equipment to be XXXX

(D) Machinery - Diesel Electrical Generators/Propulsion Plant

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The main propulsion machinery shall consist of XXXXXXXX elastically mounted medium speed diesel engines driving electrical generators and XXXXXXXX cycloconverter controlled electric motors, each driving one controllable pitch propeller.

(E) Main Diesel Generating Sets

The main diesel generating sets shall comprise XXXXXXXX medium speed, four stroke, trunk piston diesel engines, turbocharged, fresh water cooled, started by compressed air of the following number and type:

2 x GMT - Sulzer 12ZAV 40S, MCR XXXXXXXX at XXX r.p.m.  
4 x GMT - Sulzer 16ZAV 40S, MCR XXXXXXXX at XXX r.p.m.

Total installed machinery power : XXXXX MW (ISO XXXXXXXX)  
Fuel oil : HFO with maximum viscosity according to CIMAC K 55.

(F) Power and Speed

(i) Service speed:

With propulsion motor power of XX MW (XXXXMW) the Vessel in trial conditions shall reach a speed of XXXX knots at XXX draught and wind/sea force not exceeding 2 Beaufort scale.

(ii) Guaranteed contract speed:

With all XXX diesel alternators in operation and with the propulsion motors developing each at the motor flange XX MW at about XXX r.p.m. the Vessel, under trial conditions with clean bottom and wind/sea force not exceeding Beaufort scale 2, shall reach a speed of XXXXXX knots at XXXM draught.

(G) Trade

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The Vessel is to be suitable for around the world cruising with consideration of 10-14 day cruises at service speed of XX knots. Minimum range in respect of fuel to be XX days.

3.2 The foregoing main characteristics (except the characteristics which are the subject of Articles 13, 14, 15, 16 and 17) may be slightly modified, should the Builder deem such modifications necessary to fulfil the contractual requirements in respect of the draft, deadweight, stability and guaranteed speed. Such modifications shall be subject to the Owner's prior approval, such approval not to be unreasonably withheld.

3.3 It is understood that the XXXXXXXXXXXX of the Vessel as compared with Hull 5941 may have an effect on the trial and service speed of the Vessel as specified in the Shipbuilding Contract as well as on the deadweight scantling drafts and other characteristics specified in Article 3.01(A). It is agreed that the trial speed of the Vessel for the purpose of Article 3(F) and 13 shall be the speed calculated on the basis of the model tests to be carried out in accordance with Article 12.2 and the service speed for the purpose of Article 3(F) and 13 shall be recalculated by reference to the result of the tank tests aforesaid. Notwithstanding the foregoing, if the trial speed and/or service speed of Hull 5941 fall short of the trial speed and/or service speed specified in the Contract for Hull 5941 the specified trial speed and service speed for Hull 5941 shall be used as the reference point for the calculation of liquidated damages in respect of the Vessel under Article 13 rather than the trial and/or service speed revised as provided above.

Thrusters' power will be of XXXX KW each.

3.4 Services, such as air conditioning, sewage collection and treatment, etc., are to be increased as necessary.

## ARTICLE 4

## Builder's Supply - Owner's Supply

- 4.1 Those items of equipment listed under paragraph 0,132 (Owner's supply) of the Specification Section "0" will be provided by the Owner. The Builder shall supply all other items of equipment and materials which are required for the construction and outfit of the Vessel in accordance with the standards prescribed in Article 1 and in the Specification whether or not such items are or are not expressly listed in the Specification provided such are necessary for construction and outfit of the Vessel as described herein and in the Specification.
- 4.2 The Owner's supplies will reach the Builder's Shipyard delivered at the Shipyard, in due time to maintain the Schedule of delivery to such items advised by the Builder so as to give the Owner adequate time to arrange such supply in conformity with the schedule of construction of the Vessel.
- 4.3 The Builder shall be responsible both for the keeping in stores safe and well protected from damage and deterioration including from atmospheric agents and for the careful handling of the Owner's supplies, including artwork delivered to the Shipyard and shall also take care, at its own expense and under its responsibility, for the subsequent loading and arrangement on board (including framing and mounting of artwork) of the various materials and of the installation of the equipment supplied by the Owner.
- 4.4 The Builder shall advise the Owner as soon as practicable of any deficiency or damage in the supply or performance of the Owner's supplies. The Owner as soon as practicable shall take all necessary steps to supply missing items and rectify deficiencies in performance.
- 4.5 For items of machinery and equipment the usual assistance of the maker for installation and testing will be made available to the Builder by the Owner.

- 4.6 The Builder shall not be responsible for the quality and efficiency of the Owner's supplies but shall be responsible for their proper installation which will be governed by the guarantee under the terms set out in Article 25 hereof.
- 4.7 The foregoing shall apply also for the Owner's other supplies, if any, not foreseen in the Specification, for which the Owner and the Builder shall mutually agree each time upon possible costs of loading and fitting on board.
- 4.8 Fuel oils and lubricants for the set up of the plants on board and for all the shop tests of such plants and the trials of the Vessel afloat will be supplied by the Builder and at the Builder's cost and expense.
- 4.9 The Builder will assist the Owner in clearing with customs and taking delivery to the Builder's yard of each shipment of the Owner's supplies in cooperation with the Owner's local representatives.

## ARTICLE 5

## Approvals - Supplies by Third Parties

5.1 Wherever mentioned in this Article, the term "drawings" shall mean plans, schedules, subcontractors' supply order specifications and other material subject to Owner's approval as per the Specification.

Drawings shall be submitted for approval only for new or modified construction and outfit different from those already approved for Hull 5941.

5.2 The Builder shall send by courier to the Owner, for preliminary approval, copies of the drawings for the construction, outfitting and completion of the Vessel as foreseen in the Specification, and the Owner shall dispatch by courier one copy of the foregoing drawings, either approved or supplemented with possible remarks suggestions or proposals, within a term of 21 days as from the date of arrival of the drawings to the Owner's office or such longer period as may be agreed by the Builder at its reasonable discretion if the Owner requests an extension of the said 21 day period.

In the event that, on such expiration date the foregoing drawings have not yet been returned to the Builder, such drawings will be considered as approved.

5.3 The Builder shall take into consideration the remarks, suggestions or proposals, if any, by the Owner, acting as follows:

- (A) if such remarks, suggestions or proposals are covered by its contractual obligations, the Builder shall promptly carry them out without claiming any costs and shall supply the Owner with the relevant amended drawings in order to describe and confirm the modification made;

(B) conversely, the remarks, suggestions or proposals not covered by the Builder's contractual obligations will be handled according to Article 24 hereof.

The amendments, in respect of drawings referred under sub-para (B) above according to Article 24 hereof, will in turn be submitted for the approval of the Owner, with the same procedure, limited to the part modified.

5.4 Approval or deemed approval of such drawings etc shall in no way affect the responsibility of the Builder for the successful completion of the Vessel and for the fulfilment of the Builder's contractual obligations under this Contract, the Specification and the Plans.

5.5 The Owner undertakes to use reasonable endeavours to ensure that the requested approvals are given in the shortest time reasonably practicable within the period specified in paragraph 2 of this Article.

5.6 The Builder shall have the right to sub-contract part of the supply and work to be carried out under this Contract on the building site or elsewhere provided that the main work of construction and main work of assembly of the Vessel's sections, as well as installation of machinery, equipment and outfit, shall be carried out at the Builder's yard at Monfalcone.

5.7 The subcontractors for items included in the makers' list agreed between the Owner and the Builder (the "Makers' List") shall be one of the companies listed in the Maker's List in relation to the relevant item. The Owner and Builder may by agreement from time to time add to or remove names from the Makers' List. In relation to those items specified in the Makers List the Builder shall select the supplier from the companies listed in the Makers' List and send to the Owner for approval in accordance with Article 5 the specification of the relevant item together with the information the Owner may reasonably require to assess the suitability of the Maker proposed. The Owner shall approve or disapprove the specification as provided in Article 5 and may propose to the Builder the selection of another of the companies listed in the Makers' List in relation to the relevant item. The Builder will

do its best to meet the Owner's wishes and will forward the respective specification for its approval. However if the item supplied by the company proposed by the Owner from those of the Makers' List in relation to the relevant item is more expensive than the item manufactured or supplied by the company as proposed by the Builder and the Builder and the Owner are unable to agree on the selection of the item by the company proposed by the Owner (within the procedures laid down in Article 5), the Owner may insist on the selection of the company proposed by it provided that the difference in price shall be treated as a modification as provided in Article 24.

- 5.8 The selection of subcontractors for main items not included in the Makers' List shall be subject to the Owner's prior approval such approval not to be unreasonably withheld.
- 5.9 Any contact with the Builder's suppliers, in connection with the supplies intended for the Vessel subject of this Contract will, in any case, be carried out through the Builder.
- 5.10 The Owner will be provided with such information as it may reasonably request in order to verify the performance of the equipment supply or work carried out by the subcontractors.
- 5.11 The supplies from and work of third parties will be covered by the Builder's guarantee as provided in Article 25 hereof.
- 5.12 The Owner undertakes to supply the architectural drawings ("Design Concepts") developed from the public rooms Owner's architect drawings referred to in Article 1 relevant to the public rooms and passenger open decks identified in the Plans. Such Design Concepts will be drawn up at the Owner's expense and delivered to the Builder. The Builder will advise the Owner within three months from the date of this Contract of the schedule for delivery and scope of the Design Concepts for the Vessel which the Owner has to provide. Such schedule shall allow reasonable time in each case for the Owner's architect to draw up such Design Concepts and the Builder shall provide the Owner's architect a reasonable period in advance of the

deadline for submission of the Design Concepts with information regarding the layout, frame spacing, steel structure, engine casing, vertical and horizontal air and cable ducts and other similar information which is sufficiently firm to enable the Owner's architect to prepare the Design Concepts and precludes foreseeable major changes in such items which would affect the preparation of such Design Concepts.

The Design Concepts will conform with the structure and layout of the relevant areas of the Vessel and the standards stipulated in this Contract. However if the Builder discovers that detailed modifications are required to accommodate the general concepts in a reasonable manner, it will promptly notify the Owner about the problem with a view to finding a solution acceptable to both parties.

Within two months from the receipt of the Design Concepts the Builder shall work up the Design Concepts and provide the Owner with detailed drawings implementing the same and during the following 30 days the Builder and the Owner shall collaborate to reach the final decision about the drawings implementing the Design Concepts.

Each of the final drawings prepared by the Builder will be signed by the Owner and the Builder by way of approval.

## ARTICLE 6

## Hull Number

6.1 The Vessel will be identified as hull number 5979.

6.2 As soon as possible after the arrival at the Builder's yard, all materials, machinery and other equipment intended to be incorporated in the Vessel shall be marked with the above Hull number for the purpose of identification and establishing that such materials, machinery and equipment belong to the Vessel. The Builder may not use any such marked material, machinery, and equipment for the construction of any other vessel without the approval of the Owner, such approval not to be unreasonably withheld. The Builder may not use for the construction of the Vessel materials, machinery and other equipment marked for use in the construction of any other vessel without the approval of the Owner, such approval not to be unreasonably withheld.

## ARTICLE 7

## Inspection of Construction

- 7.1 During the Vessel's construction, the Owner shall have the right to have the Vessel and all engines, auxiliary machinery, outfit, furnishing etc., inspected by its authorised representatives, to whom the Builder shall grant free access - during working hours - to the Vessel, its shipyard and workshops and shall obtain the same right of access to the plant where parts intended for the Vessel subject of this Contract were sub-contracted by the Builder.
- 7.2 The supervision and inspection carried out during the Vessel's construction by the Owner or its authorised representative shall not relieve the Builder from its obligations to complete the Vessel in accordance with this Contract and Specification and the Plans. Throughout the period during which the Vessel is under construction the Builder will conduct its proper quality control programme of inspections, testing and supervision by a team of the Builder's staff designated for this purpose. The Owner's quality control staff shall wherever practicable work together with the Builder's staff and jointly sign protocols in respect of items approved by them.
- 7.3 The Owner and/or its authorised representatives shall promptly notify the Builder in writing of any noted defects and deficiencies which are considered by them as non-compliance with the contractual conditions in respect of materials or workmanship.
- 7.4 Approval by the Owner or Owner's representatives of work, inspections, tests, trials, documents or plans shall not relieve the Builder of its responsibility for the successful completion of the Vessel in accordance with this Contract, the Specification and Plans.
- 7.5 The Builder shall take into due account reasonable remarks, if any, by the Owner or its authorised representatives, within the limits of the contractual obligations.

- 7.6 The Owner's authorised representatives shall observe the work rules prevailing at the Builder's and Builder's subcontractors' premises as far as they may be concerned. They shall also address their remarks exclusively to the Builder's appointed representatives.
- 7.7 Should the Owner elect to entrust the inspection to persons outside its organisation, such persons shall be subject to the Builder's prior approval (not to be unreasonably withheld).
- 7.8 The Builder shall prepare an inspection and tests schedule and shall give to the Owner reasonable advance notice about the dates of all inspections, tests and trials including those carried out on sub contractors' premises as required by the Specification. On completion of the test operations of major items, there will be drawn up protocols of acceptance undersigned by the Owner's and Builder's authorized representatives and, wherever required, by the Classification Society.
- 7.9 The Builder shall provide at its yard to the Owner's Representatives, for their inspection tasks, suitably furnished office spaces equipped with lavatories, telephone, word processors and telefax and as described in the Specification. The telephone and telex/telefax expenses will be borne by the Owner.

## ARTICLE 8

## Delivery

8.1

The delivery of the Vessel means the presentation of the Vessel afloat, moored at a quay, suitable for crew and passenger embarkation and loading of Owner's supplies and provisions, free from encumbrances or liens (other than the Construction Finance Mortgage referred to in Article 10.5 which shall be discharged contemporaneously with delivery), upon the satisfactory trials completion and completion of all work required under this Contract, the Specification and the Plans, together with the documents required by the Specification. Such documents shall be in the usual form they are issued on delivery.

The following further documents will be handed over to the Owner

- (A) Invoice for the total final price.
- (B) Declaration of Warranty of the Builder that the Vessel is delivered to the Owner free and clear of any and all liens, claims or other encumbrances upon the Vessel and the Owner's title thereto, and in particular, that the Vessel is absolutely free of all burdens, in the nature of imposts, taxes or charges imposed by the city, state or county of the port of delivery, as well as of all liabilities arising from the construction or operation of the Vessel on trial runs or otherwise, prior to delivery and acceptance.
- (C) Builder's Certificate.

A protocol of delivery and acceptance will be signed by the Builder and the Owner.

8.2

If:-

- (A) the aforementioned documents are tendered by the Builder and

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(B) the Vessel has been duly completed in accordance with this Contract, the Specification and the Plans, the delivery shall be considered as carried out to all effects even if the Owner refuses to sign the protocol of delivery and acceptance.

8.3 The Vessel will be delivered to the Owner, in accordance with this Contract and provided the payments hereinafter specified are made within the terms set forth, upon completion of all work necessary to enable the Vessel to comply with this Contract, the Specification and the Plans on 15 December 1998 extended by the period by which the delivery of the Vessel is delayed by reason of force majeure affecting the Vessel as provided in Article 26 and for modifications affecting the Vessel as provided in Article 24 and for delays in payment in relation to the Vessel as provided in this Contract which would permit the Builder to delay delivery of the Vessel. The Vessel may be delivered at the Builder's yard at which the Vessel has been built or at Venice or Trieste provided that the Builder shall give to the Owner not less than 30 days' notice of the place of delivery. The Builder agrees and will procure that the Vessel may remain at the quay for a period of 7 days after delivery. If the Vessel is completed and tendered for delivery to the Owner before the date specified above the Owner may, but shall not be obliged to, take delivery of the Vessel before that date.

8.4 Should the Vessel not be delivered in accordance with the terms of this Contract, the Specification and the Plans on or before the date extended as referred to therein the Builder shall pay to the Owner as final liquidated damages an amount of US Dollars XXXXXXXX for each solar day of delay.

8.5 Should the delay in the delivery of the Vessel, exceed by 360 solar days, the delivery date specified in paragraph (3) of this Article extended as referred to in the said paragraph (3) the Owner, as an alternative to receiving the foregoing liquidated damages, shall have the right to terminate this Contract with the consequences set forth in Article 20 hereof.

8.6 Should the delay in the delivery of the Vessel exceed by more than 540 solar days the delivery date specified in relation thereto in paragraph (3) of this Article, as extended by the period by which the Vessel is delayed by reason of modifications affecting the Vessel as provided in Article 24 and delays in payment in relation to the Vessel as provided in Article 11 then, irrespective of the provisions of Article 26 which might otherwise permit postponement of delivery, the Owner shall have the right to terminate this Contract with the consequences set forth in Article 20 hereof.

8.7 Without prejudice to the Owner's rights under Article 8, 13, 14, 15, 16, 17 and 18 of this Contract, in the event that the Vessel is tendered for delivery by the Builder, the Vessel has defects or deviations (other than defects or deviations referred to in Articles 13, 14, 16, 17 or 18) and each of the following conditions is satisfied in relation thereto:

- (A) the defects and/or deviations do not make the Vessel unsuited to the service for which the Vessel has been ordered; and
- (B) the defects and/or deviations do not represent a material departure from the requirements of this Contract, the Specification, the Plans and the hull lines and form developed for the Vessel; and
- (C) the defects and/or deviations cannot reasonably be expected to affect the operational efficiency of the Vessel; and
- (D) the defects and/or deviations cannot reasonably be expected to affect the safety or comfort of the Vessel's passengers; and
- (E) the defects and/or deviations do not prevent the issue of the certificates which the Builder is required by the Specification to deliver to the Owner on the delivery of the Vessel;

but the Vessel has in other respects been completed in accordance with the requirements of this Contract, the Specification and the Plans, the Owner shall

accept delivery of the Vessel with an appropriate reduction of the price. If the Vessel is tendered with defects or deviations other than such defects or deviations as are referred to above the Owner shall, subject to Articles 13, 14, 16 and 17, not be obliged to take delivery of the Vessel. In circumstances in which the foregoing provisions of this paragraph apply the determination of the appropriate reduction of the price by agreement or arbitration shall not delay the delivery of the Vessel.

8.8 In the event that when delivery of the Vessel is tendered by the Builder the Vessel shows minor defects or non-completions in the passengers' areas, the Owner will take delivery of the Vessel while claiming remedy of the defects and/or completion of work during the Vessel's transfer voyage and the Builder shall supply, at its expense, all the materials and labour necessary to remedy the foregoing defects and non-completions before the date foreseen for the embarkation of passengers. However, subject to Article 16.4, in the event that on the embarkation of passengers one or more cabins are still unusable, the Owner will be entitled to claim from the Builder the reimbursement of the Owner's loss of profit attributable to the non-completions up to the date when the defects or non completion will be remedied by the Builder. The Owner will give the Builder the opportunity to continue to work, provided that such work shall be carried out in a manner which will not reasonably cause discomfort or annoyance to passengers. If the Builder is unable to remedy such defects or non-completions so as to render the affected cabins unusable the Builder's obligation to reimburse the Owner for its loss of profit shall cease when the Builder acknowledges it is so unable and the Builder shall therefore be liable to pay the liquidated damages stipulated in Article 16.5

8.9 In the event that when delivery of the Vessel is tendered by the Builder the Vessel shows minor defects or non-completions concerning areas not intended for passengers, and/or areas intended for passengers except to the extent remedied by the Builder under paragraph 8 of this Article or as to which the Builder has paid liquidated damages under paragraph 8 of this Article and Article 16.4, then the Owner will be entitled either to claim their remedy by the Builder at the Builder's expense after delivery during the Vessel's transfer voyage prior to the Vessel entering service, or to arrange itself for the execution of such remedy work, and in the latter case the Builder shall refund the actual cost incurred by the Owner. Such

work shall be carried out in a manner which will not reasonably cause discomfort or annoyance to passengers.

8.10 In paragraphs 8 and 9 of this Article "minor defects or non-completions" means defects or non-completions which exist when delivery of the Vessel is tendered and which either:

- (A) would not entitle the Owner to reject the Vessel and terminate this Contract by virtue of paragraph 7 of this Article; or
- (B) would entitle the Owner to reject the Vessel but despite which the Owner agrees to take delivery of the Vessel and which are notified to the Builder on delivery.

8.11 If it is not practicable before delivery for the Builder to demonstrate the contractual performance of any of the specified equipment or the contractual performance of any of the specified technical systems of the Vessel in its intended operating conditions, the Builder will demonstrate such performance as soon as practicable and if not practicable within 180 days of delivery compliance or non-compliance shall be determined by calculations. In case of deficiencies in performance the Builder will remedy such deficiencies under paragraph 9 of this Article or under the guarantee contained in Article 25 as appropriate.

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ARTICLE 9

Price

The Owner shall pay to the Builder for the Vessel the price of Italian Lire  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX (It. Lire XXXXXXXXXXXXXXXXXXXX) fixed and not  
subject to adjustment.

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ARTICLE 10

Payment Conditions

10.1 The payment of the price of Italian Lire XXXXXXXXXXXXXXXX will be made for the Vessel as follows:

XX% (Italian Lire XXXXXXXXXXXXXXXX) on signature of this Contract;  
XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;  
XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;  
XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;  
XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;  
XX% (Italian Lire XXXXXXXXXXXXXXXX) financed through a supplier's credit on the following conditions:

- (A) Rate of interest: XXXX% per annum, fixed, net, payable on a semiannual basis and calculated on the loan outstanding balance.
- (B) Repayment: over XXX years by means of XX semiannual equal principal instalments including the relevant interest calculated as above from the Vessel's delivery (as per Annex 1).
- (C) Loan instruments for the Vessel: XX sets of XX promissory notes. The promissory notes must be free of any taxes, impost, levies or duties present or future of any nature whatsoever and not capable of prepayment (as per Annex 2).
- (D) Maturities: the promissory notes shall have maturities in accordance with the expected date for delivery of the Vessel as provided in paragraph (3) of Article 8. The first note of each set will expire at 6 monthly intervals from each such expected delivery date. The

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following maturities will expire at 6 monthly intervals thereafter (as per Annexes 3/A, 3/B 3/C and 3/D).

- (E) Release of loan instruments: promissory notes, duly filled in, shall be deposited in trust within 30 days from the date of this Contract at a first class Italian Bank acceptable to the Owner (hereinafter called the "Trustee Bank") with irrevocable instructions (see Annex 4) to release them to the benefit of the Builder, upon presentation by the same of RINA certificates stating that the Vessel has reached the percentage stage of completion stated in Annex 5.

The Builder undertakes to release such promissory notes only in order to obtain the financing of the Vessel during the construction period.

- (F) Deferred delivery: in case the actual delivery date of the Vessel is different from the date specified in relation thereto in paragraph 3 of Article 8, the parties agree to reissue or amend the promissory notes modified accordingly, so that the new maturity dates will be at six monthly intervals from the actual delivery date.

- 10.2 The amounts due by the Owner or by the Builder for the modifications to the Specification and to the Plans will be paid on delivery of the Vessel. Interest on XX% of the cost of modification shall be payable by the Owner to the Builder in the case of extra costs, or by the Builder to the Owner in the case of credits, from the date on which the modification is agreed until delivery, calculated at the prime rate ABI as mentioned in Article 20.1(A).

- 10.3 Liquidated damages, if any, or premiums for delivery, speed, deadweight, capacity and fuel oil consumption will be determined on delivery of the Vessel and the relevant amount will be paid to the party entitled thereto on delivery.

In the event of any dispute as to the quantification of any such amount, delivery of the Vessel shall nevertheless take place in accordance with this Contract (but without prejudice to the right of either party to refer such dispute to arbitration in accordance with Article 30 of this Contract).

Any liquidated damages or price reduction will be settled by way of cash payment by the Builder to the Owner and not by way of reduction in the amounts payable hereunder by the Owner or by way of modification to the promissory notes referred to in Article 10.1.

10.4 The Owner shall not delay or discontinue any payment foreseen in this Contract for any reason whatsoever except in the event of the proper termination of this Contract in relation to the Vessel or a total loss of the Vessel as provided herein.

Exceptions and/or claims, if any, by the Owner against the Builder, will be asserted separately according to the provisions set forth in Article 30 hereof.

10.5 If, as contemplated in Article 10.1 (E), the Builder proposes to release the promissory notes in order to obtain the financing of the Vessel during the construction period, then in order to procure such financing, the Builder may (prior to the transfer of the property in any part of the Vessel to the Owner pursuant to Article 21) grant in favour of the financing parties a first priority mortgage over the Vessel (the "Construction Finance Mortgage") and register the same as a mortgage of a vessel under construction (at its own expense), provided (1) that the financing parties agree for the benefit of the Builder and the Owner that they will not take any steps to enforce the mortgage save in circumstances where an event has occurred which entitles the Owner or the Builder to rescind or terminate the Contract and (2) that the mortgagees under the Construction Finance Mortgage give undertakings to the Owner in mutatis mutandis substantially the same terms as the undertakings given by Citibank N.A. to the Owner in relation to Hull 5941.

If a Construction Finance Mortgage is created, then the transfer of the property in all or part of the Vessel pursuant to Article 21 shall be a transfer subject to the Construction Finance Mortgage.

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- 10.6 Any financing provided to the Builder in respect of the construction period will be on terms whereby the full amount due will be repayable at the delivery of the Vessel at which point the Builder will re-acquire the promissory notes issued by the Owner under Article 10 and sell the promissory notes without recourse to an investor or investors.
- 10.7 The Builder shall not have any rights to sell the Promissory Notes of the Owner referred to in Article 10 of this Contract to anyone other than one or more Qualified Investors.
- "Qualified Investor", used herein, means any financial institution(s) or other entity approved in writing by the Owner.
- 10.8 If at delivery of the Ship by the Builder to the Owner in accordance with the terms of this Contract the Builder has not received a bona fide offer from a Qualified Investor to purchase the Promissory Notes, on terms substantially the same as the offer referred to in the letter dated January 14, 1995 (the "Citibank Offer") from Citibank, N.A. to the Builder and Citibank N.A. Rome as intermediary bank, or at a price equal to the principal value of the Promissory Notes (i.e., It. Lire XXXXXXXXXXXXXXXX), then the Builder shall have the right to demand payment of the deferred portion of the purchase price of the Ship represented by the principal value of the Promissory Notes in cash on the date of delivery. In such event, the Builder shall concurrently return the Promissory Notes to the Owner on payment of such amount, and the Owner agrees to indemnify and hold the Builder harmless under such circumstances from and against all losses, directly incurred by the Builder as a result of repayment of any subsidy otherwise paid to, or loss of any subsidy due to the Builder in respect of the construction financing of the Ship.
- 10.9 In the event that the Builder has received a bona fide offer from a Qualified Investor to purchase the Promissory Notes on or before the delivery date of the Ship under this Contract, on terms substantially the same as the Citibank Offer or at a price

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equal to the principal value of the Promissory Notes (i.e., It. Lire XXXXXXXXXXXXXXXX) and the Builder fails to deliver the Promissory Notes for purchase under such offer, then the Owner shall have the right, but not the obligation, to pay the deferred portion of the purchase price of the Ship in cash on delivery for an amount equal to the purchase price of the Promissory Notes under the bona fide offer not accepted by the Builder. If the Owner pays such price in cash then the Builder shall concurrently return the Promissory Notes to the Owner. In this event, the Builder will indemnify the Owner in respect of any advisers' legal fees relating to this transaction, and no indemnification will be required from the Owner to the Builder, in respect of any loss of subsidy or otherwise.

## ARTICLE 11

Defaults by the Owner/Carnival Corporation.

- 11.1 Should the Owner be in default in payment of any Contract instalment and/or other amounts due under this Contract, then the Owner shall pay to the Builder - as from the due date - interest thereon reckoned according to the prime rate ABI (Italian Banking Association), increased by 4 percentage points, published on "Il Sole 24 Ore" at three months capitalization.
- 11.2 Moreover, the Builder shall be entitled to one day's extension in the delivery time of the Vessel for each day of delay in the payment of the aforesaid sums and if the delay exceeds 15 days as from the due date the Builder shall have the option to suspend the Builder's obligations under this Contract in relation to the Vessel until payment of such sums and interest thereon has been received by the Builder.
- 11.3 If the aforesaid delay exceeds one month from the due date, the Builder, even if it has elected to suspend its obligations as aforesaid, or if any of the events specified in Article 11.7 occurs and is continuing, may give to the Owner at any time notice in writing declaring the Contract terminated and claim damages.
- 11.4 To recover payment of the damages for default of the Owner under this Article the Builder shall have the option, but shall not be bound to sell the Vessel before or after having completed it (together (at the Builder's discretion) with any Owner's supplies in the Builder's possession) without prejudice to any other of the Builder's rights.
- 11.5 Should the Builder elect to sell the Vessel (together with any such Owner's supplies) then the sale shall be effected by auction or by private sale, on such terms and conditions at such price as the Builder shall determine, no responsibility deriving therefrom to the Builder. Should the net proceeds of such sale and the instalments already paid by the Owner not cover the damages and expenses suffered by the Builder (including, without limitation, costs and expenses incurred by the Builder in connection with the sale, and any costs and expenses incurred by the Builder in

constructing and completing the Vessel after termination of the Contract in relation thereto), the Owner shall be liable for the difference.

11.6 Should the Owner fail to take delivery of the Vessel in accordance with the terms of this Contract then, without prejudice to any other right of the Builder, the whole of the outstanding balance of the purchase price payable under Article 10 and all the other outstanding payments due from the Owner shall be regarded as having fallen due immediately on service of notice from the Builder to the Owner, demanding payment pursuant to this Article 11.6.

11.7 The events referred to in Article 11.3 are:-

- (A) a bona fide petition, whether voluntary or involuntary, is filed and is not dismissed within thirty (30) days or an effective resolution is passed for bankruptcy, liquidation, reorganisation or winding up of the Owner or Carnival Corporation (other than for the purpose of a reconstruction or amalgamation which has received the Builder's prior written approval, such approval not to be unreasonably withheld); or
- (B) a receiver, trustee, liquidator, or sequestrator of, or for, the Owner or Carnival Corporation or any substantial portion of the property of the Owner or Carnival Corporation is appointed or the Owner or Carnival Corporation makes an assignment of the whole or a substantial part of its assets for the benefit of creditors; or
- (C) the Owner or Carnival Corporation is unable to pay or admits its inability to pay its debts as they fall due or if a moratorium shall be declared in respect of any indebtedness of the Owner or Carnival Corporation or the Owner or Carnival Corporation ceases to carry on its business or makes any composition with its creditors generally or is declared bankrupt or goes into liquidation.

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ARTICLE 12

Trials

12.1 The Vessel shall run the following testing trials:

- (A) Dock trial as specified in the Specification.
- (B) Official sea-trials as provided in the Specification during which the trial speed and the propulsion motors output and revolutions shall be determined in accordance with paragraph (F) (ii) of Article 3.1.

An endurance test as well as all other trials and test included in the sea trial program in the specification shall also be carried out with recording of measurements of all parameters, enabling determination of performance relevant to each test.

- (C) All other trials specified in the Specification. The trials program will be timely agreed upon by Owner and Builder.

12.2 The speed runs and endurance test shall be run at the draft of XXX meters or at the draft attainable by ballasting the Vessel with ballast water using tanks and compartments intended for this purpose.

As far as practicable the draft and conditions shall be as close as possible to the corresponding draft and other actual trial conditions at which tank model tests have been carried out. Should such speed trial draft and other actual trial conditions be other than the draft and conditions specified in paragraph (F) (ii) of Article 3.1, the speed, the propulsion motors' output and the revolutions corresponding to the latter draft and conditions shall be determined by the Netherlands Model Basin in Wageningen on the basis of the results recorded at the sea trials by means of data from their model tests carried out with the final hull form and design propellers.

- 12.3 All trials and measurements will be conducted in a manner and to an extent as prescribed in a detailed schedule based on the Specification. The methods to be used are to be selected by the Builder to suit the Vessel's sea trials programme to the approval of the Owner.
- 12.4 The Builder has the right to subcontract speed and power measurements to an independent model basin or research institute. However, the Owner will be kept fully informed and allowed to observe and ascertain measurements recorded during the trials as if the Builder had carried out the tests with its own personnel.
- 12.5 Should conditions which properly qualify to delay delivery as provided in Article 26 prevent the Builder from carrying out properly the official trial on the day scheduled therefor, the Builder has the right to postpone the trial or such part of it as deemed necessary. In such case the Builder shall be entitled to an extension of the Vessel's delivery time covering the whole period of postponement provided that the Vessel's delivery is actually delayed by such postponement and provided further that the Builder shall promptly carry out the postponed trial or part as soon as conditions allow.
- 12.6 The Builder shall also conduct a preliminary sea trial, enabling checking and adjustment of the propulsion plant and the detection of defects and deficiencies, such as excessive noise and vibration, and their correction in good time. The preliminary sea trial shall take place as soon as the Vessel is sufficiently completed for this purpose. The Owner's representatives shall be entitled to attend such preliminary trial. Any adjustment to the functioning of the power generation and propulsion plants and system associated otherwise shall be within the normal limits prescribed by the makers of the propulsion plant and will not in any case cause conditions of undue stress or any other abnormal condition in the Vessel, its machinery and equipment.
- 12.7 The sea trials program shall include trials for the determination of the steering and manoeuvring characteristics of the Vessel.

- 12.8 The Builder shall have the right to repeat any trial whatsoever after giving reasonable notice to the Owner.
- 12.9 The official sea trials will be carried out using H.F.O. with a viscosity of up to 700 CST/50 DEG.C., but not less than 380 CST/50 DEG.C.
- 12.10 All expenses for the trials will be borne by the Builder who, during the sea trials, will provide the necessary crew at its own expense.
- 12.11 Should any breakdowns occur during the trials, entailing their interruption or irregular performance and breakdown cannot be repaired by the normal means available on board, the trial so affected will be cancelled and will be repeated by and at the expense of the Builder. The time period required for the repairs will produce an extension of the delivery term to be agreed upon by the Owner and the Builder if caused by events which permit extension of the delivery date under Article 26.
- 12.12 If the breakdowns could be repaired by the normal means available on board, the trials, with the previous agreement between the Owner and the Builder, will be continued and considered as a valid trial.
- 12.13 The Builder shall give the Owner thirty days notice of the anticipated date of the sea trials.
- 12.14 Provided the Builder will make available to the Owner the results of the sea trials within 7 days after completion of sea trials, within the following 7 days, the Owner shall give the Builder a notice in writing, or by telefax confirmed in writing, of completion and acceptance of the sea trials, advising whether the Owner considers that the results of the sea trials indicate conformity of the Vessel to this Contract, the Specification and the Plans to the extent that matters have been the subject of such sea trials or further trials.
- 12.15 In the event that the Owner rejects the results of the sea trials as not conforming to the said extent by this Contract or to the Specification or the Plans, the Owner shall indicate within the subsequent 7 days in its notice of rejection in what respect the

Vessel, or any part or equipment thereof, does not conform to this Contract and/or the Specification and/or the Plans.

- 12.16 In the event that the Owner fails to notify the Builder as aforesaid of the acceptance or the rejection, together with the reason therefor, of the sea trials within the period as provided above, the Owner shall be deemed to have accepted the sea trials of the Vessel.
- 12.17 Acceptance of the results of the sea trials as above provided shall be final and binding so far as conformity of the Vessel to this Contract and the Specification and the Plans to the extent demonstrated on such trials is concerned and shall preclude the Owner from refusing formal delivery of the Vessel as hereinafter provided, on the grounds of non conformity of the Vessel in respect of items whose conformity has been demonstrated and accepted during the sea trials, if the Builder complies with all other requirements for delivery as provided in this Contract.
- 12.18 Should any fuel oil or lubricating oil in storage tanks or unbroached barrels, greases and ship's stores, including fresh water furnished by the Builder for the sea trial remain on board the Vessel at the time of acceptance thereof by the Owner, the Owner agrees to buy the same from the Builder at the Builder's cost price.

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ARTICLE 13

Speed - Liquidated Damages

13.1

Should the speed of the Vessel, at the design draft of XXX m determined in accordance with Article 3.1(F)(ii) hereof, under the conditions set out in the Specification, as determined in Article 12 hereof, be lower than XXXXXX knots, the Builder shall pay to the Owner, as final liquidated damages, the following cumulative amounts:-

- for the first two tenths of knot of less speed:
- for the third tenth of knot of less speed:           It.Lire XXXXXXXX
- for the fourth tenth of knot of less speed:           It.Lire XXXXXXXX
- for the fifth tenth of knot of less speed:            It.Lire XXXXXXXX
- for the sixth tenth of knot of less speed:            It.Lire XXXXXXXX
- for the seventh tenth of knot of less speed:          It.Lire XXXXXXXX
- for the eighth tenth of knot of less speed:           It.Lire XXXXXXXX
- for the ninth tenth of knot of less speed:            It.Lire XXXXXXXX
- for one knot of less speed:                            It.Lire XXXXXXXX
- fractions in proportion.

Should the speed of the Vessel determined as aforesaid be less than XXXXXX knots, then the Owner, as an alternative to receiving the foregoing liquidated damages,

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shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

13.2

Should the service speed of the Vessel determined in accordance with Article 3.1(F)(i) hereof under the conditions set out in the Specification, as determined on the sea trials, be lower than XX knots, the Builder shall pay to the Owner, as final liquidated damages, the following cumulative amounts:-

- for the first two tenths of a knot of less speed: XXXX
- for the third tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the fourth tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the fifth tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the sixth tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the seventh tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the eighth tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for the ninth tenth of knot of less speed: It.Lire XXXXXXXXXXXXX
- for one knot of less speed: It.Lire XXXXXXXXXXXXX
- fractions in proportion.

Should the service speed of the Vessel determined in accordance with the preceding provisions of this paragraph be less than XX knots, then the Owner, as an alternative to receiving the foregoing liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

- 13.3 If the Owner would be entitled to receive amounts by way of liquidated damages under both Article 13.1 and 13.2 in respect of deficiencies in speed calculated under the respective provisions thereof the Owner shall receive the higher of the amounts due under respectively Article 13.1 and 13.2 but not both amounts.

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ARTICLE 14

Deadweight - Liquidated Damages

- 14.1 The Vessel's deadweight - as determined in the Specification - in sea water of 1.025 specific gravity on the mean draft of XXX meters from the base line will not be less than XXXX metric tons.
- 14.2 Should the Vessel's deadweight be less than XXXX metric tons, then the Builder shall pay to the Owner, as final liquidated damages, an amount of Italian Lire XXXXXXXXXX for each metric ton of lesser deadweight, with a fixed free allowance of XXX metric tons.
- 14.3 Should the Vessel's deadweight be less than XXXX metric tons, then the Owner, as an alternative to receiving the aforementioned liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

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ARTICLE 15

Stability

- 15.1 The Vessel's stability characteristics shall be such as to fulfil the provisions of the rules set out in Article 2 hereof and to be adequate for satisfactory seakeeping and seaworthiness.
- 15.2 An inclining test for the determination of the Vessel's stability characteristics shall be carried out in accordance with the provisions of Lloyd's Register of Shipping and/or national administration of the Vessel's intended Registry.
- 15.3 (A) If necessary to enable the Vessel to comply with stability requirements in accordance with the regulations referred to in Article 2 hereof, the Builder may use the double bottom void tanks for ballast.
- (B) If necessary in order to fulfil the deadweight commitments in accordance with Article 3.1 hereof, the design draft may be increased.

In either (A) or (B) above, or a combination of both, the design draft may be increased up to a maximum XXX metres and the design draft referred to in Articles 3.1(A), 3.1(F), 12.2, 13 and 14.1 shall be correspondingly increased.

The foregoing does not relieve the Builder of its responsibility to comply in all respects with the prescribed deadweight, speed and range as specified in Article 3, with the increased design draft.

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ARTICLE 16

Passengers and Crew Accommodation Capacity

16.1 The capacity of the passenger and crew accommodation is specified in Article 3 hereof, the Specification and Plans.

16.2 It is however understood that, except in the case of prior agreement between the Builder and the Owner, if the number of passenger cabins of the Vessel is lower than the number determined in the contractual documentation (after deducting the number of cabins which are unacceptable, taking account of the allowed tolerances, owing to excess noise and/or vibrations as set forth in the Specification), then the Builder shall pay to the Owner, as final liquidated damages, the amount quoted in Article 16.4 for each missing cabin.

16.3 In the event that, except in the case of prior agreement between the Builder and the Owner, the number of the passenger cabins is less than XXXX or if the Vessel does not have XXXXXXXXXX and XXXXXXXXXXXXXXXXXXXX then the Owner, as an alternative to receiving the aforementioned liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

16.4 The amount to be paid as liquidated damages for each cabin is:  
XX cabins deficiency: nil  
XXXXX cabins deficiency: USD XXXXXX per cabin  
(including first XX cabins)  
more than XX cabins deficiency: USD XXXXXXX per cabin  
(including first XX cabins)

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ARTICLE 17

Fuel Oil Consumption - Liquidated Damages

- 17.1 For the main diesel engines a shop test shall be carried out in accordance with the Specification. During such shop test the specified fuel consumption shall be ascertained and corrected to the design parameters.
- 17.2 For this purpose the shop test shall be run on marine diesel fuel oil with each diesel engine developing XXX MCR at XXX revolutions. The measured fuel consumption shall be corrected to a reference lower calorific value of XXXXX kilojoules per kg and ISO XXXXXX standard conditions. The fuel consumption of the main propulsion plant so corrected shall not exceed XXX grams per KWH for engines Type 12ZAV 40S and engines type 16ZAV 40S.
- 17.3 With respect to any of the engines, should the corrected fuel consumption be in excess of XXX% of XXX grams per KWH for engines type 12 ZAV 40S and engines type 16 ZAV 40S, the Builder shall pay to the Owner, liquidated damages and not by way of penalty, an amount of Italian Lire XXXXXXXXXXX for each full one per cent and pro rata for each fraction thereof in excess of XXX% of XXX grams per KWH for engines type 12ZAV 40S and engines type 16ZAV 40S save and except that the Builder shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.
- 17.4 With respect to any of the engines, should the corrected fuel consumption be in excess of XXX per cent of XXX grams per KWH for any of engines type 12ZAV 40S or engines type 16ZAV 40S the Owner, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this Contract, with the consequences provided for in Article 20, save and except that the Builder shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

## ARTICLE 18

## Vibrations and Noise

The noise and vibration permissible levels, calculations and investigation for the prediction thereof, exciter tests measurements, and precautions to be carried out by the Builder shall be in accordance with the provisions of the Specification.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 19

Maximum amount of Liquidated Damages

The amount of the liquidated damages referred to in Article 8 (delivery), 13 (speed), 14 (deadweight), 16 (capacity) and 17 (fuel consumption), shall in no case whatsoever exceed XX% of the price set forth in Article 9 hereof; the Owner shall waive its entitlement to any excess.

## ARTICLE 20

Termination of the Contract - Liquidated Damages to be paid by the Builder

20.1 In the event of termination of this Contract under Articles 8, 13, 14, 15, 16 or 17, or paragraphs 2 or 3 of this Article, the Owner shall be entitled to:

- (A) the refund of all the sums paid to the Builder increased by the interest reckoned according to the ABI (Italian Bankers' Association) prime rate published on "Il Sole 24 Ore" at three month capitalization running from the date of the payment of relevant amount; and
- (B) the cost to the Owner and/or Carnival Corporation of unwinding the forward foreign exchange contracts entered into by the Owner and/or Carnival Corporation for the purchase of Italian lire with United States Dollars to enable the Owner to make payments to the Builder under Article 10 hereof.
- (C) the return of the original signed Promissory Notes issued by the Owner pursuant to Article 10;
- (D) the return of the Owner's supply items or the payment of an amount equal to the cost to the Owner of supplying those items of the Owner's supply which are not returned or which cannot reasonably be used by the Owner; and
- (E) in the case of termination pursuant to Article 8, the liquidated damages which would have accrued pursuant to Article 8.4 as if the Vessel had been delivered on the date of termination.

Except as otherwise expressly agreed and as provided in this Article 20.1 the Builder shall not have any further or other liability arising from this Contract following termination under the provisions referred to in this Article 20.1.

20.2

If:

- (A) a bona fide petition is filed and is not dismissed within thirty (30) days or an effective resolution is passed for the winding up of the Builder (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the Owner; such approval however not to be required in case of reconstruction or amalgamation within the Fincantieri Group affecting the Builder); or
- (B) a receiver is appointed of the undertaking or property of the Builder; or
- (C) the Builder suspends payment of its debts or ceases to carry on its business or makes any composition with its creditors generally or is subjected to amministrazione controllata;

and in any such case the construction of the Vessel is suspended for a period of more than sixty days for reasons other than any of the events specified in Article 26 (in cases in which such events may excuse delay in construction);

then, the Owner may immediately (without being bound thereto) terminate this Contract by giving notice in writing to the Builder.

20.3

If the Builder is declared bankrupt or goes into liquidation then the Owner may immediately (without being bound thereto) terminate this Contract by giving notice in writing to the Builder.

## ARTICLE 21

## Property Rights

- 21.1 The property of the vessel belongs ab initio to the Builder. With reference to the supplier credit provided in Article 10.1, the property of the Vessel will be transferred gradually to the Owner in the quantity and when the stages of construction certified by R.I.Na. foreseen in the Annex 5 have been reached.
- 21.2 Taking into account the provisions of Article 21.1 and the fact that during the construction of the Vessel the Owner will pay in cash a partial amount of the purchase price, the parties agree in favour of the Builder that any transfer of property to the Owner is subject to the due performance by the Owner of its obligations under this Contract. It is agreed that the Builder has required this condition as condition of its agreement to the transfer of the property provided in this Article.
- Accordingly if the Builder becomes entitled to terminate this Contract in accordance with Article 11.3 or the Owner fails to take delivery of the Vessel as provided in Article 11.6 or if the Owner exercises its right to terminate this Contract under Articles 8, 13, 14, 15, 16 or 17 or Article 20.2 or 20.3, or in the event that on the occurrence of a dispute between the Builder and the Owner, then, subject to Article 21.12, the transfer of the property of all the portions of the Vessel will be null and void and the property of the Vessel will come back automatically ("condizione risolutiva" under Italian Law) to the Builder without any claim from the Owner for this retransfer of property. The retransfer of the property will take place at the moment when the relevant event has occurred and the Builder has given notice in writing to the Owner referring to this Article 21.2 and specifying that the condition for retransfer has occurred.
- 21.3 It is agreed that any retransfer of the property from the Owner to the Builder will not prejudice the other rights of each party under the other provisions of this Contract.

- 21.4 Since the clause 21.2 is in favour of the Builder, the Builder shall be entitled to waive the benefit thereof by written communication to the Owner.
- 21.5 The Owner further undertakes (i) at the Builder's expense on the occurrence of any of the events specified in Article 21.2, to fulfil immediately under simple request by the Builder any further activity and/or to provide any further, even notarial document, if necessary to get the immediate retransfer of property to the Builder; (ii) not to register any mortgage, liens or other encumbrances on the Vessel under construction; (iii) (without prejudice to the Owner's rights under Article 29 (assignment)) not to sell his portions of the Vessel.
- 21.6 The Owner will acquire the whole property of the Vessel on the signing of the protocol of delivery.
- 21.7 The Builder will be entitled to register at the Builder's expense at each transfer of property of the Vessel to the Owner an Italian hypothec (ipoteca su nave in costruzione) on the Vessel as a guarantee of the Owner's obligation specified in Article 21.2. This hypothec will cease only on signature by the Builder and the Owner of the protocol of delivery and acceptance and shall rank behind any Construction Finance Mortgage granted as contemplated in Article 10. On delivery the Owner will register a first mortgage on the Vessel in favour of the Builder under its flag of registry (in the form to be agreed between the Owner and the Builder, including in any case an assignment of the Owner's rights in respect of the marine insurances and protection and indemnity cover in respect of the Vessel) which shall be released by the Builder when the Builder enters into an unconditional contract with a Qualified Investor for the purchase from the Builder of the Promissory Notes issued by the Owner under Article 10. No such mortgage will be required if the Builder has entered into such unconditional contract on or before the delivery of the Vessel.
- 21.8 The transfer of property and mortgage rights contemplated by this Article will be regulated by Italian Law without prejudice to provisions set forth in Article 30.1.

- 21.9 All the rights in the Specification, Plans and working drawings, technical descriptions, calculations, test results and other data information and documents concerning the design and construction of the Vessel shall belong to the Builder before actual delivery and after actual delivery each party recognises the right of the other to use them, excluding (before and after delivery) the Specification, Plans and drawings for passengers' accommodation, wheel house and engine control room, public rooms and store and baggage handling areas, property in, and the right to use, which shall (before and after delivery) belong exclusively to the Owner.
- 21.10 In the event of termination of this Contract by reason of the Builder's default the Owner may also use the Specification, Plans, working drawings, technical descriptions, calculations, test results and other data, information and documents referred to above. The property in the Specification, plans, working drawings, technical descriptions, calculations, test results and other data, information and documents referred to above shall automatically become the exclusive property of the Owner.
- 21.11 In the event of termination of this Contract by reason of the Owner's default, the Builder may also use the Specification, Plans and drawings which would otherwise be the exclusive property to the Owner by virtue of paragraph 9 of this Article.
- 21.12 If:
- (i) the Owner has been notified by the construction financiers that the Construction Finance Mortgage has become enforceable;
  - (ii) the Owner purchases (or procures that an affiliate purchases) the claims of the construction financiers secured by the Construction Finance Mortgage and discharges (or procures the discharge) of all such claims; and
  - (iii) the Owner notifies the Builder that the provisions of this Article 21.12 shall apply;

then the provisions of Article 21.2 (and the 'condizione risolutiva' therein provided for) shall no longer apply and the property in the Vessel shall belong to the Owner free from such condition and from any right of the Builder to have the property retransferred to it.

## ARTICLE 22

## Responsibility after Delivery

On delivery of the Vessel to the Owner, every responsibility for the safety and generally for the condition of the Vessel is transferred to the Owner, remaining on the part of the Builder only the guarantee obligations set forth in Article 25 hereof.

## ARTICLE 23

## Insurance

- 23.1 The Vessel under construction will be insured with leading insurance companies up to the moment of delivery by and at the expense of the Builder against all risks covered by the "Institute Clauses for Builders' Risks" (and usual supplementary conditions) and against all risks covered by the "Institute War Clauses/Builders' Risks" and "Institute Strikes Clauses/Builders' Risks".
- 23.2 The insurance of the Vessel shall be effected for not less than the aggregate amount of all instalments of the contract price of the Vessel paid to the Builder from time to time and interest thereon from the date each such payment was made to the Builder at the prime rate ABI (Italian Banking Association) published on "Il Sole 24 Ore" and the declared value of Owner's supplied items after delivery thereof to the Builder's yard and, in addition, such amount as the financing parties providing construction finance may require to cover the amount of construction finance provided, and interest thereon.
- 23.3 The insurance monies will be allocated to the repair of damages and/or the reconstruction of the Vessel.
- 23.4 In the event of a constructive arranged or compromised total loss and/or abandonment of the Vessel before delivery, the Builder shall be entitled to withdraw from this Contract or, if agreed by the Owner, to fulfil it but with the right to an adequate extension of the delivery term. Should the Builder exercise its withdrawal right, the Owner shall be entitled to:
- (A) the reimbursement of the amounts already paid to the Builder on account of the contract price of the Vessel; and
  - (B) payment of interest, at the same rate provided for in paragraph (2) of this Article, on the instalments of the contract price paid to the

Builder from the date such instalments were paid to the Builder until reimbursement to the Owner (before or after judgement); and

- (C) return of the Promissory Notes referred to in Article 10.1; and
- (D) payment of an amount equal to the cost to the Owner of purchasing and delivering to the Builder's yard those items of the Owner's supply which have been purchased by the Owner for the Vessel provided that these items are in the Builder's premises.

23.5 To guarantee reimbursement to the Owner and the financing parties providing construction finance for the Vessel, the insurance policies effected by the Builder will be bound in their favour (including their assignees), up to the amount of their respective interests as set out in Article 23.2 and endorsed with appropriate loss payable clauses providing for the payment to the Owner and the financing parties, rateably, of the amounts due to them.

23.6 The effecting of the aforementioned insurances, and the due fulfilment of the obligations by the Builder as set forth in this Article, exempt the same from any and whatsoever responsibility both legal and contractual in connection with the risk and danger of the Vessel under construction provided that the Builder, in the case of damage not involving a total or constructive total loss of the Vessel, shall use its best efforts to make good the damage as quickly as reasonably possible after the occurrence thereof.

## ARTICLE 24

## Modification to Plans and Specification

- 24.1 Subject to paragraph (3) of this Article, the Builder shall make the modifications, if any, to the Specifications and Plans, requested by the Owner provided that in the sole opinion of the Builder such modifications or accumulation of modifications do not adversely affect the Builder's commitments to other purchasers.
- 24.2 Both the requests by the Owner and their acceptance by the Builder will be made in writing.
- 24.3 The Builder shall notify the Owner in writing of the variations in price and other contractual conditions which the accepted modifications may entail and shall execute such modifications only upon written acceptance of the foregoing variations by the Owner. The Builder shall submit to the Owner for approval changes to the plans and Technical Drawings resulting from such modifications.
- 24.4 The Owner's written acceptance must reach the Builder within 10 days from the date of the Builder's notice or such longer period as the Owner may request and the Builder may agree in its reasonable discretion.
- 24.5 Should such an acceptance be not received within the terms set forth in paragraph (4) of this Article, the Builder shall have the right to continue the Vessel's construction as though no request for modifications had been made by the Owner.
- 24.6 In case of disagreement on the price and/or consequent variation of the contractual conditions concerning the modifications accepted by the Builder, the Owner shall have the right to have the modifications executed, but shall undertake by written notice to the Builder to pay the price requested by the Builder according to the terms of Article 10 hereof (which shall be determined having regard to the provisions of paragraphs (7) and (9) of this Article).

- 24.7 The Owner may contest the Builder's required price and proposed variation of the Contract, Specification and Plans to the extent that the price is excessive in relation to prices normally charged by the Builder for similar work and to the extent that such other variation is not reasonably justifiable.
- 24.8 In the event that, subsequent to the date of signature of this Contract variations are made to the provisions compliance with which is compulsory, the Builder shall notify the Owner in writing of the consequent modifications with their relevant price (which shall be determined having regard to the provisions of paragraphs (7) and (9) of this Article). The Owner may first apply, or if such action should properly be taken by the Builder may require that the Builder shall first apply, for a formal waiver of compliance with such modifications, deletions or additions from the authority by whom the modifications, deletions or additions have been promulgated, should the Owner consider that the operation of the Vessel in its intended service would permit of such waiver. In such agreement the Builder will fix a time limit after which if the waiver has not been obtained, the Builder will go on with the required modifications, deletions or additions. Any additional costs caused by the application for such waiver whether or not obtained shall be for account of the Owner and the date of delivery of the Vessel if actually delayed thereby shall be extended by the time necessary as a result of the application for waiver.
- 24.9 When requested by the Owner, the Builder will provide the Owner with the cost of each item involved in the modification (but not of the component parts of each item).

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ARTICLE 25

Guarantee - Liability

- 25.1 The guarantee of the Vessel shall have the validity of XXXXXXXXXXXXXXXXXXXXXXXXXXXX commencing on the date of the delivery of the Vessel to the Owner, extendable only by virtue of paragraphs (3) or (6) of this Article.
- 25.2 On the Owner's request, the Builder shall, at its own expense, repair and/or, if necessary, replace at one of its shipyards any defects or deviations in the Vessel or its design which are either notified by the Owner on delivery or which are not reasonably apparent on an external examination on delivery of the Vessel, provided that such defects and deviations be notified in writing to the Builder on delivery (in the case of such as are discovered on or before delivery) or, at the latest, within one month from the date of their discovery by the Owner.
- 25.3 If for operational reasons the guarantee drydocking of the Vessel cannot reasonably be carried out before the expiration of the said XXXXXXXXXXXXX period, then the guarantee drydocking can be postponed up to fourteen months after delivery of the Vessel and the Builder will repair and/or replace the defects or deviations which the Owner can prove were existing before the expiration of the guarantee period.
- 25.4 The Builder shall provide a guarantee to the Owner in relation to the paint for the Vessel on the same terms as that provided by the paint supplier to the Builder. Such guarantee shall be on the basis that the paintwork shall be carried out under the supervision of and to the satisfaction of authorised representatives of the paint supplier. The Builder shall be responsible for arranging for such supervision.
- 25.5 The Builder's liability in relation to the Vessel, after the Vessel's delivery, shall be limited to the obligations expressly set out in this Article and Articles 8.8 and 8.9

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and the Builder and its sub-contractors and suppliers shall have no liability whatsoever for damages in any way deriving from or connected either with the foregoing defects or deviations or with the repair and replacement processes relevant to the foregoing defects or deviations, as is also excluded any other liability deriving from or in any way connected with any other cause not included in the foregoing guarantee obligation, which covers solely rectification and/or repair and/or replacement.

- 25.6 If the Builder itself makes good any defects during the guarantee period specified in paragraph 1 of this Article as above or pursuant to Article 8.8 or 8.9, then the provisions of this Article shall apply to the parts repaired or replaced and the repair or replacement work for a period of XXXXXXXXXXXX after the repair or replacement was completed.
- 25.7 The Builder agrees within the terms of this Article to investigate the cause of any recurrent defect with a view to providing a satisfactory remedy therefor.
- 25.8 In the event that the Vessel has to be drydocked, solely for repairs or replacements made necessary by defects or deviations attributable to the Builder in accordance with this Article, the relevant expenses will be borne by the Builder in proportion to the extent to which the drydock work is made necessary by such defects or deviations attributable to the Builder.
- 25.9 The Owner shall indemnify and hold harmless the Builder for the expenses of repair or replacement borne by the Builder and which were recoverable by the Owner on the basis of the insurance policies.
- 25.10 The Builder shall not be liable to repair, replace or bear any responsibility for defects or deviations:-

- (A) due to normal wear and tear of the materials and damage whatsoever due to accidents involving the Vessel moored and/or at sea, or to fires, mismanagement or negligence in the use of the Vessel by the Owner or by persons who, at the moment of the damage, were possessed of or governing the Vessel, or by any of their persons-in-charge, official or agent; or
- (B) affecting items of the Owner's supply, but without prejudice to the Builder's responsibility for defects or deviations in the work of installation of such items.

25.11 Should it prove necessary in the Owner's opinion, owing to the conditions and location of the Vessel, or to avoid delays in carrying out urgent repairs or replacements, the Owner may have the rectification and/or repair and/or replacement works covered by the Builder's guarantee obligations carried out otherwise than in the Builder's shipyards, provided that the Owner previously notifies the Builder, by letter or telefax, about the type and extent of the defects or deviations to be remedied stating the reason of the necessity to have the works carried out elsewhere.

The Builder shall reimburse the Owner the higher of (1) costs which would have been applicable had the work been carried out at the Builder's yard in effecting such repairs and/or replacements and (2) the average of the costs charged for such work by Western European shipyards but not in any event more than the actual cost incurred by the Owner for such work.

25.12 If so requested by the Builder, the Owner shall return, at the Builder's cost and expense, the parts replaced.

25.13 In any case, there is excluded any guarantee and/or liability of the Builder for repair and/or replacement work carried out outside the Builder's Shipyard unless carried out on board the Vessel by the Builder's workmen or its subcontractors or by persons arranged for by the Builder or its subcontractors.

- 25.14 In any case the Vessel shall be taken at the Owner's cost and responsibility to the place elected for the work to be carried out ready in all respects for the guarantee work to be commenced.
- 25.15 In the event that the guarantee stipulated by manufacturers or suppliers of machinery, materials, equipment, appurtenances and outfit furnished to the Builder and embodied in the Vessel exceeds the guarantee given by the Builder to the Owner hereunder, such extended guarantee rights are to be assigned and made available to the Owner by the Builder.
- 25.16 The Builder, at its own cost, is to have the right to investigate the validity of the Owner's claim either by the attendance aboard the Vessel (at its point of service) of an accredited representative or, if in the opinion of the Builder it is practicable to do so after suitable replacement is made, by the removal from the Vessel and the transportation to the Builder's yard of the defective part.
- 25.17 During the guarantee period, the Builder shall, at its own expense, place on board a guarantee technician approved by the Owner limited to the Vessel's first trip but anyway for a period no longer than one month.
- 25.18 Every assistance will be given to the guarantee technician to allow him to inspect the operation of the engine and other machinery and their maintenance.
- 25.19 The Owner shall ensure to the said technician a status on board not inferior to that due to the First Engineer.
- 25.20 Should the Owner decide to extend the stay on board of the said technician beyond the foregoing date, the Owner shall pay to the Builder a remuneration for the period of longer stay equal to that provided for in the ANIE tariffs.
- 25.21 The presence on board of the said technician shall in no way affect the Owner's liability regarding the good operation of the Vessel nor shall affect the liability of the Builder provided for in this Article.

25.22 Subject to performance by the Builder of its obligations under this Article, the Owner waives, with the guarantee agreed upon in this Article, any further greater or different guarantee or liability by the Builder.

## ARTICLE 26

## Events of Force Majeure

26.1 Should the Builder be prevented from tendering delivery of the Vessel by the date specified in relation to the Vessel in paragraph (3) of Article 8 owing to: Acts of God; engagement in war or other hostilities, civil war, civil commotions, riots or insurrections; requirements of civil or military authorities; blockades; embargoes; vandalism; sabotage; epidemics or sickness above the normal yard statistics; strikes; lockouts; officially agreed reduction of working hours relating to the Italian workforce as a whole; labour shortage; earthquakes; landslides; floods; weather conditions not included in normal planning; failure of electric current, damage by lightning; explosions, collisions, strandings or fire; accidents of any nature; damage to the Vessel and time taken to repair such damage; shortage of materials and equipment or inability to obtain delivery thereof, provided that such materials and equipment at the time of ordering could reasonably be expected by the Builder to be delivered in time; delays by land, sea or air carriers; defects in materials and equipment which could not have been detected by the Builder or its subcontractors using reasonable care; casting, forging or machining rejects or the like; delays caused by delay of the Classification Society or other bodies whose documents are required in issuing such documents; delays caused by default, action or omission on the part of the Owner (but without prejudice to any other rights of the Builder under this Contract); delays caused by events similar to the foregoing; any cause of delay whatsoever whether or not of a kind previously specified in this Article or of a different kind, reasonably to be considered beyond the control of the Builder; the effect of the foregoing on the Builder's other commitments; all the foregoing irrespective of whether or not these events occur before or after the date hereinbefore specified as the date on which the Vessel is to be delivered and irrespective of whether or not occurrence of these events could be foreseen at the day of signing this contract; then and in any such case the delivery date of the Vessel shall, subject to the following provisions of this Article, be extended by the number of working days of delay incurred by the Builder in completing and delivering the Vessel in consequence of any of these events. The Builder shall as

soon as reasonably possible notify the Owner in writing of the occurrence of any of the foregoing events which it expects may delay construction or delivery of the Vessel.

26.2 Six months before the date on which the Builder expects the Vessel to be ready for delivery duly completed in accordance with this Contract, the Builder shall give definitive notice to the Owner that the Vessel will be delivered to the Owner on the date following six months after the notice is given. Following such notice of the delivery date the only events which shall be permitted to extend the delivery date of the Vessel shall be: Acts of God, engagement in war or other hostilities, civil wars, civil commotions, riots or insurrection; requirements of civil or military authorities in contemplation of war, blockades, embargoes, vandalism, sabotage, epidemics, earthquakes, landslides, flood, damage by lightning, explosions, collisions, strandings, fires or nationwide strikes or lockouts (for the sake of good order it being agreed that strikes of the Fincantieri workforce alone shall not be permitted to extend the delivery after the said six (6) months' notice).

26.3 The Builder shall not be entitled to extend the delivery date of the Vessel to the extent that the delay referred to in Articles 26.1 or 26.2 has been caused or contributed to by the negligence of the Builder, its servants or agents or of the Builder's subcontractors, their servants or agents.

## ARTICLE 27

## Patents

The Builder, for the items of its own supply, shall hold harmless the Owner against any claim made by third parties for patent rights or infringement of copyright and for any other relevant reason and the Builder undertakes for its account every liability or indemnity whatsoever.

## ARTICLE 28

## Contract Expenses

- 28.1 All taxes, expenses, duties, stamps and fees levied by the Authorities in Italy and connected to this Contract are to be borne by the Builder.
- 28.2 Any taxes, duties and stamps off-Italy in relation to the signature and authentication of this Contract (except notarial charges) are to be borne by the Owner.
- 28.3 This Contract shall be registered in Italy, at fixed tax, according to Article 40 of Decree No. 131, dated April 26, 1986, by the President of the Italian Republic.

## ARTICLE 29

## Assignment of the Contract

- 29.1 The Owner may transfer its rights and/or liabilities hereunder to Carnival Corporation or to another wholly owned subsidiary of Carnival Corporation provided that Carnival Corporation issues an irrevocable and unconditional guarantee of the obligations of the transferee to the Builder under this Contract in form and substance identical (*mutatis mutandis*) to the guarantee of even date herewith issued by Carnival Corporation to the Builder in respect of the obligations of the Owner under this Contract. The Builder's prior approval will also be required in the event of a merger of the Owner. Such an approval may be subject to the presentation of an adequate guarantee.
- 29.2 The Owner shall be entitled to assign this Contract to a third party other than Carnival Corporation or a subsidiary of Carnival Corporation if the assignee is a party whose financial standing is acceptable to the Builder, to the financing parties providing finance during the construction period, and to any other bank or financial institution who may have agreed to purchase the Promissory Notes issued by the Owner pursuant to Article 10.1.
- 29.3 The Owner shall further be entitled to assign its rights to receive any sum due from the Builder according to this Contract and its right to take delivery of the Vessel according to this Contract (but not any of its other rights hereunder) to a first class bank or financial institution on behalf of a syndicate of banks and/or financial institutions subject to such bank or financial institution agreeing to perform the Owner's financial obligations under this Contract before, on and after delivery of the Vessel if not so performed by the Owner.
- 29.4 The Builder shall not be entitled to assign this Contract to third parties without the Owner's prior approval. Provided that the Builder shall be entitled (without prior approval) to assign (as security) the benefit of all, or part, of this Contract to financial institutions who make available to the Builder a loan or note purchase facility for the purpose of assisting the Builder to finance the construction of the

Vessel. The Owner's approval of the assignment of this Contract to third parties, other than the said financial institutions, may be subject to the presentation of a guarantee of the Builder's performance of this Contract.

Notice of this assignment will be given to the Owner in the normal way, and will require to be acknowledged by the Owner. In that acknowledgment, the Owner will be required to agree to make the assigned payments directly to the construction financiers (without deduction, set-off or counterclaim) and (but without liability for failure on its part):

- (i) to copy directly to the construction financiers any notice served by it on the Builder notifying the Builder of any rejection of the Vessel, or the trials, or of a breach of contract which entitles the Owner to seek liquidated damages or a price reduction, or to terminate the Contract, or which may reasonably be expected to result in a delay in the delivery of the Vessel;
- (ii) to agree to confirm to the construction financiers on request from time to time that (save as disclosed) no such breach of contract has occurred.

## ARTICLE 30

## Law of the Contract - Disputes

- 30.1 This Contract and all other agreements relating hereto shall be construed and interpreted under English law.
- 30.2 If any dispute of a technical nature arises during the construction of the Vessel between the parties in regard to the construction of the Vessel, engines, materials or workmanship, it shall forthwith be referred to a technical expert nominated by agreement between the parties hereto and his decision shall be final and binding upon both parties. Failing such agreement the dispute shall be referred to arbitration in accordance with paragraphs (3) to (5) of this Article.
- 30.3 Without prejudice to paragraph (2) of this Article, if any dispute arises between the parties as to any matter regarding this Contract which cannot be settled by the parties themselves, the matter in dispute shall be settled by arbitration by three arbitrators in London. One arbitrator shall be appointed by each party and the third appointed by the two arbitrators appointed by the parties. Hearings before the arbitrators shall be conducted and all evidence given in the English language.
- 30.4 The arbitration shall be conducted in accordance with the English Arbitration Acts 1950-1979 with such modifications as the parties may agree.
- 30.5 Judgment upon any award rendered may be entered in any court having jurisdiction or application may be made to any competent court or authority for judicial acceptance of any award and an order of enforcement, as the case may be.

## ARTICLE 31

## Addresses for Correspondence

31.1 The Builder shall send all notices, letters and documents for the Owner in connection with or required under this Contract to the following addresses:

(A) for all technical matters:

Address: Technical Marine Planning Limited (T.M.P.)  
70, Great Eastern Street  
London EC2A 3JL, ENGLAND

Telephone: 44-1-739 3533  
Telefax: 44-1-729 1169

(B) for all legal and financial matters:

Carnival Corporation  
Address: Koger Center  
5225 NW 87th Avenue  
3rd Floor  
Miami  
Florida 33178.2193 - USA

Attention: Captain Vittorio Fabietti (for)  
Mr Micky Arison

Telephone: 1-305-471-5777  
Telefax: 1-305-471-5778

31.2 The Owner shall send all notices, letters and documents for the Builder in connection with or required under this Contract to the following address:

FINCANTIERI - Cantieri Navali Italiani S.p.A.  
Divisione Costruzioni Mercantili  
Passeggio S. Andrea 6  
34123 - Trieste

Telephone: 39-40-3193111  
Telefax: 39-40-376969

Whenever this Contract requires that notice and/or notification shall be given in writing, such notice and/or notification may validly be given by telefax confirmed by letter. All approvals or consents required by this Contract shall be in writing or by telefax except as otherwise provided herein.

Signed by )  
)  
)  
for and on behalf of )  
UTOPIA CRUISES INC. )  
in the presence of:- )

Signed by )  
)  
)  
for and on behalf of )  
FINCANTIERI - Cantieri Navali )  
Italiani S.p.A. )  
In the presence of:- )



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX 1

-----

Schedule of Payments

-----

xxxxxxxxxx xxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
_____	_____	_____	_____	_____	_____
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
		_____	_____	_____	
		xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX NO. 2  
-----

PLACE AND DATE OF ISSUANCE  
-----

ON DUE DATE ----- for value received, we promise to pay  
-----  
against this promissory note to the order of ----- PAYEE  
-----  
the sum of -----  
-----

effective payment to be made in CURRENCY WITH WHICH PAYMENT IS MADE -----, without  
-----  
deduction for and free of any taxes, impost, levies or duties present or future of any nature.  
-----

This promissory note is payable at PLACE OF PAYMENT  
-----

-----  
NAME AND ADDRESS OF DEBTOR  
-----  
-----  
-----

DEBTOR'S STAMP  
AND  
SIGNATURE



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX 3/A

-----

Schedule of Payments

-----

(Regarding xx Set of Promissory Notes)

xxxxxxxxxx xxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX 3/B  
-----

Schedule of Payments

-----  
(Regarding xxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



Schedule of Payments

-----  
(Regarding xxxxxxxxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component	Interest Component	Total Amount Due	Unpaid Balance of Principal
-----	-----	It Lire	It Lire	It Lire	It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

Annex 4

-----

LETTER OF INSTRUCTION TO BE SENT BY THE OWNER

-----

TO THE TRUSTEE BANK

-----

TO

.....(BANK)  
.....

Copy to: Fincantieri Cantieri Navali Italiani S.p.A.

Re: promissory notes/Hull No. 5979

Dear Sirs:

With reference to the contract made and entered into on ..... by and between us, on the one part, and Finacantieri Cantieri Navali Italiani S.p.A. on the other part, for the construction and supply of one passenger cruise ship, we deposit in trust in relation to Hull No. 5980 XX sets of XX promissory notes each (as per Annex "A", "B", "C" and "D") in favor of Fincantieri Cantieri Navali Italiani S.p.A. for the total amount of Lit. XXXXXXXXXXXXXXXX.

According to the above shipbuilding contract, we irrevocable instruct you to release such notes to the beneficiary (Fincantieri Cantieri Navli Italiani S.p.A.) upon presentation by the same of RINA certificates stating that construction of the ship has reached the percentage stated in annex "E" to this letter.

We acknowledge that the Trustee Bank is not liable or responsible for the forms sufficiency, accuracy, genuiness or legal effect of RINA certificates.

We ask you to acknowledge to the beneficiary:

- - the correctness of signature and powers of persons who signed such Promissory Notes;
- - that all Notes are issued and duly stamped in accordance with applicable Law of the place of issuance.

Please confirm your agreement to such irrevocable instructions and that you will act strictly in accordance therewith.

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CONFIDENTIAL TREATMENT BY CARNIVAL]

Please also notify return mail to Fincantieri Cantieri Navali Italiani S.p.A.  
- - Trieste your agreement to act accordingly with irrevocable instructions.

Yours faithfully,

Encl: Annex "A", "B", "C", "D" and "E"



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "A" to Annex 4

Schedule of Payments  
-----  
(Regarding xx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component	Interest Component	Total Amount Due	Unpaid Balance of Principal
-----	-----	It Lire	It Lire	It Lire	It Lire
xx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx
xx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx
xx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxx	xxxxxxxxxxxx	xxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "B" to Annex 4  
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Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		----- xxxxxxxxxxxxxx	----- xxxxxxxxxxxxxx	----- xxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "C" to Annex 4  
-----

Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx -----	Maturity Date after delivery date -----	Principal Component It Lire -----	Interest Component It Lire -----	Total Amount Due It Lire -----	Unpaid Balance of Principal It Lire -----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "D" to Annex 4  
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Schedule of Payments

-----  
(Regarding xxxxxxxxxxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxxx xxxxxxxxxxxxx  -----	Maturity Date after delivery date  -----	Principal Component  It Lire  -----	Interest Component  It Lire  -----	Total Amount Due  It Lire  -----	Unpaid Balance of Principal  It Lire  -----
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	





[PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO AN  
APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT REQUESTED BY  
CARNIVAL CORPORATION]

FINCANTIERI CANTIERI NAVALI ITALIANI SPA

and

WIND SURF LIMITED

SHIPBUILDING CONTRACT  
For Hull 5980

Sinclair Roche & Temperley

## INDEX

Art.	Index
1.	Subject of the Contract
2.	Vessel's Classification - Rules and Regulations - Certificates
3.	Vessel's Characteristics
4.	Builder's Supply - Owner's Supply
5.	Approvals - Supplies by Third Parties
6.	Hull Number
7.	Inspection of Construction
8.	Delivery
9.	Price
10.	Payment Conditions
11.	Defaults by the Owner
12.	Trials
13.	Speed - Liquidated Damages
14.	Deadweight - Liquidated Damages
15.	Stability
16.	Passengers and Crew Accommodation Capacity
17.	Fuel Oil Consumption - Liquidated Damages
18.	Vibrations and Noise
19.	Maximum Amount of Liquidated Damages
20.	Termination of the Contract - Liquidated Damages to be paid by the Builder
21.	Property Rights
22.	Responsibility after Delivery
23.	Insurance
24.	Modification to Plans and Specification
25.	Guarantee - Liability
26.	Events of Force Majeure
27.	Patents
28.	Contract Expenses
29.	Assignment of the Contract
30.	Law of the Contract - Disputes
31.	Address for Correspondence
	Annex 1
	Annex 2
	Annex 3 A, B, C, D
	Annex 4
	Annex 5

## SHIPBUILDING CONTRACT

Between:

WIND SURF LIMITED a company organised and existing under the law of the Commonwealth of the Bahamas, with a registered office in Nassau, Bahamas hereinafter called the "Owner"

and

FINCANTIERI - CANTIERI NAVALI ITALIANI S.p.A., a company organised and existing under the law of the Republic of Italy, with registered office in Trieste, via Genova, 1, fiscal code 00397130584, hereinafter called the "Builder",

IT IS HEREBY AGREED AND STIPULATED AS FOLLOWS :

ARTICLE 1

Subject of the Contract

- 1.1 The Builder undertakes to design and build at its Marghera yard and to deliver to the Owner, who undertakes to accept delivery of one passenger cruiseship for the transport of XXXX passengers and XXX crew (plus XX pullmans or convertible sofas) and a deadweight of XXXX metric tonnes (hereinafter called "Vessel") in accordance with this Contract, dated January \_\_, 1995, the Specification for Hull 5881, 5882 and 5883 (ref. 7864/A) as supplemented and amended by an Addendum of even date herewith (ref. TMP 1713) (hereinafter together called the "Specification"), the General Arrangement Plans reference P. 8006/D dated January 1995 (-5 sheets) (hereinafter called "Plans") and VFD Interiors b.v. Interior Design drawings and Specification reference 9427 dated January 8, 1995 (hereinafter called "Interior Design Specification").

The Specification, Plans, Interior Design Specification and the Makers' List mentioned in the Specification each signed by the Parties hereto form an integral part of this Contract although not attached hereto. Except where expressly provided otherwise reference in this Contract to the Specification shall also include the Interior Design Specification.

- 1.2 In the event of conflict between this Contract and the Specification and/or Plans, the provisions of this Contract shall prevail. In the event of conflict between the Specification and the Plan, the provisions of the Specification shall prevail.
- 1.3 The Specification for the Vessel and the Interior Design Specification relating to the public areas as well as the general scope materials and finish for the Vessel will be to the standard of m.s. "Ryndam" as built.

- 1.4 The Specification shall further incorporate all changes to the original specification for m.s. "Ryndam" agreed in relation to the construction of Hull 5954 up to December 19, 1994.

## ARTICLE 2

## Vessel's Classification - Rules and Regulations - Certificates

- 2.1 The Vessel will be built under the survey of Lloyd's Register of Shipping (the "Classification Society") and to Rules and Regulations of Lloyd's Register of Shipping for the Class "+ 100 A1 + LMC, UMS, Passenger Ship Unrestricted Service, Underwater Survey".
- 2.2 The Vessel shall comply with the laws, rules, regulations and enactments published and in force on the date hereof as stated in the SPECIFICATIONS, including also Stability Regulations for Passenger Vessels (April 1990) and Fire Protection for Lifeboats and Rafts in way of windows and screens (SOLAS 74, amended) to the requirements of the Classification Society and the Panamanian Government. The Vessel shall also comply with the requirements of the following:
- (a) U.S.P.H. including "Vessel Sanitation Programme - Operation Manual (edition August 1989) and W.H.O. "Guide to Ship Sanitation"; and
  - (b) SOLAS Regulations and Wireless in relation to Global Marine Distress Signal Systems.
- 2.3 Classification, certification, testing and survey charges to be paid to the Classification Society and other third parties related to the construction and delivery of the Vessel, their machinery and equipment shall if so required in the Specification be for the account of the Builder.
- 2.4 The decisions by the Classification Society and other regulatory bodies which are to issue the certificates set forth in the Specification shall be binding on both Parties hereto as to the Vessel's compliance or non-compliance with the rules and regulations of the Classification Society and such regulatory bodies. This does not absolve Builder from compliance with the Specification in respect of provisions which exceed the above requirements.

- 2.5 Where after December 19, 1994 amendments to the Specification and/or Plan for Hull 5954 are agreed in relation to Hull 5954 such amendments shall, unless specifically agreed otherwise or where inappropriate to the Vessel, be incorporated in the Vessel with the same adjustments to the Contract Price and technical characteristics of the Vessel as are agreed in relation to Hull 5954.
- 2.6 The Builder shall carry out such work as is necessary in accordance with this Contract so that the Vessel on arrival in the United States is approved by the USPH authorities.

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ARTICLE 3

Vessel's Characteristics

3.1 The Vessel shall have the following main dimensions and characteristics:

(A) Main dimensions

Length between perpendiculars	abt.	XXXXXX m
Length overall	"	XXXXXX m
Beam Amidship at water line	"	XXXXXX m
Beam Maximum	"	XXXXXX m
Height to deck No. 9	"	XXXXXX m
Design Draught (moulded in seawater density 1.025 kg/m(3))	"	XXXX m
Deadweight at above Design Draught of XXXX M	"	XXXX metric tons

(B) Passengers Cabins

Standard Cabins inside (with shower)	XXX
Standard Cabins outside with bathtub	XXX
Deluxe Cabins with Balcony and Jacuzzi-type bathtub	XXX
Suites with Balcony and Jacuzzi	XX
Penthouse Suite with Balcony and Jacuzzi	X
	-----
Total	XXX

(C) Life saving equipment

Total number of persons on board for purpose of life saving equipment to be

XXXX.

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(D) Main Engines

An integrated high and low voltage power station machinery plant is to be provided based on X medium speed diesel alternators, consisting of XXXXX XXXXXX 16 ZAV 40 S diesel engines, each developing XXXXX kW MCR and XXX Sulzer 12 ZAL 40 S diesel engines each developing XXXX kW MCR for generation of power for propulsion by two high skewed C.P. Propellers driven by synchronous A.C. motors on each shaft and controlled by cycloconverters, as well as for all other electrical consumers requirements of the Vessel.

The diesel engines shall be able to burn poor quality H.F.O. with a viscosity of up to 700 CST/50 deg C. without adverse effects.

The propulsion motors to develop each an output of up to a maximum XXXX M.W.

(E) Power and Speed

i) Service Speed

With a power output not exceeding XX% MCR, and allowing XXX M.W. for all Vessel's electrical consumers, except propulsion, the residual power shall enable the Vessel to cruise at a service speed of XXXX knots with a sea margin of XX% at the design draft with one engine out of commission.

ii) Trial Speed

With a total power output of all engines not exceeding XX% MCR, the Vessel under trial conditions with clean bottom and wind/sea force not exceeding Beaufort scale 2, shall reach a speed of XX knots at the design draft. There shall be no power-deficiency corrections applied to speed trial calculations.

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(F) Trade

The Vessel is to be suitable for around the world cruising with service speed of XXXX knots. Minimum range in respect of fuel to be XXXX nautical miles.

3.2 The foregoing main characteristics (except the characteristics which are the subject of Articles 13, 14, 15, 16 and 17) may be slightly modified, should the Builder deem such modifications necessary to fulfil the contractual requirements in respect of the draft, deadweight, stability and guaranteed speed. Such modifications shall be subject to the Owner's prior approval such approval not to be unreasonably withheld.

## ARTICLE 4

## Builder's Supply - Owner's Supply

- 4.1 Those items of equipment listed under paragraph 0,132 (Owner's supply) of the Specification Section "0" will be provided by the Owner. The Builder shall supply all other items of equipment and materials which are required for the construction and outfit of the Vessel in accordance with the standards prescribed in Article 5.13 and in the Specification whether or not such items are or are not expressly listed in the Specification provided such are necessary for construction and outfit of the Vessel as described herein and in the Specification.
- 4.2 The Owner's supplies will reach the Builder's Shipyard delivered at the Shipyard, in due time to maintain the Schedule of delivery to such items advised by the Builder so as to give the Owner adequate time to arrange such supply in conformity with the schedule of construction of the Vessel.
- 4.3 The Builder shall be responsible both for the keeping in stores safe and well protected from damage and deterioration including from atmospheric agents and for the careful handling of the Owner's supplies, including artwork delivered to the Shipyard and shall also take care, at its own expense and under its responsibility, for the subsequent loading and arrangement on board (including framing and mounting of artwork) of the various materials and of the installation of the equipment supplied by the Owner.
- 4.4 The Builder shall advise the Owner as soon as practicable of any deficiency or damage in the supply or performance of the Owner's supplies. The Owner as soon as practicable shall take all necessary steps to supply missing items and rectify deficiencies in performance.
- 4.5 For items of machinery and equipment the usual assistance of the maker for installation and testing will be made available to the Builder by the Owner.

- 4.6 The Builder shall not be responsible for the quality and efficiency of the Owner's supplies but shall be responsible for their proper installation which will be governed by the guarantee under the terms set out in Article 25 hereof.
- 4.7 The foregoing shall apply also for the Owner's other supplies, if any, not foreseen in the Specification, for which the Owner and the Builder shall mutually agree each time upon possible costs of loading and fitting on board.
- 4.8 Fuel oils and lubricants for the set up of the plants on board and for all the shop tests of such plants and the trials of the Vessel afloat will be supplied by the Builder and at the Builder's cost and expense.
- 4.9 The Builder will assist the Owner in clearing with customs and taking delivery to the Builder's yard of each shipment of the Owner's supplies in cooperation with the Owner's local representatives.

## ARTICLE 5

## Approvals - Supplies by Third Parties - Standard

- 5.1 Wherever mentioned in this Article, the term "drawings" shall include plans, schedules, subcontractors, supply order specifications and other material subject to Owner's approval as per the Specification.
- 5.2 The Builder shall send by courier to the Owner, for preliminary approval, copies of the drawings for the construction, outfitting and completion of the Vessel as foreseen in the Specification, and the Owner shall dispatch by courier one copy of the foregoing drawings, either approved or supplemented with possible remarks suggestions or proposals, within a term of 21 days as from the date of arrival of the drawings to the Owner's office or such longer period as may be agreed by the Builder at its reasonable discretion if the Owner requests an extension of the said 21 day period.
- In the event that, on such expiration date the foregoing drawings have not yet been returned to the Builder, such drawings will be considered as approved.
- 5.3 The Builder will send to the Owner, within three months from the signing of this contract, the completion and despatch schedule for the foregoing drawings. Such schedule shall be as detailed as possible in order to allow the Owner a corresponding planning of its resources. Amendments, if any, to such schedule will be timely made known to the Owner.
- 5.4 The Builder shall take into consideration the remarks, suggestions or proposals, if any, by the Owner, acting as follows:
- (A) if such remarks, suggestions or proposals are covered by its contractual obligations, the Builder shall promptly carry them out without claiming any costs and shall supply the Owner with the relevant amended drawings in order to describe and confirm the modification made;

- (B) conversely, the remarks, suggestions or proposals not covered by the Builder's contractual obligations will be handled according to Article 24 hereof.

The amendments, in respect of drawings referred under sub-para (B) above according to Article 24 hereof, will in turn be submitted for the approval of the Owner, with the same procedure, limited to the part modified.

- 5.5 Approval or deemed approval of such drawings etc shall in no way affect the responsibility of the Builder for the successful completion of the Vessel and for the fulfilment of the Builder's contractual obligations under this Contract, the Specification and the Plans.
- 5.6 The Owner undertakes to use reasonable endeavours to ensure that the requested approvals are given in the shortest time reasonably practicable within the period specified in paragraph 2 of this Article.
- 5.7 The Builder shall have the right to sub-contract part of the supply and work to be carried out under this Contract on the building site or elsewhere provided that the main work of construction and main work of assembly of the Vessel's sections, as well as installation of machinery, equipment and outfit, shall be carried out at the Builder's yard in Marghera.
- 5.8 The subcontractors for items included in the makers' list agreed between the Owner and the Builder (the "Makers' List") shall be one of the companies listed in the Maker's List in relation to the relevant item. The Owner and Builder may by agreement from time to time add to or remove names from the Makers' List. In relation to those items specified in the Makers List the Builder shall select the supplier from the companies listed in the Makers' List and send to the Owner for approval in accordance with Article 5 the specification of the relevant item together with the information the Owner may reasonably require to assess the suitability or the Maker proposed. The Owner shall approve or disapprove the specification as provided in Article 5 and may propose to the Builder the selection of another of the companies listed in the

Makers' List in relation to the relevant item. The Builder will do its best to meet the Owner's wishes and will forward the respective specification for its approval. However if the item supplied by the company proposed by the Owner from those of the Makers' List in relation to the relevant item is more expensive than the item manufactured or supplied by the company as proposed by the Builder and the Builder and the Owner are unable to agree on the selection of the item by the company proposed by the Owner (within the procedures laid down in Article 5), the Owner may insist on the selection of the company proposed by it provided that the difference in price shall be treated as a modification as provided in Article 24.

- 5.9 The selection of subcontractors for main items not included in the Makers' List shall be subject to the Owner's prior approval such approval not to be unreasonably withheld.
- 5.10 Any contact with the Builder's suppliers, in connection with the supplies intended for the Vessel subject of this Contract will, in any case, be carried out through the Builder.
- 5.11 The Owner will be provided with such information as it may reasonably request in order to verify the performance of the equipment supply or work carried out by the subcontractors.
- 5.12 The supplies from and work of third parties will be covered by the Builder's guarantee as provided in Article 25 hereof.
- 5.13 The Owner undertakes to supply the detailed architectural drawings ("Design Concepts") developed from the public rooms Owner's architect drawings referred to in Article 1 relevant to the public rooms and passenger open decks identified in the Plans. Such Design Concepts will be drawn up at the Owner's expense and delivered to the Builder. The Builder will advise the Owner within three months from the date of this Contract of the schedule for delivery and scope of the Design Concepts for the Vessel which the Owner has to provide. Such schedule shall allow reasonable time in each case for the

Owner's architect to draw up such Design Concepts and the Builder shall provide the Owner's architect a reasonable period in advance of the deadline for submission of the Design Concepts with information regarding the layout, frame spacing, steel structure, engine casing, vertical and horizontal air and cable ducts and other similar information which is sufficiently firm to enable the Owner's architect to prepare the Design Concepts and precludes foreseeable major changes in such items which would affect the preparation of such Design Concepts.

The Design Concepts will conform with the structure and layout of the relevant areas of the Vessel and the standards stipulated in this Contract. However if the Builder discovers that detailed modifications are required to accommodate the general concepts in a reasonable manner, it will promptly notify the Owner about the problem with a view to finding a solution acceptable to both parties.

Within two months from the receipt of the Design Concepts the Builder shall work up the Design Concepts and provide the Owner with detailed drawings implementing the same and during the following 30 days the Builder and the Owner shall collaborate to reach the final decision about the drawings implementing the Design Concepts.

Each of the final drawings prepared by the Builder will be signed by the Owner and the Builder by way of approval.

## ARTICLE 6

## Hull Number

- 6.1 The Vessel will be identified as hull number 5980.
- 6.2 As soon as possible after the arrival at the Builder's yard, all materials, machinery and other equipment intended to be incorporated in the Vessel shall be marked with the above Hull number for the purpose of identification and establishing that such materials, machinery and equipment belong to the Vessel. The Builder may not use any such marked material, machinery, and equipment for the construction of any other vessel without the approval of the Owner, such approval not to be unreasonably withheld. The Builder may not use for the construction of the Vessel materials, machinery and other equipment marked for use in the construction of any other vessel without the approval of the Owner, such approval not to be unreasonably withheld.

## ARTICLE 7

## Inspection of Construction

- 7.1 During the Vessel's construction, the Owner shall have the right to have the Vessel and all engines, auxiliary machinery, outfit, furnishing etc., inspected by its authorised representatives, to whom the Builder shall grant free access - during working hours - to the Vessel, its shipyard and workshops and shall obtain the same right of access to the plant where parts intended for the Vessel subject of this Contract were sub-contracted by the Builder.
- 7.2 The supervision and inspection carried out during the Vessel's construction by the Owner or its authorised representative shall not relieve the Builder from its obligations to complete the Vessel in accordance with this Contract and Specification and the Plans. Throughout the period during which the Vessel is under construction the Builder will conduct its proper quality control programme of inspections, testing and supervision by a team of the Builder's staff designated for this purpose. The Owner's quality control staff shall wherever practicable work together with the Builder's staff and jointly sign protocols in respect of items approved by them.
- 7.3 The Owner and/or its authorised representatives shall promptly notify the Builder in writing of any noted defects and deficiencies which are considered by them as non-compliance with the contractual conditions in respect of materials or workmanship.
- 7.4 Approval by the Owner or Owner's representatives of work, inspections, tests, trials, documents or plans shall not relieve the Builder of its responsibility for the successful completion of the Vessel in accordance with this Contract, the Specification and Plans.
- 7.5 The Builder shall take into due account reasonable remarks, if any, by the Owner or its authorised representatives, within the limits of the contractual obligations.

- 7.6 The Owner's authorised representatives shall observe the work rules prevailing at the Builder's and Builder's subcontractors' premises as far as they may be concerned.
- They shall also address their remarks exclusively to the Builder's appointed representatives.
- 7.7 Should the Owner elect to entrust the inspection to persons outside its organisation, such persons shall be subject to the Builder's prior approval (not to be unreasonably withheld).
- 7.8 The Builder shall prepare an inspection and tests schedule and shall give to the Owner reasonable advance notice about the dates of all inspections, tests and trials including those carried out on sub contractors' premises as required by the Specification. On completion of the test operations of major items, there will be drawn up protocols of acceptance undersigned by the Owner's and Builder's authorized representatives and, wherever required, by the Classification Society.
- 7.9 The Builder shall provide at its yard to the Owner's Representatives, for their inspection tasks, suitably furnished office spaces equipped with lavatories, telephone, word processors and telefax and as described in the Specification. The telephone and telex/telefax expenses will be borne by the Owner.

## ARTICLE 8

## Delivery

8.1

The delivery of the Vessel means the presentation of the Vessel afloat, moored at a quay, suitable for crew and passenger embarkation and loading of Owner's supplies and provisions, free from encumbrances or liens (other than the Construction Finance Mortgage referred to in Article 10.5 which shall be discharged contemporaneously with delivery), upon the satisfactory trials completion and completion of all work required under this Contract, the Specification and the Plans, together with the documents required by the Specification. Such documents shall be in the usual form they are issued on delivery.

The following further documents will be handed over to the Owner

- (A) Invoice for the total final price.
  - (B) Declaration of Warranty of the Builder that the Vessel is delivered to the Owner free and clear of any and all liens, claims or other encumbrances upon the Vessel and the Owner's title thereto, and in particular, that the Vessel is absolutely free of all burdens, in the nature of imposts, taxes or charges imposed by the city, state or county of the port of delivery, as well as of all liabilities arising from the construction or operation of the Vessel on trial runs or otherwise, prior to delivery and acceptance.
  - (C) Builder's Certificate.
- A protocol of delivery and acceptance will be signed by the Builder and the Owner.

8.2

If:-

- (A) the aforementioned documents are tendered by the Builder and

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- (B) the Vessel has been duly completed in accordance with this Contract, the Specification and the Plans, the delivery shall be considered as carried out to all effects even if the Owner refuses to sign the protocol of delivery and acceptance.

- 8.3 The Vessel will be delivered to the Owner, in accordance with this Contract and provided the payments hereinafter specified are made within the terms set forth, upon completion of all work necessary to enable the Vessel to comply with this Contract, the Specification and the Plans on 30 September 1997 extended by the period by which the delivery of the Vessel is delayed by reason of force majeure affecting the Vessel as provided in Article 26 and for modifications affecting the Vessel as provided in Article 24 and for delays in payment in relation to the Vessel as provided in this Contract which would permit the Builder to delay delivery of the Vessel. The Vessel may be delivered at the Builder's yard at which the Vessel has been built or at Venice or Trieste provided that the Builder shall give to the Owner not less than 30 days' notice of the place of delivery. The Builder agrees and will procure that the Vessel may remain at the quay for a period of 7 days after delivery. If the Vessel is completed and tendered for delivery to the Owner before the date specified above the Owner may, but shall not be obliged to, take delivery of the Vessel before that date.
- 8.4 Should the Vessel not be delivered in accordance with the terms of this Contract, the Specification and the Plans on or before the date extended as referred to therein the Builder shall pay to the Owner as final liquidated damages an amount of Italian Lire XXXXXXXX for each solar day of delay.
- 8.5 Should the delay in the delivery of the Vessel, exceed by 360 solar days, the delivery date specified in paragraph (3) of this Article extended as referred to in the said paragraph (3) the Owner, as an alternative to receiving the foregoing liquidated damages, shall have the right to terminate this Contract with the consequences set forth in Article 20 hereof.

8.6 Should the delay in the delivery of the Vessel exceed by more than 540 solar days the delivery date specified in relation thereto in paragraph (3) of this Article, as extended by the period by which the Vessel is delayed by reason of modifications affecting the Vessel as provided in Article 24 and delays in payment in relation to the Vessel as provided in Article 11 then, irrespective of the provisions of Article 26 which might otherwise permit postponement of delivery, the Owner shall have the right to terminate this Contract with the consequences set forth in Article 20 hereof.

8.7 Without prejudice to the Owner's rights under Article 8, 13, 14, 15, 16, 17 and 18 of this Contract, in the event that the Vessel is tendered for delivery by the Builder, the Vessel has defects or deviations (other than defects or deviations referred to in Articles 13, 14, 16, 17 or 18) and each of the following conditions is satisfied in relation thereto:

- (A) the defects and/or deviations do not make the Vessel unsuited to the service for which the Vessel has been ordered; and
- (B) the defects and/or deviations do not represent a material departure from the requirements of this Contract, the Specification, the Plans and the hull lines and form developed for the Vessel; and
- (C) the defects and/or deviations cannot reasonably be expected to affect the operational efficiency of the Vessel; and
- (D) the defects and/or deviations cannot reasonably be expected to affect the safety or comfort of the Vessel's passengers; and
- (E) the defects and/or deviations do not prevent the issue of the certificates which the Builder is required by the Specification to deliver to the Owner on the delivery of the Vessel;

but the Vessel has in other respects been completed in accordance with the requirements of this Contract, the Specification and the Plans, the Owner shall accept delivery of the Vessel with an appropriate reduction of the price. If the

Vessel is tendered with defects or deviations other than such defects or deviations as are referred to above the Owner shall, subject to Articles 13, 14, 15, 16 and 17, not be obliged to take delivery of the Vessel. In circumstances in which the foregoing provisions of this paragraph apply, the determination of the appropriate reduction of the price by agreement or arbitration shall not delay the delivery of the Vessel.

8.8

In the event that when delivery of the Vessel is tendered by the Builder the Vessel shows minor defects or non-completions in the passengers' areas, the Owner will take delivery of the Vessel while claiming remedy of the defects and/or completion of work during the Vessel's transfer voyage and the Builder shall supply, at its expense, all the materials and labour necessary to remedy the foregoing defects and non-completions before the date foreseen for the embarkation of passengers. However, subject to Article 16.3, in the event that on the embarkation of passengers one or more cabins are still unusable, the Owner will be entitled to claim from the Builder the reimbursement of the Owner's loss of profit attributable to the non-completions, up to the date when the defects or non-completions will be remedied by the Builder. The Owner will give the Builder the opportunity to continue to work, provided that such work shall be carried out in a manner which will not reasonably cause discomfort or annoyance to passengers. If the Builder is unable to remedy such defects or non-completions so as to render the affected cabins unusable the Builder's obligation to reimburse the Owner for its loss of profit shall cease when the Builder acknowledges it is so unable and the Builder shall therefore be liable to pay the liquidated damages stipulated in Article 16.5

8.9

In the event that when delivery of the Vessel is tendered by the Builder the Vessel shows minor defects or non-completions concerning areas not intended for passengers, and/or areas intended for passengers except to the extent remedied by the Builder under paragraph 8 of this Article or to which the Builder has paid liquidated damages under paragraph 8 of this Article and Art. 16.5, then the Owner will be entitled either to claim their remedy by the Builder at the Builder's expense after delivery during the Vessel's transfer voyage prior to the Vessel entering service, or to arrange itself for the

execution of such remedy work, and in the latter case the Builder shall refund the actual cost incurred by the Owner. Such work shall be carried out in a manner which will not reasonably cause discomfort or annoyance to passengers.

8.10 In paragraphs 8 and 9 of this Article "minor defects or non-completions" means defects or non-completions which exist when delivery of the Vessel is tendered and which either:

- (A) would not entitle the Owner to reject the Vessel and terminate this Contract by virtue of paragraph 7 of this Article; or
- (B) would entitle the Owner to reject the Vessel but despite which the Owner agrees to take delivery of the Vessel and which are notified to the Builder on delivery.

8.11 If it is not practicable before delivery for the Builder to demonstrate the contractual performance of any of the specified equipment or the contractual performance of any of the specified technical systems of the Vessel in its intended operating conditions, the Builder will demonstrate such performance as soon as practicable and if not practicable within 180 days of delivery compliance or non-compliance shall be determined by calculations. In case of deficiencies in performance the Builder will remedy such deficiencies under paragraph 9 of this Article or the guarantee contained in Article 25 as appropriate.

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ARTICLE 9

Price

The Owner shall pay to the Builder for the Vessel the price of Italian Lire  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX (It. Lire XXXXXXXXXXXXXXX) fixed and not subject to  
adjustment.

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ARTICLE 10

Payment Conditions

10.1 The payment of the price of Italian Lire XXXXXXXXXXXXXXXXXXXXXXXX (It. Lire XXXXXXXXXXXXXXXXXXXX) will be made for the Vessel as follows:

- XX% (Italian Lire XXXXXXXXXXXXXXXX) on signature of this contract;
- XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;
- XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;
- XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;
- XX% (Italian Lire XXXXXXXXXXXXXXXX) on XXXXXXXXXXXXXXXX;
- XX% (Italian Lire XXXXXXXXXXXXXXXX) financed through a supplier's

Credit on the following conditions:

- (A) Rate of interest: XXXX% per annum, fixed, net, payable on a semiannual basis and calculated on the loan outstanding balance.
- (B) Repayment: over XXX years by means of XX semiannual equal principal instalments including the relevant interest calculated as above from the Vessel's delivery (as per Annex 1).
- (C) Loan instruments for the Vessel: XX sets of XX promissory notes. The promissory notes must be free of any taxes, impost, levies or duties present or future of any nature whatsoever and not capable of prepayment (as per Annex 2).
- (D) Maturities: the Promissory Notes shall have maturities in accordance with the expected date for delivery of the Vessel as provided in paragraph (3) of Article 8. The first note of each set will expire at 6 monthly intervals from each such expected delivery date. The following

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maturities will expire at 6 monthly intervals thereafter (as per Annexes 3/A, 3/B 3/C and 3/D).

- (E) Release of loan instruments: promissory notes, duly filled in, shall be deposited in trust within 30 days from the date of this Contract at a first class Italian Bank: acceptable to the Owner (hereinafter called the "Trustee Bank") with irrevocable instructions (see Annex 4) to release them to the benefit of the Builder, upon presentation by the same of RINA certificates stating that the Vessel has reached the percentage stage of completion stated in Annex 5.

The Builder undertakes to release such promissory notes only in order to obtain the financing of the Vessel during the construction period.

- (F) Deferred delivery: in case the actual delivery date of the Vessel is different from the date specified in relation thereto in paragraph 3 of Article 8, the parties agree to reissue or amend the promissory notes modified accordingly, so that the new maturity dates will be at six monthly intervals from the actual delivery date.

10.2 The amounts due by the Owner or by the Builder for the modifications to the Specification and to the Plans will be paid on delivery of the Vessel. Interest on XX% of the cost of modification shall be payable by the Owner to the Builder in the case of extra costs, or by the Builder to the Owner in the case of credits, from the date on which the modification is agreed until delivery, calculated at the prime rate ABI as mentioned in Article 20.1(A).

10.3 Liquidated damages, if any, or premiums for delivery, speed, deadweight, capacity and fuel oil consumption will be determined on delivery of the Vessel and the relevant amount will be paid to the party entitled thereto on delivery.

In the event of any dispute as to the quantification of any such amount, delivery of the Vessel shall nevertheless take place in accordance with this Contract (but without prejudice to the right of either party to refer such dispute to arbitration in accordance with Article 30 of this Contract).

Any liquidated damages or price reduction will be settled by way of cash payment by the Builder to the Owner and not by way of reduction in the amounts payable hereunder by the Owner or by way of modification to the promissory notes referred to in Article 10.1.

10.4 The Owner shall not delay or discontinue any payment foreseen in this Contract for any reason whatsoever except in the event of the proper termination of this Contract in relation to the Vessel or a total loss of the Vessel as provided herein.

Exceptions and/or claims, if any, by the Owner against the Builder, will be asserted separately according to the provisions set forth in Article 30 hereof.

10.5 If, as contemplated in Article 10.1 (E), the Builder proposes to release the promissory notes in order to obtain the financing of the Vessel during the construction period, then in order to procure such financing, the Builder may (prior to the transfer of the property in any part of the Vessel to the Owner pursuant to Article 21) grant in favour of the financing parties a first priority mortgage over the Vessel (the "Construction Finance Mortgage") and register the same as a mortgage of a vessel under construction (at its own expense), provided that (1) the financing parties agree for the benefit of the Builder and the Owner that they will not take any steps to enforce the mortgage save in circumstances where an event has occurred which entitles the Owner or the Builder to rescind or terminate the Contract; and (2) that the mortgagees under the Construction Finance Mortgage give undertakings to the Owner in mutatis mutandis substantially the same terms as the undertakings given by Citibank N.A. to the Owner in relation to Hull 5954.

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If a Construction Finance Mortgage is created, then the transfer of the property in all or part of the Vessel pursuant to Article 21 shall be a transfer subject to the Construction Finance Mortgage.

10.6 Any financing provided to the Builder in respect of the construction period will be on terms whereby the full amount due will be repayable at the delivery of the Vessel at which point the Builder will re-acquire the promissory notes issued by the Owner under Article 10 and sell the promissory notes without recourse to an investor or investors.

10.7 The Builder shall not have any rights to sell the Promissory Notes of the Owner referred to in Article 10 of this Contract to anyone other than one or more Qualified Investors.

"Qualified Investor", used herein, means any financial institutions or other entity approved in writing by the Owner.

10.8 If, at delivery of the Ship by the Builder to the Owner, in accordance with the terms of this Contract, the Builder has not received a bona fide offer from a Qualified Investor to purchase the Promissory Notes, on terms substantially the same as the offer referred to in the letter dated January 14, 1995 (the "Citibank Offer") from Citibank, N.A. to the Builder and Citibank N.A. Rome as intermediary bank, or at a price equal to the principal value of the Promissory Notes (i.e., It. Lire XXXXXXXXXXXXXXXXXX), then the Builder shall have the right to demand payment of the deferred portion of the purchase price of the Ship represented by the principal value of the Promissory Notes in cash on the date of delivery. In such event, the Builder shall concurrently return the Promissory Notes to the Owner on payment of such amount, and the Owner agrees to indemnify and hold the Builder harmless under such circumstances from and against all losses, directly incurred by the Builder as a result of repayment of any subsidy otherwise paid to, or loss of any subsidy due to the Builder in respect of the construction financing of the Ship.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

10.9 In the event that the Builder has received a bona fide offer from a Qualified Investor to purchase the Promissory Notes on or before the delivery date of the Ship under this Contract, on terms substantially the same as the Citibank Offer or at a price equal to the principal value of the Promissory Notes (i.e., It. Lire XXXXXXXXXXXXXXXXX) and the Builder fails to deliver the Promissory Notes for purchase under such offer, then the Owner shall have the right, but not the obligation, to pay the deferred portion of the purchase price of the Ship in cash on delivery for an amount equal to the purchase price of the Promissory Notes under the bona fide offer not accepted by the Builder. If the Owner pays such price in cash then the Owner shall concurrently return the Promissory Notes to the Owner. In this event, the Builder will indemnify the Builder will indemnify the Owner in respect of any advisers' legal fees relating to this transaction, and no indemnification will be required from the Owner to the Builder, in respect of any loss of subsidy or otherwise.

## ARTICLE 11

## Defaults by the Owner/Carnival Corporation

- 11.1 Should the Owner be in default in payment of any Contract instalment and/or other amounts due under this Contract, then the Owner shall pay to the Builder - as from the due date interest thereon reckoned according to the prime rate ABI (Italian Banking Association), increased by 4 percentage points, published in "Il Sole 24 Ore" at three months capitalization.
- 11.2 Moreover, the Builder shall be entitled to one day's extension in the delivery time of the Vessel for each day of delay in the payment of the aforesaid sums and if the delay exceeds 15 days as from the due date the Builder shall have the option to suspend the Builder's obligations under this Contract in relation to the Vessel until payment of such sums and interest thereon has been received by the Builder.
- 11.3 If the aforesaid delay exceeds one month from the due date, the Builder, even if it has elected to suspend its obligations as aforesaid, or if any of the events specified in Article 11.7 occurs and is continuing, may give to the Owner at any time notice in writing declaring the Contract terminated and claim damages.
- 11.4 To recover payment of the damages for default of the Owner under this Article the Builder shall have the option, but shall not be bound to sell the Vessel before or after having completed it (together (at the Builder's discretion) with any Owner's supplies in the Builder's possession) without prejudice to any other of the Builder's rights.
- 11.5 Should the Builder elect to sell the Vessel (together with any such Owner's supplies), then the sale shall be effected by auction or by private sale, on such terms and conditions at such price as the Builder shall determine, no responsibility deriving therefrom to the Builder. Should the net proceeds of such sale and the instalments already paid by the Owner not cover the damages

and expenses suffered by the Builder (including, without limitation, costs and expenses incurred by the Builder in connection with the sale and any costs and expenses incurred by the Builder in constructing and completing the Vessel after termination of the Contract in relation thereto), the Owner shall be liable for the difference.

11.6 Should the Owner fail to take delivery of the Vessel in accordance with the terms of this Contract then, without prejudice to any other right of the Builder, the whole of the outstanding balance of the purchase price payable under Article 10 and all the other outstanding payments due from the Owner shall be regarded as having fallen due immediately on service of notice from the Builder to the Owner demanding payment pursuant to this Article 11.6.

11.7 The events referred to in Article 11.3 are:-

- (A) a bona fide petition, whether voluntary or involuntary, is filed and is not dismissed within thirty (30) days or an effective resolution is passed for bankruptcy, liquidation, reorganisation or winding up of the Owner or Carnival Corporation (other than for the purpose of a reconstruction or amalgamation which has received the Builder's prior written approval, such approval not to be unreasonably withheld); or
- (B) a receiver, trustee, liquidator, or sequestrator of, or for, the Owner or Carnival Corporation or any substantial portion of the property of the Owner or Carnival Corporation is appointed or the Owner or Carnival Corporation makes an assignment of the whole or a substantial part of its assets for the benefit of creditors; or
- (C) the Owner or Carnival Corporation is unable to pay or admits its inability to pay its debts as they fall due or if a moratorium shall be declared in respect of any indebtedness of the Owner or Carnival Corporation or the Owner or Carnival Corporation ceases to carry on its business or makes any composition with its creditors generally or is declared bankrupt or goes into liquidation.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 12

Trials

- 12.1 The Vessel shall run the following testing trials:
- (A) Dock trial as specified in the Specification.
  - (B) Official sea-trials as provided in the Specification during which the trial speed and the propulsion motors output and revolutions shall be determined in accordance with paragraph (E) (ii) of Article 3.1.  
  
An endurance test as well as all other trials and test included in the sea trial program in the specification shall also be carried out with recording of measurements of all parameters, enabling determination of performance relevant to each test.
  - (C) All other trials specified in the Specification. The trials program will be timely agreed upon by Owner and Builder.
- 12.2 The speed runs and endurance test shall be run at the draft of XXX meters or at the draft attainable by ballasting the Vessel with ballast water using tanks and compartments intended for this purpose.
- As far as practicable the draft and conditions shall be as close as possible to the corresponding draft and other actual trial conditions at which tank model tests have been carried out. Should such speed trial draft and other actual trial conditions be other than the draft and conditions specified in paragraph (E) (ii) of Article 3.1, the speed, the propulsion motors' output and the revolutions corresponding to the latter draft and conditions shall be determined by the Netherlands Model Basin in Wageningen on the basis of the results recorded at

the sea trials by means of data from their model tests carried out with the final hull form and design propellers.

- 12.3 All trials and measurements will be conducted in a manner and to an extent as prescribed in a detailed schedule based on the Specification. The methods to be used are to be selected by the Builder to suit the Vessel's sea trials programme to the approval of the Owner.
- 12.4 The Builder has the right to subcontract speed and power measurements to an independent model basin or research institute. However, the Owner will be kept fully informed and allowed to observe and ascertain measurements recorded during the trials as if the Builder had carried out the tests with its own personnel.
- 12.5 Should conditions which properly qualify to delay delivery as provided in Article 26 prevent the Builder from carrying out properly the official trial on the day scheduled therefor, the Builder has the right to postpone the trial or such part of it as deemed necessary. In such case the Builder shall be entitled to an extension of the Vessel's delivery time covering the whole period of postponement provided that the Vessel's delivery is actually delayed by such postponement and provided further that the Builder shall promptly carry out the postponed trial or part as soon as conditions allow.
- 12.6 The Builder shall also conduct a preliminary sea trial, enabling checking and adjustment of the propulsion plant and the detection of defects and deficiencies, such as excessive noise and vibration, and their correction in good time. The preliminary sea trial shall take place as soon as the Vessel is sufficiently completed for this purpose. The Owner's representatives shall be entitled to attend such preliminary trial. Any adjustment to the functioning of the power generation and propulsion plants and system associated otherwise shall be within the normal limits prescribed by the makers of the propulsion plant and will not in any case cause conditions of undue stress or any other abnormal condition in the Vessel, its machinery and equipment.

- 12.7 The sea trials program shall include trials for the determination of the steering and manoeuvring characteristics of the Vessel.
- 12.8 The Builder shall have the right to repeat any trial whatsoever after giving reasonable notice to the Owner.
- 12.9 The official sea trials will be carried out using H.F.O. with a viscosity of up to 700 CST/50 DEG.C., but not less than 380 CST/50 DEG.C.
- 12.10 All expenses for the trials will be borne by the Builder who, during the sea trials, will provide the necessary crew at its own expense.
- 12.11 Should any breakdowns occur during the trials, entailing their interruption or irregular performance and breakdown cannot be repaired by the normal means available on board, the trial so affected will be cancelled and will be repeated by and at the expense of the Builder. The time period required for the repairs will produce an extension of the delivery term to be agreed upon by the Owner and the Builder if caused by events which permit extension of the delivery date under Article 26.
- 12.12 If the breakdowns could be repaired by the normal means available on board, the trials, with the previous agreement between the Owner and the Builder, will be continued and considered as a valid trial.
- 12.13 The Builder shall give the Owner thirty days notice of the anticipated date of the sea trials.
- 12.14 Provided the Builder will make available to the Owner the results of the sea trials within 7 days after completion of sea trials, within the following 7 days, the Owner shall give the Builder a notice in writing, or by telefax confirmed in writing, of completion and acceptance of the sea trials, advising whether the Owner considers that the results of the sea trials indicate conformity of the Vessel to this Contract, the Specification and the Plans to the extent that matters have been the subject of such sea trials or further trials.

- 12.15 In the event that the Owner rejects the results of the sea trials as not conforming to the said extent by this Contract or to the Specification or the Plans, the Owner shall indicate within the subsequent 7 days in its notice of rejection in what respect the Vessel, or any part or equipment thereof, does not conform to this Contract and/or the Specification and/or the Plans.
- 12.16 In the event that the Owner fails to notify the Builder as aforesaid of the acceptance or the rejection, together with the reason therefor, of the sea trials within the period as provided above, the Owner shall be deemed to have accepted the sea trials of the Vessel.
- 12.17 Acceptance of the results of the sea trials as above provided shall be final and binding so far as conformity of the Vessel to this Contract and the Specification and the Plans to the extent demonstrated on such trials is concerned and shall preclude the Owner from refusing formal delivery of the Vessel as hereinafter provided, on the grounds of non conformity of the Vessel in respect of items whose conformity has been demonstrated and accepted during the sea trials, if the Builder complies with all other requirements for delivery as provided in this Contract.
- 12.18 Should any fuel oil or lubricating oil in storage tanks or unbroached barrels, greases and ship's stores, including fresh water furnished by the Builder for the sea trial remain on board the Vessel at the time of acceptance thereof by the Owner, the Owner agrees to buy the same from the Builder at the Builder's cost price.

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ARTICLE 13

Speed - Liquidated Damages

13.1 Should the speed of the Vessel, at the design draft of XXX m determined in accordance with Article 3.1(E)(ii) hereof, under the conditions set out in the Specification, as determined in Article 12 hereof, be lower than XX knots, the Builder shall pay to the Owner, as final liquidated damages, the following cumulative amounts:-

- for the first two tenths of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the third tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the fourth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the fifth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the sixth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the seventh tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the eighth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for the ninth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
  - for one knot of less speed: It.Lire XXXXXXXXXXXX
- fractions in proportion.

Should the speed of the Vessel determined as aforesaid be less than XX knots, then the Owner, as an alternative to receiving the foregoing liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

13.2 Should the service speed of the Vessel determined in accordance with Article 3.1(E)(i) hereof under the conditions set out in the Specification, as determined on the sea trials, be lower than XXXX knots, the Builder shall pay to the Owner, as final liquidated damages, the following cumulative amounts:-

- for the first two tenths of a knot of less speed:

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- for the third tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the fourth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the fifth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the sixth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the seventh tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the eighth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for the ninth tenth of knot of less speed: It.Lire XXXXXXXXXXXX
- for one knot of less speed: It.Lire XXXXXXXXXXXX
- fraction in proportion.

Should the service speed of the Vessel determined in accordance with the preceding provisions of this paragraph be less than XXXX knots, then the Owner, as an alternative to receiving the foregoing liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

13.3

If the Owner would be entitled to receive amounts by way of liquidated damages under both Article 13.1 and 13.2 in respect of deficiencies in speed calculated under the respective provisions thereof the Owner shall receive the higher of the amounts due under respectively Article 13.1 and 13.2 but not both amounts.

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ARTICLE 14

Deadweight - Liquidated Damages

- 14.1 The Vessel's deadweight - as determined in the Specification - in sea water of 1.025 specific gravity on the mean draft of XXX meters from the base line will not be less than XXXX metric tons.
- 14.2 Should the Vessel's deadweight be less than XXXX metric tons, then the Builder shall pay to the Owner, as final liquidated damages, an amount of Italian Lire XXXXXXXX for each metric ton of lesser deadweight, with a fixed free allowance of XXX metric tons.
- 14.3 Should the Vessel's deadweight be less than XXXX metric tons, then the Owner, as an alternative to receiving the aforementioned liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 15

Stability

- 15.1 The Vessel's stability characteristics shall be such as to fulfil the provisions of the rules set out in Article 2 hereof and to be adequate for satisfactory seakeeping and seaworthiness.
- 15.2 An inclining test for the determination of the Vessel's stability characteristics shall be carried out in accordance with the provisions of Lloyd's Register of Shipping and/or national administration of the Vessel's intended Registry.
- 15.3 If necessary to enable the Vessel to comply with stability requirements in accordance with the regulations referred to in Article 2 hereof, the Builder may use the double bottom void tanks for ballast water; such tanks to be coated as specified in the Specification for ballast tanks and provided with ballast suction and sounding pipes both port and starboard. In this case the design draft as per Article 2 shall be increased up to XXX M and the design draft referred to in Article 3.1(E) (i) and (ii), 13 and 14.1 shall be correspondingly increased. The above agreement does not relieve the Builder of its responsibility to comply in all respects with the prescribed deadweight, speed and range as specified in Article 3 with the increased design draft.

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ARTICLE 16

Passengers and Crew Accommodation Capacity

- 16.1 The capacity of the passenger and crew accommodation is specified in Article 3 hereof, the Specification and Plans.
- 16.2 It is however understood that, except in the case of prior agreement between the Builder and the Owner, if the number of passenger cabins of the Vessels is lower than the number determined in the contractual documentation (after deducting the number of cabins which are unacceptable, taking account of the allowed tolerances, owing to excess noise and/or vibrations as set forth in the Specification), then the Builder shall pay to the Owner, as final liquidated damages, the amount quoted in Article 16.5 for each missing cabin.
- 16.3 In the event that, except in the case of prior agreement between the Builder and the Owner, the number of the passenger cabins is less than XXX then the Owner, as an alternative to receiving the aforementioned liquidated damages, shall have the option to terminate this Contract with the consequences provided for in Article 20 hereof.
- 16.4 For cabins which are unacceptable taking into due account the allowed tolerances, owing to noise excess and/or vibrations as set forth in the Specification then the Builder shall pay to the Owner, as final liquidated damages, the amount quoted in paragraph 5 of this Article 16, in respect of each such cabin.
- 16.5 The amount to be considered for liquidated damages purposes for each type of cabin is:
 

Suites	It. Lire XXXXXXXXXXXX
Deluxe suites	It. Lire XXXXXXXXXXXX

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Outside Standard cabin	It. Lire XXXXXXXXXXXX
Inside Standard cabin	It. Lire XXXXXXXXXXXX

16.6

For loose furniture an amount of It. Lire XXXXXXXXXXXXXXX is included in the Vessel's price. Consequently, it is understood that during the outfitting of the Vessel the Builder shall proceed by mutual agreement with the Owner to the selection and purchasing of the loose furniture and the cost differences (plus or minus) which may result, depending on the quantities purchased and the actual unit prices paid, shall be paid as set forth in Article 10.2 hereof according as the total amount actually paid for such loose furniture exceeds or is less than It. Lire XXXXXXXXXXXXXXX. It is also agreed that the Builder shall hand over to the Owner one copy of the purchase orders relevant to the loose furniture, complete with corresponding prices.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 17

Fuel Oil Consumption - Liquidated Damages

- 17.1 For the main diesel engines a shop test shall be carried out in accordance with the Specification. During such shop test the specified fuel consumption shall be ascertained and corrected to the design parameters.
- 17.2 For this purpose the shop test shall be run on marine diesel fuel oil with each diesel engine developing XXX MCR at XXX revolutions. The measured fuel consumption shall be corrected to a reference lower calorific value of XXXXX kilojoules per kg and ISO XXXXXX standard conditions. The fuel consumption of the main propulsion plant so corrected shall not exceed XXX grams per KWH.
- 17.3 With respect to any of the engines, should the corrected fuel consumption be in excess of XXXX% of XXX grams per KWH the Builder shall pay to the Owner, liquidated damages and not by way of penalty, an amount of Italian Lire XXXXXXXXXXXX for each full XXX per cent and pro rata for each fraction thereof in excess of XXX% of XXX grams per KWH save and except that the Builder shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.
- 17.4 With respect to any of the engines, should the corrected fuel consumption be in excess of XXX per cent of XXX grams per KWH the Owner, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this Contract, with the consequences provided for in Article 20, save and except that the Builder shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

## ARTICLE 18

## Vibrations and Noise

The noise and vibration permissible levels, calculations and investigation for the prediction thereof, exciter tests measurements, and precautions to be carried out by the Builder shall be in accordance with the provisions of the Specification.

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ARTICLE 19

Maximum amount of Liquidated Damages

The amount of the liquidated damages referred to in Article 8 (delivery), 13 (speed), 14 (deadweight), 16 (capacity) and 17 (fuel consumption), shall in no case whatsoever exceed XX% of the price set forth in Article 9 hereof; the Owner shall waive its entitlement to any excess.

## ARTICLE 20

## Termination of the Contract - Liquidated Damages to be paid by the Builder

20.1 In the event of termination of this Contract under Articles 8, 13, 14, 15, 16 or 17, or paragraphs 2 or 3 of this Article, the Owner shall be entitled to:

- (A) the refund of all the sums paid to the Builder increased by the interest reckoned according to the ABI (Italian Bankers' Association) prime rate published on "Il Sole 24 Ore" at three month capitalization running from the date of the payment of relevant amount; and
- (B) the cost to the Owner and/or Carnival Corporation and/or HAL Antillen N.V. and/or HAL Cruises Ltd of unwinding the forward foreign exchange contracts entered into by the Owner and/or Carnival Corporation and/or HAL Antillen N.V. and/or HAL Cruises Ltd for the purchase of Italian Lire with United States Dollars to enable the Owner to make payments to the Builder under Article 10 hereof; and
- (C) the return of the original signed Promissory Notes issued by the Owner pursuant to Article 10; and
- (D) the return of the Owner's supply items or the payment of an amount equal to the cost to the Owner of supplying those items of the Owner's supply which are not returned or which cannot reasonably be used by the Owner; and
- (E) in the case of termination pursuant to Article 8, the liquidated damages which would have accrued pursuant to Article 8.4 as if the Vessel had been delivered on the date of termination.

Except as otherwise expressly agreed and as provided in this Article 20.1 the Builder shall not have any further or other liability arising from this Contract following termination under the provisions referred to in this Article 20.1.

20.2

If:

- (A) a bona fide petition is filed and is not dismissed within thirty (30) days or an effective resolution is passed for the winding up of the Builder (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the Owner; such approval however not to be required in case of reconstruction or amalgamation within the Fincantieri Group affecting the Builder); or
- (B) a receiver is appointed of the undertaking or property of the Builder; or
- (C) the Builder suspends payment of its debts or ceases to carry on its business or makes any composition with its creditors generally or is subjected to amministrazione controllata;

and in any such case the construction of the Vessel is suspended for a period of more than sixty days for reasons other than any of the events specified in Article 26 (in cases in which such events may excuse delay in construction);

then, the Owner may immediately (without being bound thereto) terminate this Contract by giving notice in writing to the Builder.

20.3

If the Builder is declared bankrupt or goes into liquidation then the Owner may immediately (without being bound thereto) terminate this Contract by giving notice in writing to the Builder.

## ARTICLE 21

## Property Rights

- 21.1 The property of the vessel belongs ab initio to the Builder. With reference to the supplier credit provided in Article 10.1, the property of the Vessel will be transferred gradually to the Owner in the quantity and when the stages of construction certified by R.I.Na. foreseen in the Annex 5 have been reached.
- 21.2 Taking into account the provisions of Article 21.1 and the fact that during the construction of the Vessel the Owner will pay in cash a partial amount of the purchase price, the parties agree in favour of the Builder that any transfer of property to the Owner is subject to the due performance by the Owner of its obligations under this Contract. It is agreed that the Builder has required this condition as condition of its agreement to the transfer of the property provided in this Article.
- Accordingly if the Builder becomes entitled to terminate this Contract in accordance with Article 11.3 or the Owner fails to take delivery of the Vessel as provided in Article 11.6 or if the Owner exercises its right to terminate this Contract under Articles 8, 13, 14, 15, 16 or 17 or Article 20.2 or 20.3, or in the event that on the occurrence of a dispute between the Builder and the Owner, then, subject to Article 21.12, the transfer of the property of all the portions of the Vessel will be null and void and the property of the Vessel will come back automatically ("condizione risolutiva" under Italian Law) to the Builder without any claim from the Owner for this retransfer of property. The retransfer of the property will take place at the moment when the relevant event has occurred and the Builder has given notice in writing to the Owner referring to this Article 21.2 and specifying that the conditions for retransfer has occurred.
- 21.3 It is agreed that any retransfer of the property from the Owner to the Builder will not prejudice the other rights of each party under the other provisions of this Contract.

- 21.4 Since the clause 21.2 is in favour of the Builder, the Builder shall be entitled to waive the benefit thereof by written communication to the Owner.
- 21.5 The Owner further undertakes : (i) at the Builder's expense on the occurrence of any of the events specified in Article 21.2, to fulfil immediately under simple request by the Builder any further activity and/or to provide any further, even notarial document, if necessary to get the immediate retransfer of property to the Builder; (ii) not to register any mortgage, liens or other encumbrances on the Vessel under construction; (iii) (without prejudice to the Owner's rights under Article 29 (assignment)) not to sell his portions of the Vessel.
- 21.6 The Owner will acquire the whole property of the Vessel on the signing of the protocol of delivery.
- 21.7 The Builder will be entitled to register at the Builder's expense at each transfer of property of the Vessel to the Owner an Italian hypothec (ipoteca su nave in costruzione) on the Vessel as a guarantee of the Owner's obligation specified in Article 21.2. This hypothec will cease only on signature by the Builder and the Owner of the protocol of delivery and acceptance and shall rank behind any Construction Finance Mortgage granted as contemplated in Article 10. On delivery the Owner will register a first mortgage on the Vessel in favour of the Builder under its flag of registry (in the form to be agreed between the Owner and the Builder, including in any case an assignment of the Owner's rights in respect of the marine insurances and protection and indemnity cover in respect of the Vessel) which shall be released by the Builder when the Builder enters into an unconditional contract with a Qualified Investor for the purchase from the Builder of the Promissory Notes issued by the Owner under Article 10. No such mortgage will be required if the Builder has entered into such unconditional contract on or before the delivery of the Vessel.

- 21.8 The transfer of property and mortgage rights contemplated by this Article will be regulated by Italian Law without prejudice to provisions set forth in Article 30.1.
- 21.9 All the rights in the Specification, Plans and working drawings, technical descriptions, calculations, test results and other data information and documents concerning the design and construction of the Vessel shall belong to the Builder before actual delivery and after actual delivery each party recognises the right of the other to use them, excluding (before and after delivery) the Specification, Plans and drawings for passengers' accommodation, wheel house and engine control room, public rooms and store and baggage handling areas, property in, and the right to use, which shall (before and after delivery) belong exclusively to the Owner.
- 21.10 In the event of termination of this Contract by reason of the Builder's default the Owner may also use the Specification, Plans, working drawings, technical descriptions, calculations, test results and other data, information and documents referred to above. The property in the Specification, plans, working drawings, technical descriptions, calculations, test results and other data, information and documents referred to above shall automatically become the exclusive property of the Owner.
- 21.11 In the event of termination of this Contract by reason of the Owner's default, the Builder may also use the Specification, Plans and drawings which would otherwise be the exclusive property to the Owner by virtue of paragraph 9 of this Article.
- 21.12 If:
- (i) the Owner has been notified by the construction financiers that the Construction Finance Mortgage has become enforceable;
  - (ii) the Owner purchases (or procures that an affiliate purchases) the claims of the construction financiers secured by the Construction Finance

Mortgage and discharges (or procures the discharge) of all such claims; and

- (iii) the Owner notifies the Builder that the provisions of this Article 21.12 shall apply;

then the provisions of Article 21.2 (and the 'condizione risolutiva' therein provided for) shall no longer apply and the property in the Vessel shall belong to the Owner free from such condition and from any right of the Builder to have the property retransferred to it.

## ARTICLE 22

## Responsibility after Delivery

On delivery of the Vessel to the Owner, every responsibility for the safety and generally for the condition of the Vessel is transferred to the Owner, remaining on the part of the Builder only the guarantee obligations set forth in Article 25 hereof.

## ARTICLE 23

## Insurance

- 23.1 The Vessel under construction will be insured with leading insurance companies up to the moment of delivery by and at the expense of the Builder against all risks covered by the "Institute Clauses for Builders' Risks" (and usual supplementary conditions) and against all risks covered by the "Institute War Clauses/Builders' Risks" and "Institute Strikes Clauses/Builders' Risks".
- 23.2 The insurance of the Vessel shall be effected for not less than the aggregate amount of all instalments of the contract price of the Vessel paid to the Builder from time to time and interest thereon from the date each such payment was made to the Builder at the prime rate ABI (Italian Banking Association) published on "Il Sole 24 Ore" and the declared value of Owner's supplied items after delivery thereof to the Builder's yard and, in addition, such amount as the financing parties providing construction finance may require to cover the amount of construction finance provided, and interest thereon.
- 23.3 The insurance monies will be allocated to the repair of damages and/or the reconstruction of the Vessel.
- 23.4 In the event of a constructive arranged or compromised total loss and/or abandonment of the Vessel before delivery, the Builder shall be entitled to withdraw from this Contract or, if agreed by the Owner, to fulfil it but with the right to an adequate extension of the delivery term. Should the Builder exercise its withdrawal right, the Owner shall be entitled to:
- (A) the reimbursement of the amounts already paid to the Builder on account of the contract price of the Vessel; and

- (B) payment of interest, at the same rate provided for in paragraph (2) of this Article, on the instalments of the contract price paid to the Builder from the date such instalments were paid to the Builder until reimbursement to the Owner (before or after judgement); and
- (C) return of the Promissory Notes referred to in Article 10.1; and
- (D) payment of an amount equal to the cost to the Owner of purchasing and delivering to the Builder's yard those items of the Owner's supply which have been purchased by the Owner for the Vessel provided that these items are in the Builder's premises.

23.5 To guarantee reimbursement to the Owner and the financing parties providing construction finance for the Vessel, the insurance policies effected by the Builder will be bound in their favour (including their assignees), up to the amount of their respective interests as set out in Article 23.2 and endorsed with appropriate loss payable clauses providing for the payment to the Owner and the financing parties, rateably, of the amounts due to them.

23.6 The effecting of the aforementioned insurances, and the due fulfilment of the obligations by the Builder as set forth in this Article, exempt the same from any and whatsoever responsibility both legal and contractual in connection with the risk and danger of the Vessel under construction provided that the Builder, in the case of damage not involving a total or constructive total loss of the Vessel, shall use its best efforts to make good the damage as quickly as reasonably possible after the occurrence thereof.

## ARTICLE 24

## Modification to Plans and Specification

- 24.1 Subject to paragraph (3) of this Article, the Builder shall make the modifications, if any, to the Specifications and Plans, requested by the Owner provided that in the sole opinion of the Builder such modifications or accumulation of modifications do not adversely affect the Builder's commitments to other purchasers.
- 24.2 Both the requests by the Owner and their acceptance by the Builder will be made in writing.
- 24.3 The Builder shall notify the Owner in writing of the variations in price and other contractual conditions which the accepted modifications may entail and shall execute such modifications only upon written acceptance of the foregoing variations by the Owner. The Builder shall submit to the Owner for approval changes to the plans and Technical Drawings resulting from such modification.
- 24.4 The Owner's written acceptance must reach the Builder within 10 days from the date of the Builder's notice or such longer period as the Owner may request and the Builder may agree in its reasonable discretion.
- 24.5 Should such an acceptance be not received within the terms set forth in paragraph (4) of this Article, the Builder shall have the right to continue the Vessel's construction as though no request for modifications had been made by the Owner.
- 24.6 In case of disagreement on the price and/or consequent variation of the contractual conditions concerning the modifications accepted by the Builder, the Owner shall have the right to have the modifications executed, but shall undertake by written notice to the Builder to pay the price requested by the Builder according to the terms of Article 10 hereof (which shall be determined having regard to the provisions of paragraphs (7) and (9) of this Article).

- 24.7 The Owner may contest the Builder's required price and proposed variation of the Contract, Specification and Plans to the extent that the price is excessive in relation to prices normally charged by the Builder for similar work and to the extent that such other variation is not reasonably justifiable.
- 24.8 In the event that, subsequent to the date of signature of this Contract variations are made to the provisions compliance with which is compulsory, the Builder shall notify the Owner in writing of the consequent modifications with their relevant price (which shall be determined having regard to the provisions of paragraphs (7) and (9) of this Article).
- The Owner may first apply, or if such action should properly be taken by the Builder may require that the Builder shall first apply, for a formal waiver of compliance with such modifications, deletions or additions from the authority by whom the modifications, deletions or additions have been promulgated, should the Owner consider that the operation of the Vessel in its intended service would permit of such waiver. In such agreement the Builder will fix a time limit after which if the waiver has not been obtained, the Builder will go on with the required modifications, deletions or additions. Any additional costs caused by the application for such waiver whether or not obtained shall be for account of the Owner and the date of delivery of the Vessel if actually delayed thereby shall be extended by the time necessary as a result of the application for waiver.
- 24.9 When requested by the Owner, the Builder will provide the Owner with the cost of each item involved in the modification (but not of the component parts of each item).

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 25

Guarantee - Liability

- 25.1 The guarantee of the Vessel shall have the validity of XXXXXXXXXXXXXXXXXXXXXXXXXXXX commencing on the date of the delivery of the Vessel to the Owner, extendable only by virtue of paragraphs (3) or (6) of this Article.
- 25.2 On the Owner's request, the Builder shall, at its own expense, repair and/or, if necessary, replace at one of its shipyards any defects or deviations in the Vessel or its design which are either notified by the Owner on delivery or which are not reasonably apparent on an external examination on delivery of the Vessel, provided that such defects and deviations be notified in writing to the Builder on delivery (in the case of such as are discovered on or before delivery) or, at the latest, within one month from the date of their discovery by the Owner.
- 25.3 If for operational reasons the guarantee drydocking of the Vessel cannot reasonably be carried out before the expiration of the said XXXXXXXXXXXXXXX period, then the guarantee drydocking can be postponed up to fourteen months after delivery of the Vessel and the Builder will repair and/or replace the defects or deviations which the Owner can prove were existing before the expiration of the guarantee period.
- 25.4 The Builder shall provide a guarantee to the Owner in relation to the paint for the Vessel on the same terms as that provided by the paint supplier to the Builder. Such guarantee shall be on the basis that the paintwork shall be carried out under the supervision of and to the satisfaction of authorised representatives of the paint supplier. The Builder shall be responsible for arranging for such supervision.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR  
CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

- 25.5 The Builder's liability in relation to the Vessel, after the Vessel's delivery, shall be limited to the obligations expressly set out in this Article and Articles 8.8 and 8.9 and the Builder and its sub-contractors and suppliers shall have no liability whatsoever for damages in any way deriving from or connected either with the foregoing defects or deviations or with the repair and replacement processes relevant to the foregoing defects or deviations, as is also excluded any other liability deriving from or in any way connected with any other cause not included in the foregoing guarantee obligation, which covers solely rectification and/or repair and/or replacement.
- 25.6 If the Builder itself makes good any defects during the guarantee period specified in paragraph 1 of this Article as above or pursuant to Article 8.8 or 8.9, then the provisions of this Article shall apply to the parts repaired or replaced and the repair or replacement work for a period of XXXXXXXXXXXXXXX after the repair or replacement was completed.
- 25.7 The Builder agrees within the terms of this Article to investigate the cause of any recurrent defect with a view to providing a satisfactory remedy therefor.
- 25.8 In the event that the Vessel has to be drydocked, solely for repairs or replacements made necessary by defects or deviations attributable to the Builder in accordance with this Article, the relevant expenses will be borne by the Builder in proportion to the extent to which the drydock work is made necessary by such defects or deviations attributable to the Builder.
- 25.9 The Owner shall indemnify and hold harmless the Builder for the expenses of repair or replacement borne by the Builder and which were recoverable by the Owner on the basis of the insurance policies.
- 25.10 The Builder shall not be liable to repair, replace or bear any responsibility for defects or deviations:-

- (A) due to normal wear and tear of the materials and damage whatsoever due to accidents involving the Vessel moored and/or at sea, or to fires, mismanagement or negligence in the use of the Vessel by the Owner or by persons who, at the moment of the damage, were possessed of or governing the Vessel, or by any of their persons-in-charge, official or agent; or
- (B) affecting items of the Owner's supply, but without prejudice to the Builder's responsibility for defects or deviations in the work of installation of such items.

25.11 Should it prove necessary in the Owner's opinion, owing to the conditions and location of the Vessel, or to avoid delays in carrying out urgent repairs or replacements, the Owner may have the rectification and/or repair and/or replacement works covered by the Builder's guarantee obligations carried out otherwise than in the Builder's shipyards, provided that the Owner previously notifies the Builder, by letter or telefax, about the type and extent of the defects or deviations to be remedied stating the reason of the necessity to have the works carried out elsewhere.

The Builder shall reimburse the Owner the higher of (1) costs which would have been applicable had the work been carried out at the Builder's yard in effecting such repairs and/or replacements and (2) the average of the costs charged for such work by Western European shipyards but not in any event more than the actual cost incurred by the Owner for such work.

25.12 If so requested by the Builder, the Owner shall return, at the Builder's cost and expense, the parts replaced.

25.13 In any case, there is excluded any guarantee and/or liability of the Builder for repair and/or replacement work carried out outside the Builder's Shipyard unless carried out on board the Vessel by the Builder's workmen or its subcontractors or by persons arranged for by the Builder or its subcontractors.

- 25.14 In any case the Vessel shall be taken at the Owner's cost and responsibility to the place elected for the work to be carried out ready in all respects for the guarantee work to be commenced.
- 25.15 In the event that the guarantee stipulated by manufacturers or suppliers of machinery, materials, equipment, appurtenances and outfit furnished to the Builder and embodied in the Vessel exceeds the guarantee given by the Builder to the Owner hereunder, such extended guarantee rights are to be assigned and made available to the Owner by the Builder.
- 25.16 The Builder, at its own cost, is to have the right to investigate the validity of the Owner's claim either by the attendance aboard the Vessel (at its point of service) of an accredited representative or, if in the opinion of the Builder it is practicable to do so after suitable replacement is made, by the removal from the Vessel and the transportation to the Builder's yard of the defective part.
- 25.17 During the guarantee period, the Builder shall, at its own expense, place on board a guarantee technician approved by the Owner limited to the Vessel's first trip but anyway for a period no longer than one month.
- 25.18 Every assistance will be given to the guarantee technician to allow him to inspect the operation of the engine and other machinery and their maintenance.
- 25.19 The Owner shall ensure to the said technician a status on board not inferior to that due to the First Engineer.
- 25.20 Should the Owner decide to extend the stay on board of the said technician beyond the foregoing date, the Owner shall pay to the Builder a remuneration for the period of longer stay equal to that provided for in the ANIE tariffs.
- 25.21 The presence on board of the said technician shall in no way affect the Owner's liability regarding the good operation of the Vessel nor shall affect the liability of the Builder provided for in this Article.

25.22 Subject to performance by the Builder of its obligations under this Article, the Owner waives, with the guarantee agreed upon in this Article, any further greater or different guarantee or liability by the Builder.

## ARTICLE 26

## Events of Force Majeure

26.1 Should the Builder be prevented from tendering delivery of the Vessel by the date specified in relation to the Vessel in paragraph (3) of Article 8 owing to: Acts of God; engagement in war or other hostilities, civil war, civil commotions, riots or insurrections; requirements of civil or military authorities; blockades; embargoes; vandalism; sabotage; epidemics or sickness above the normal yard statistics; strikes; lockouts; officially agreed reduction of working hours relating to the Italian workforce as a whole; labour shortage; earthquakes; landslides; floods; weather conditions not included in normal planning; failure of electric current, damage by lightning; explosions, collisions, strandings or fire; accidents of any nature; damage to the Vessel and time taken to repair such damage; shortage of materials and equipment or inability to obtain delivery thereof, provided that such materials and equipment at the time of ordering could reasonably be expected by the Builder to be delivered in time; delays by land, sea or air carriers; defects in materials and equipment which could not have been detected by the Builder or its subcontractors using reasonable care; casting, forging or machining rejects or the like; delays caused by delay of the Classification Society or other bodies whose documents are required in issuing such documents; delays caused by default, action or omission on the part of the Owner (but without prejudice to any other rights of the Builder under this Contract); delays caused by events similar to the foregoing; any cause of delay whatsoever whether or not of a kind previously specified in this Article or of a different kind, reasonably to be considered beyond the control of the Builder; the effect of the foregoing on the Builder's other commitments; all the foregoing irrespective of whether or not these events occur before or after the date hereinbefore specified as the date on which the Vessel is to be delivered and irrespective of whether or not occurrence of these events could be foreseen at the day of signing this contract; then and in any such case the delivery date of the Vessel shall, subject to the following provisions of this Article, be extended by the number of working days of delay incurred by the Builder in completing and delivering

the Vessel in consequence of any of these events. The Builder shall as soon as reasonably possible notify the Owner in writing of the occurrence of any of the foregoing events which it expects may delay construction or delivery of the Vessel.

26.2 Six months before the date on which the Builder expects the Vessel to be ready for delivery duly completed in accordance with this Contract, the Builder shall give definitive notice to the Owner that the Vessel will be delivered to the Owner on the date following six months after the notice is given. Following such notice of the delivery date the only events which shall be permitted to extend the delivery date of the Vessel shall be: Acts of God, engagement in war or other hostilities, civil wars, civil commotions, riots or insurrection, requirements of civil or military authorities in contemplation of war, blockades, embargoes, vandalism, sabotage, epidemics, earthquakes, landslides, flood, damage by lightning, explosions, collisions, strandings, fires or nationwide strikes or lockouts (for the sake of good order it being agreed that strikes of the Fincantieri workforce alone shall not be permitted to extend the delivery after the said six (6) months' notice).

26.3 The Builder shall not be entitled to extend the delivery date of the Vessel to the extent that the delay referred to in Articles 26.1 or 26.2 has been caused or contributed to by the negligence of the Builder, its servants or agents or of the Builder's subcontractors, their servants or agents.

## ARTICLE 27

## Patents

The Builder, for the items of its own supply, shall hold harmless the Owner against any claim made by third parties for patent rights or infringement of copyright and for any other relevant reason and the Builder undertakes for its account every liability or indemnity whatsoever.

## ARTICLE 28

## Contract Expenses

- 28.1 All taxes, expenses, duties, stamps and fees levied by the Authorities in Italy and connected to this Contract are to be borne by the Builder.
- 28.2 Any taxes, duties and stamps off-Italy in relation to the signature and authentication of this Contract (except notarial charges) are to be borne by the Owner.
- 28.3 This Contract shall be registered in Italy, at fixed tax, according to Article 40 of Decree No. 131, dated April 26, 1986, by the President of the Italian Republic.

## ARTICLE 29

## Assignment of the Contract

- 29.1 The Owner may transfer its rights and/or liabilities hereunder to Carnival Corporation or to another wholly owned subsidiary of Carnival Cruise Lines Inc provided that Carnival Corporation issues an irrevocable and unconditional guarantee of the obligations of the transferee to the Builder under this Contract in form and substance identical (mutatis mutandis) to the guarantee of even date herewith issued by Carnival Corporation to the Builder in respect of the obligations of the Owner under this Contract. The Builder's prior approval will also be required in the event of a merger of the Owner. Such an approval may be subject to the presentation of an adequate guarantee.
- 29.2 The Owner shall be entitled to assign this Contract to a third party other than Carnival Corporation or a subsidiary of Carnival Corporation if the assignee is a party whose financial standing is acceptable to the Builder, to the financing parties providing finance during the construction period, and to any other bank or financial institution who may have agreed to purchase the Promissory Notes issued by the Owner pursuant to Article 10.1.
- 29.3 The Owner shall further be entitled to assign its rights to receive any sum due from the Builder according to this Contract and its right to take delivery of the Vessel according to this Contract (but not any of its other rights hereunder) to a first class bank or financial institution on behalf of a syndicate of banks and/or financial institutions subject to such bank or financial institution agreeing to perform the Owner's financial obligations under this Contract before, on and after delivery of the Vessel if not so performed by the Owner.
- 29.4 The Builder shall not be entitled to assign this Contract to third parties without the Owner's prior approval Provided that the Builder shall be entitled (without prior approval) to assign (as security) the benefit of all, or part, of this Contract to financial institutions who make available to the Builder a loan or note purchase facility for the purpose of assisting the Builder to finance the

construction of the Vessel. The Owner's approval of the assignment of this Contract to third parties, other than the said financial institutions, may be subject to the presentation of a guarantee of the Builder's performance of this Contract.

Notice of this assignment will be given to the Owner in the normal way, and will require to be acknowledged by the Owner. In that acknowledgment, the Owner will be required to agree to make the assigned payments directly to the construction financiers (without deduction, set-off or counterclaim) and (but without lliability for failure on its part):

- (i) to copy directly to the construction financiers any notice served by it on the Builder notifying the Builder of any rejection of the Vessel, or the trials, or of a breach of contract which entitles the Owner to seek liquidated damages or a price reduction, or to terminate the Contract, or which may reasonably be expected to result in a delay in the delivery of the Vessel;
- (ii) to agree to confirm to the construction financiers on request from time to time that (save as disclosed) no such breach of contract has occurred.

## ARTICLE 30

## Law of the Contract - Disputes

- 30.1 This Contract and all other agreements relating hereto shall be construed and interpreted under English law.
- 30.2 If any dispute of a technical nature arises during the construction of the Vessel between the parties in regard to the construction of the Vessel, engines, materials or workmanship, it shall forthwith be referred to a technical expert nominated by agreement between the parties hereto and his decision shall be final and binding upon both parties. Failing such agreement the dispute shall be referred to arbitration in accordance with paragraphs 3 to 5 of this Article.
- 30.3 Without prejudice to paragraph 2 of this Article, if any dispute arises between the parties as to any matter regarding this Contract which cannot be settled by the parties themselves, the matter in dispute shall be settled by arbitration by three arbitrators in London. One arbitrator shall be appointed by each party and the third appointed by the two arbitrators appointed by the parties. Hearings before the arbitrators shall be conducted and all evidence given in the English language.
- 30.4 The arbitration shall be conducted in accordance with the English Arbitration Acts 1950-1979 with such modifications as the parties may agree.
- 30.5 Judgment upon any award rendered may be entered in any court having jurisdiction or application may be made to any competent court or authority for judicial acceptance of any award and an order of enforcement, as the case may be.

## ARTICLE 31

## Addresses for Correspondence

31.1 The Builder shall send all notices, letters and documents for the Owner in connection with or required under this Contract to the following addresses:

(A) for all technical matters:

Address: Technical Marine Planning Limited  
(T.M.P.)  
70, Great Eastern Street  
London EC2A 3JL, ENGLAND

Telephone: 44-1-739 3533  
Telefax: 44-1-729 1169

(B) for all legal and financial matters:

Address: Carnival Corporation  
Koger Center  
5225 NW 87th Avenue  
3rd Floor  
Miami  
Florida 33178.2193 - USA

Attention: Captain Vittorio Fabietti (for)  
Mr Micky Arison

Telephone: 1-305-471-5777  
Telefax: 1-305-471-5778

31.2 The Owner shall send all notices, letters and documents for the Builder in connection with or required under this Contract to the following address:

FINCANTIERI - Cantieri Navali Italiani S.p.A.  
Divisione Costruzioni Mercantili  
Passeggio S. Andrea 6  
34123 - Trieste

Telephone: 39-40-3193111  
Telefax: 39-40-376969

Whenever this Contract requires that notice and/or notification shall be given in writing, such notice and/or notification may validly be given by telefax confirmed by letter. All approvals or consents required by this Contract shall be in writing or by telefax except as otherwise provided herein.

Signed by )  
)  
)

For and on behalf of)  
WIND SURF LTD.  
in the presence of:-

Signed by )  
)  
)  
for and on behalf of )  
FINCANTIERI - Cantieri Navali )  
Italiani S.p.A. - )  
Divisione Costruzioni Mercantili )  
In the presence of:-



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX 1

-----

Schedule of Payments

-----

xxxxxxxxxx xxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
_____	_____	_____	_____	_____	_____
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		_____	_____	_____	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX NO. 2  
-----

PLACE AND DATE OF ISSUANCE  
-----

ON DUE DATE ----- for value received, we promise to pay  
-----  
against this promissory note to the order of ----- PAYEE  
-----  
the sum of -----  
-----

effective payment to be made in CURRENCY WITH WHICH PAYMENT IS MADE -----, without  
-----  
deduction for and free of any taxes, impost, levies or duties present or future of any nature.  
-----

This promissory note is payable at PLACE OF PAYMENT  
-----

-----  
NAME AND ADDRESS OF DEBTOR  
-----  
-----  
-----

DEBTOR'S STAMP  
AND  
SIGNATURE



-----

Schedule of Payments

-----

(Regarding xx Set of Promissory Notes)

xxxxxxxxxx xxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx	



-----

Schedule of Payments

-----

(Regarding xxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component	Interest Component	Total Amount Due	Unpaid Balance of Principal
		It Lire	It Lire	It Lire	It Lire
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



Schedule of Payments

-----  
(Regarding xxxxxxxxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component	Interest Component	Total Amount Due	Unpaid Balance of Principal
-----	-----	It Lire	It Lire	It Lire	It Lire
-----	-----	-----	-----	-----	-----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

Annex 4

-----

LETTER OF INSTRUCTION TO BE SENT BY THE OWNER

-----  
TO THE TRUSTEE BANK  
-----

TO

.....(BANK)  
.....

Copy to: Fincantieri Cantieri Navali Italiani S.p.A.

Re: promissory notes/Hull No. 5980

Dear Sirs:

With reference to the contract made and entered into on ..... by and between us, on the one part, and Finacantieri Cantieri Navali Italiani S.p.A. on the other part, for the construction and supply of one passenger cruise ship, we deposit in trust in relation to Hull No. 5980 XX sets of XX promissory notes each (as per Annex "A", "B", "C" and "D") in favor of Fincantieri Cantieri Navali Italiani S.p.A. for the total amount of Lit. XXXXXXXXXXXXXXXX.

According to the above shipbuilding contract, we irrevocable instruct you to release such notes to the beneficiary (Fincantieri Cantieri Navli Italiani S.p.A.) upon presentation by the same of RINA certificates stating that construction of the ship has reached the percentage stated in annex "E" to this letter.

We acknowledge that the Trustee Bank is not liable or responsible for the forms sufficiency, accuracy, genuiness or legal effect of RINA certificates.

We ask you to acknowledge to the beneficiary:

- - the correctness of signature and powers of persons who signed such Promissory Notes;
- - that all Notes are issued and duly stamped in accordance with applicable Law of the place of issuance.

Please confirm your agreement to such irrevocable instructions and that you will act strictly in accordance therewith.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR  
CONFIDENTIAL TREATMENT BY CARNIVAL]

Please also notify return mail to Fincantieri Cantieri Navali Italiani S.p.A.  
- - Trieste your agreement to act accordingly with irrevocable instructions.

Yours faithfully,

Encl: Annex "A", "B", "C", "D" and "E"



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "A" to Annex 4

Schedule of Payments  
-----  
(Regarding xx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
xx	xxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		----- xxxxxxxxxxxxxx	----- xxxxxxxxxxxxxx	----- xxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "B" to Annex 4  
-----

Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx	Maturity Date after delivery date	Principal Component  It Lire	Interest Component  It Lire	Total Amount Due  It Lire	Unpaid Balance of Principal  It Lire
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "C" to Annex 4  
-----

Schedule of Payments  
-----  
(Regarding xxx Set of Promissory Notes)

xxxxxxxxxxxx xxxxxxxxxxxx  -----	Maturity Date after delivery date  -----	Principal Component  It Lire  -----	Interest Component  It Lire  -----	Total Amount Due  It Lire  -----	Unpaid Balance of Principal  It Lire  -----
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
xx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	



[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL]

ANNEX "D" to Annex 4  
-----

Schedule of Payments

-----  
(Regarding xxxxxxxxxxxxxxxxxx Set of Promissory Notes)

xxxxxxxxxxxxx xxxxxxxxxxxxx  -----	Maturity Date after delivery date  -----	Principal Component  It Lire  -----	Interest Component  It Lire  -----	Total Amount Due  It Lire  -----	Unpaid Balance of Principal  It Lire  -----
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
xx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx
		-----	-----	-----	
		xxxxxxxxxxxxx	xxxxxxxxxxxxx	xxxxxxxxxxxxx	





[PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO AN  
APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT REQUESTED BY  
CARNIVAL CORPORATION]

SHIPBUILDING CONTRACT

FOR HULL NO. 491 AT  
KVAERNER MASA-YARDS INC  
-----

Sinclair Roche & Temperley

## SHIPBUILDING CONTRACT

Between, CARNIVAL CORPORATION., a company organized and existing under the laws of the Republic of Panama with its principal offices located at 3655 N.W. 87th Avenue, Miami, Florida, USA 33178 - 2428 hereinafter called the "PURCHASER",

and

KVAERNER MASA-YARDS, INC., a company organized and existing under the laws of the Republic of Finland with a registered office in Helsinki, Finland hereinafter called the "CONTRACTOR",

In respect of yard No.491 :

## WHEREAS

- (i) By a contract dated 15th September 1987 made between Wartsila Marine Industries Inc. ("WMI") and the PURCHASER, WMI agreed to design, build and deliver to the PURCHASER a passenger cruise vessel known as hull no. 1299 (and following the contract referred to in recital (ii) as 480 at the yard of the CONTRACTOR) and after delivery named ms "ECSTASY".
- (ii) By an agreement dated 25th January 1990 the CONTRACTOR agreed to complete ms "ECSTASY" following the bankruptcy of WMI and has delivered ms "ECSTASY" to the PURCHASER.
- (iii) By a contract dated 15th September 1987 WMI agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel known as hull no. 1300 to be named MS "SENSATION" and by a contract dated 12th May 1991 between the CONTRACTOR and the PURCHASER the CONTRACTOR agreed to complete the construction of ms "SENSATION" (as Hull no. 484) on the terms set out therein.
- (iv) By a further contract dated 5th September 1991 the CONTRACTOR agreed to design build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 487 and on delivery to be named ms "FASCINATION".
- (v) By a further contract dated 25 March 1992 the CONTRACTOR agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 488 and on delivery to be named "IMAGINATION".
- (vi) By a further contract dated 23 December 1993 the CONTRACTOR agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 489 and on delivery to be named "INSPIRATION".

- (vii) This agreement sets out the terms on which the CONTRACTOR will design and build for the PURCHASER a further passenger cruise ship to be known during construction as Hull 491.

IT IS HEREBY AGREED AND STIPULATED AS FOLLOWS:

ARTICLE 1: SUBJECT OF THE CONTRACT

(A) VESSEL'S Description and Main Characteristics

The CONTRACTOR undertakes to design and build and complete at the Building Site (as hereinafter defined) and to deliver to the PURCHASER, who orders and undertakes to accept delivery of one passenger cruise ship (hereinafter called the "VESSEL"), which will be a "carbon-copy" sistership to MS "IMAGINATION", hull No. 488 as built except that modifications shall be made:-

1. as required to ensure that the VESSEL complies with the laws, rules, regulations and enactments referred to in paragraph (E) of this Article 1.
2. as required to ensure that the VESSEL is a repeat of m.s. "IMAGINATION" (Hull 488) except that the PURCHASER has the freedom to make decorative changes as in previous ships ordered from the CONTRACTOR, it being understood that the quality, standard and finish of such decorative changes will be the same as m.s. "IMAGINATION" (Hull 488), it being understood that such decorative changes will not make the building cost higher. All alterations agreed in regard to Hull 488 to the date of November 10, 1994 will be incorporated in the VESSEL without any cost additional to the purchase price specified herein.

The specifications and plans for MS "FASCINATION" as built (modified in accordance with the foregoing provisions of this paragraph (A) and the provisions referred to in paragraph (E) of this Article 1) shall hereinafter be referred to as the "SPECIFICATIONS" and the "PLAN" respectively. Drawings and specifications for public areas will be agreed within the timetable set out in the Addendum to this CONTRACT of even date herewith and initialled on behalf of the CONTRACTOR and the PURCHASER.

Regarding the Makers List, the CONTRACTOR is entitled to make changes as compared with MS "FASCINATION". The changes will be submitted for technical approval by the PURCHASER. Such approval shall not be withheld, if the relevant characteristics of the Specification are fulfilled, and the reputation of the supplier is acceptable to the PURCHASER.

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In the event of any conflict between this CONTRACT and the SPECIFICATIONS and the PLAN, the provisions of this CONTRACT shall prevail. In the event of any conflict between the SPECIFICATIONS and the PLAN, the provisions of the SPECIFICATIONS shall prevail.

(B) Speed

The VESSEL's speed shall be as follows:-

- (a) Trial Speed  
With the propulsion motors  
developing each XXXXX at about XXX  
RPM and at XXXX Meter draft and  
other conditions as per paragraph  
XXXXX of the SPECIFICATIONS: XXXX  
knots
  
- (b) Service Speed  
With X diesel alternators 8ZAL40S  
and X diesel alternators  
12ZAV40S developing a total output  
not exceeding XXXX percent MCR, at  
XXX RPM, and after allowing XXX MW  
for the VESSEL'S other electrical  
services, the residual power shall  
enable the VESSEL to reach XXXX  
knots with a margin of XX percent,  
at a draught of XXXXm.

(C) Building Site

The Building Site shall be the CONTRACTOR's shipyard at Helsinki, Finland provided that the CONTRACTOR may have parts of the VESSEL constructed at its yard at Turku. The CONTRACTOR shall nevertheless be at liberty to carry out work elsewhere provided that the main work of erection, assembly and construction of the VESSEL shall take place at the Building Site aforesaid.

(D) Yard Number, Marking of Materials

The VESSEL shall, for the purpose of identification only be known as Yard No.491.

As soon as possible after the arrival at the Building Site, all materials, machinery and other equipment intended to be incorporated in the VESSEL shall be marked with the above Yard Number for the purpose of identification and establishing that such materials, machinery and equipment belong to the VESSEL. The CONTRACTOR may not use any such marked material, machinery, and equipment for the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld. The CONTRACTOR may not use for the construction of the VESSEL materials, machinery and other equipment marked for use in the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld.

The CONTRACTOR is obliged to pay all deliveries promptly on or before delivery. Upon the PURCHASER'S request, the CONTRACTOR shall supply proof of payment having been properly effected as well as further evidence that it is under no residual obligations towards its suppliers in respect of other deliveries.

(E) VESSEL'S Classification and Standard

The VESSEL shall comply with the laws, rules, regulations and enactments published and in force on the date hereof as stated in the SPECIFICATIONS, including also Stability Regulations for Passenger Vessels (April 1990) and Fire Protection for Lifeboats and Rafts in way of windows and screens (SOLAS 74, as amended) to the requirements of the Classification Society and the Panamanian Government. The Vessel shall also comply with the requirements of the following:

1. U.S.P.H including "Vessel Sanitation Programme - Operation Manual (edition August 1989) and W.H.O "Guide to Ship Sanitation"; and
2. SOLAS Regulations and Wireless in relation to Global Marine Distress Signal Systems; and
3. Panamanian Government regulations for registration of vessels under Panamanian flag. The VESSEL shall be built to class and under survey of Lloyd's Register of Shipping and, if not otherwise stated in the SPECIFICATIONS, in accordance with good shipbuilding practice in Scandinavia for new passenger cruise vessels of the type and general characteristics and in any event in no respect inferior to the standards of M.S. "FASCINATION" as built. Classification, survey and testing and any other charges relating to the CONTRACTOR'S obligations and items of supply under this CONTRACT shall be for the account of the CONTRACTOR.

It is understood that the CONTRACTOR shall carry out such work as is necessary in accordance with this CONTRACT so that the VESSEL on arrival in the U.S.A is approved by the United States Public Health authorities.

(F) Decisions of the Classification Society

The decisions of Lloyds Register of Shipping the ("Classification Society") shall be final and binding on both contracting parties as to the VESSEL'S compliance or non-compliance with the rules and regulations, observance of which is to be controlled by the said Society.

(G) Sub-contracting

Subject to the requirements of Article 1(A) the CONTRACTOR has the right to sub-contract part of the work to third parties on the Building Site or elsewhere.

ARTICLE 2: INSPECTION AND APPROVALS

(A) Inspection

The PURCHASER shall have the right to have the VESSEL and all engines, machinery, outfit and equipment intended for her inspected during construction by its authorized representative(s) to whom the CONTRACTOR shall grant free access for such purpose during working hours to the VESSEL and to the CONTRACTOR'S shipyard and workshops wherever the VESSEL is being built and/or designed. The CONTRACTOR will obtain for the PURCHASER the right of access to subcontractors' premises. The inspection will be at the PURCHASER's risk and expense.

The PURCHASER'S authorized representative(s) whose name(s) and duties are to be made known in advance, shall observe the works' rules prevailing at the CONTRACTOR'S and the subcontractors' premises. They shall address their remarks exclusively to the CONTRACTOR'S appointed representative(s) whose name(s) shall be made known to the PURCHASER.

Should the PURCHASER elect to entrust the inspection to firms or persons outside its organisation, such firms or persons and their duties shall be subject to the CONTRACTOR'S prior approval.

(B) Effect of Approvals

Approval by the PURCHASER or the PURCHASER'S representative of inspections, tests, trials, documents, or plans shall not relieve the CONTRACTOR of its obligations under Article 1 of this CONTRACT.

## ARTICLE 3: MODIFICATIONS

## (A) Modifications

Either party may request the other in writing to make modifications to the SPECIFICATIONS and/or PLAN and provided that the CONTRACTOR and the PURCHASER fully agree in writing within ten days from the dispatch of the CONTRACTOR'S notification of any (a) appropriate adjustment of price, (b) appropriate adjustment of delivery date; (c) appropriate adjustment of the deadweight; (d) appropriate adjustment of speed requirements; and (e) any other appropriate adjustment of this CONTRACT, the SPECIFICATIONS and the PLAN, the CONTRACTOR will carry out such modifications.

The CONTRACTOR has the right to continue production on the basis of the SPECIFICATIONS and the PLAN until agreement has been reached as above stated.

All agreed modifications and alterations shall be subject to the conditions of this CONTRACT and the SPECIFICATIONS.

## (B) Modifications by Regulatory Bodies and Classification Society

In the event that subsequent to the date hereof any modifications, deletions or additions are made to the laws, rules, regulations and enactments applicable to the VESSEL or their interpretation or their application (including withdrawal of provisional approvals of the Classification Society and/or additional requirements of said Society) as compared with the basis of this CONTRACT and/or similar measures of other bodies as referred to in Article 1, paragraph (E), and such modifications, deletions or additions are compulsory for the VESSEL, the CONTRACTOR will effect them and will notify the (a) adjustment of price; (b) adjustment of delivery date; (c) adjustment of deadweight; (d) adjustment of speed requirements; and (e) any other adjustment of the CONTRACT, SPECIFICATIONS and PLAN, all as may be appropriate in the circumstances.

The PURCHASER may require that the CONTRACTOR shall first apply for a formal waiver of compliance with such modifications, deletions or additions from the authority by whom the modifications, deletions or additions have been promulgated, should the PURCHASER consider that the operation of the VESSEL in its intended service would permit of such waiver. In such agreement the CONTRACTOR will fix a reasonable time limit after which if the waiver has not been obtained, the CONTRACTOR will go on with the required modifications, deletions or additions. Any additional cost caused by the application for such waiver whether or not obtained shall be for account of the PURCHASER and the date of delivery of the VESSEL if actually delayed thereby shall be extended by the time necessary as a result of the application for waiver.

Modifications by regulatory bodies and by the Classification Society which are not compulsory for the VESSEL shall be treated as the PURCHASER'S modifications according to paragraph (A) above but the CONTRACTOR will in any case advise the PURCHASER of such modifications as soon as they are published and obtain the PURCHASER'S approval in writing before proceeding to make such modifications.

(C) Payment of Adjustments of Price

The adjustments of price made under paragraphs (A) and (B) above shall be settled in accordance with paragraph (D) of Article 7.

(D) Information

When required the CONTRACTOR shall furnish reasonable information relating to the basis and method of determining any adjustment of price and other effects of modifications referred to in this Article.

ARTICLE 4: TRIALS

The VESSEL shall run the following tests and trials:

- (1) Dock trials as specified in the SPECIFICATIONS.
- (2) Official sea-trials as provided for in the SPECIFICATIONS during which the trial speed, the propulsion machinery plant output and the propeller revolutions shall be determined in accordance with Article 1, paragraph (B) (a).

An endurance test as well as all other trials and tests included in the sea trial program in the SPECIFICATIONS, shall also be carried out with recording of measurements of all parameters, enabling determination of performance relevant to each test.

- (3) All other trials specified in the SPECIFICATIONS.

Such speed runs and endurance test shall be run at the draft attainable by ballasting the VESSEL with ballast water using tanks and compartments intended for this purpose and as far as practicable the draft shall be as close as possible to the corresponding draft at which tank model tests have been carried out.

Should the speed trial draft aforementioned be other than the draft specified in Article 1(B) (a), the speed, the main engine output and the revolutions corresponding to the latter draft shall be

determined by the Netherlands Model Basin in Wageningen by means of data from their model tests on the basis of the results recorded at the sea trials.

All trials and measurements will be conducted in a manner and to an extent as prescribed in a detailed schedule based on the SPECIFICATIONS.

The methods to be used will be selected by the CONTRACTOR to suit the VESSEL'S trial trip programme to the approval of the PURCHASER.

The CONTRACTOR has the right to subcontract speed and power measurements to an independent model basin or research institute. However, the PURCHASER will be kept fully informed and allowed to observe and ascertain measurements recorded during the trials as if the CONTRACTOR had carried out the tests with its own personnel.

Should conditions which properly qualify to delay delivery as provided in Article 6 paragraph (D) prevent the CONTRACTOR from carrying out properly the official trial on the day scheduled therefor, the CONTRACTOR has the right to postpone the trial or such part of it as deemed necessary. In such case the CONTRACTOR shall be entitled to an extension of the VESSEL'S delivery time covering the whole period of postponement.

The CONTRACTOR shall have the right to repeat any trial whatsoever after giving reasonable notice to the PURCHASER.

All expenses for the trials and adjustments of all the VESSEL'S equipment shall be borne by the CONTRACTOR who during the sea trials will provide the necessary crew at its own expense. If, during any sea trial, any breakdowns occur entailing interruption or irregular performance which can be repaired by the normal means available on board, the trial shall be continued after repairs and be valid in all respects.

However, should the VESSEL require to return to a port to enable the breakdown to be remedied, a further trial shall be undertaken, if necessary at sea, to prove the outstanding performance and complete demonstrations.

The CONTRACTOR shall give the PURCHASER thirty days notice of the anticipated date of the first sea trials.

Within seven (7) days from the completion of the sea trial or the above further trial, the CONTRACTOR shall present the PURCHASER with a full set of results of the tests carried out during the sea trials and the PURCHASER shall give the CONTRACTOR within 3 days from the receipt of the results a notice in writing, or by telex or telefax confirmed in writing, of completion and acceptance of the trial run, advising whether the PURCHASER considers that the results of the trial run indicate conformity of the VESSEL to this Contract the SPECIFICATIONS and the PLAN.

In the event that the PURCHASER rejects the results of the trial run as not conforming to this CONTRACT or to the SPECIFICATIONS or the PLAN, the PURCHASER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof, does not conform to this CONTRACT and/or the SPECIFICATIONS.

In the event that the PURCHASER fails to notify the CONTRACTOR as aforesaid of the acceptance of or the rejection, together with the reason therefor, of the trial within the period as provided above, the PURCHASER shall be deemed to have accepted the trial run of the VESSEL.

Acceptance of the results of the trial run as above provided shall be final and binding so far as conformity of the VESSEL to the CONTRACT and the SPECIFICATIONS and the PLAN to the extent demonstrated on such trial is concerned and shall preclude the PURCHASER from refusing formal delivery of the VESSEL as hereinafter provided, on the grounds of non conformity of the VESSEL in respect of items whose conformity has been demonstrated and accepted during the trial run, if the CONTRACTOR complies with all other requirements for delivery as provided in this CONTRACT.

Should any fuel oil lubricating oil, greases and ship's stores, including fresh water furnished by the CONTRACTOR for the sea trial remain on board the VESSEL at the time of acceptance thereof by the PURCHASER, the PURCHASER agrees to buy the same from the CONTRACTOR at the price reasonably paid by the CONTRACTOR and evidenced by invoices of the supplier and payment by the PURCHASER shall be effected in accordance with paragraph (D) of Article 7.

ARTICLE 5:           GUARANTEE FOR SPEED, DEADWEIGHT AND FUEL  
                          CONSUMPTION

Subject to the provision contained in Article 7 (E) the rights and obligations of the CONTRACTOR and PURCHASER in regard of the VESSEL'S trial speed, deadweight and consumption of fuel of the propulsion plant are delimited as follows:

(A)           Speed

For the purpose of determining the VESSEL'S actual trial speed, the speed of the VESSEL recorded on the official sea trials under Article 4 shall be adjusted in accordance with Article 4 as if the official sea trials had been carried out under the conditions specified in Article 1, paragraph (B) (a) and paragraph 1.2.6 of the SPECIFICATIONS. If the actual trial speed so computed is less than the adjusted trial speed under Article 1, paragraph (B) (a), the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty the following amounts:

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- - for the first two tenths (2/10ths) of a knot of such speed deficiency: XXXXXXXX
- - U.S.\$XXXXXX for the third complete tenth of one knot deficiency and that amount increased by U.S.\$XXXXXX for each successive complete one tenth of a knot of such deficiency, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

If the VESSEL'S trial speed determined or computed as provided in this paragraph (A) is more than one knot below the adjusted trial speed under Article 1, paragraph (B) (a), the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this CONTRACT, with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

Should the actual trial speed of the VESSEL determined or computed as provided in this paragraph (A) be greater than the adjusted trial speed under Article 1, paragraph (B) (a), the PURCHASER shall pay to the CONTRACTOR as premiums the following amounts:

- - for the first two tenths (2/10ths) of the knot of extra speed: XXXXXXXX
- - U.S.\$XXXXXX for the third complete tenth of one knot of extra speed and that amount increased by U.S.\$XXXXXX for each successive complete one tenth of a knot up to a maximum extra speed of one half of one knot.

(B) Deadweight

If the VESSEL'S deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified, then the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty an amount of US \$XXXXX for each full XXX metric tons of such deficiency in excess of XXX metric tons, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

If the VESSEL'S deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

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(C) Fuel Consumption

For the main propulsion plant a shop test shall be carried out in accordance with the SPECIFICATIONS. During such shop test the specified fuel consumption shall be ascertained and corrected to the design parameters.

The shop test shall be run on heavy fuel oil with each diesel engine developing XX% MCR at XXX revolutions. The measured fuel consumption shall be corrected to a reference lower calorific value of XXXXXX kilojoules per kg and ISO standard conditions. The fuel consumption of the main propulsion plant so corrected shall not exceed XXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the CONTRACTOR shall pay to the PURCHASER, as liquidated damages and not by way of penalty, an amount of US \$XXXXXX for each full one percent in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

ARTICLE 6: DELIVERY OF THE VESSEL

(A) Delivery Date and Place of Delivery

The VESSEL shall be delivered to the PURCHASER at the Building Site or other agreed place.

The date for delivery of the VESSEL (the "Delivery Date") shall be 26 February 1998 subject to permissible extensions as provided in this CONTRACT.

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Six (6) months prior to the date on which the CONTRACTOR expects the VESSEL to be ready for delivery the CONTRACTOR shall give notice to the PURCHASER in writing (the "Delivery Notice") specifying the actual expected delivery date.

The PURCHASER shall promptly take delivery of the VESSEL when properly completed in accordance with this CONTRACT and shall with reasonable dispatch as applies to a passenger cruise ship remove her from the CONTRACTOR'S shipyard.

(B) Liquidated Damages for Delayed Delivery

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN) on or before the Delivery Date (as extended by virtue of the provisions of this CONTRACT specifically permitting such extension), the CONTRACTOR shall pay to the PURCHASER by way of liquidated damages and not by way of penalty the amount of UNITED STATES DOLLARS XXXXXXXXXXXXXXXXXXXX (US\$XXXXXXXX) for each full calendar day of delay following the Delivery Date as so extended.

(C) Termination for Delay

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN), by the date falling twelve (12) months after the Delivery Date (as extended by virtue of the provisions of this CONTRACT expressly permitting such extension), the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. On such valid termination the CONTRACTOR shall forthwith also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (B) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT and the SPECIFICATIONS and the PLAN) by 26 October 1999 then, notwithstanding the provisions of paragraphs (D) and (E) below which would otherwise operate to permit the Delivery Date to be extended, the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. On such valid termination the CONTRACTOR shall forthwith also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (B) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

## (D) Permissible Extensions due to "Force Majeure"

Should the CONTRACTOR be prevented from having the VESSEL constructed for delivered by the Delivery Date owing to: - Acts of God; engagement in war or other hostilities, civil war, civil commotions, riots or insurrections; requirements of civil or military authorities in contemplation of war; blockades; embargoes, vandalism; sabotage; epidemics; strikes; lockouts; officially agreed reduction of working hours relating to the Finnish workforce as a whole; earthquakes; landslides; floods; failure of electric current for a period of more than three working days; damages by lightning; explosions, collisions, strandings or fires; damage to the VESSEL and time taken to repair such damage; shortage of materials and equipment or inability to obtain delivery thereof, provided that such materials and equipment at the time of ordering could reasonably be expected by the CONTRACTOR to be delivered in time; defects in materials and equipment such as castings or forgings which could not have been detected by the CONTRACTOR or its subcontractors using reasonable care; delays caused by delay of the Classification Society or other bodies whose documents are required in issuing such documents; delays caused by events similar to the foregoing; the effect of the foregoing on the CONTRACTOR'S other commitments; then and in any such case the Delivery Date of the VESSEL shall, subject to paragraphs (E) and (F) below, be extended by the number of calendar days of delay incurred by the CONTRACTOR in completing or delivering the VESSEL in consequence of any of these events.

## (E) Definitive Notice of Delivery

Following the giving of the Delivery Notice by the CONTRACTOR pursuant to paragraph (A) above the only events which shall be permitted to extend the Delivery Date (as previously properly extended by virtue of other provisions of this CONTRACT permitting such extension) shall (subject to paragraph (F) below) be: Acts of God, engagement in war or other hostilities, civil wars, civil commotions, riots or insurrections requirements of military authorities in contemplation of war, blockades, embargoes, vandalism, sabotage, epidemics, earthquakes, landslides, flood, damage by lightning, explosions, collisions, strandings, fires or nationwide strikes or lockouts either general or affecting nationwide a particular sector of the labour force.

## (F) Conditions for Claims for Permissible Delays

Not later than 7 days from the date of commencement of any of the above contingencies on account of which the CONTRACTOR claims that it is entitled to an extension of the Delivery Date, the CONTRACTOR shall provide the PURCHASER with telex or telefax advice particularising the date such contingency commenced and the reasons therefor and the nature thereof, the estimated duration thereof and the action which is being taken by the CONTRACTOR to overcome the effect of the contingency. If any such contingency continues for a period in excess of 30 days the CONTRACTOR shall, at regular fortnightly intervals thereafter, continue to keep the PURCHASER advised by delivery to the PURCHASER of further statements containing the particulars specified above. Within 7 days after the CONTRACTOR becomes aware that such contingency has ended the CONTRACTOR shall

specify the period of time by which it claims the Delivery Date is to be extended by reason of delay due to such contingency.

The CONTRACTOR shall not be entitled to claim any extension of the Delivery Date in respect of any particular delay unless:

1. The CONTRACTOR has given all the proper notices and statements required by this paragraph (F) in relation to that particular item of delay; and
2. that particular item of delay has not in any way been caused or contributed to by any error, neglect or omission on the part of the CONTRACTOR; and
3. the CONTRACTOR has, since the date of commencement of the contingency in question, taken all reasonable steps to remove the cause of delay and to mitigate its effect on the delivery of the VESSEL; and
4. the cause of delay could not reasonably have been foreseen by the CONTRACTOR at the date of this CONTRACT.

In the event of there being any dispute between the parties under this Article the burden of proof shall be upon the CONTRACTOR to establish the facts entitling it to an extension of the Delivery Date and that all requirements specified in this paragraph have been fully satisfied.

(G) Termination of the CONTRACTOR'S Responsibilities

On delivery of the VESSEL to the PURCHASER all risk and every responsibility for the safety and generally for the condition of the VESSEL is transferred to the PURCHASER, and thereafter all responsibilities on the part of the CONTRACTOR shall cease with the exception of the guarantee obligations provided for in Article 12 and Article 13 hereof and the rights of the parties under Article 8(A).

If it is not practicable before delivery for the CONTRACTOR to demonstrate the contractual performance of any of the specified equipment or the contractual performance of any of the specified technical systems of the VESSEL in their intended operating conditions, the CONTRACTOR will demonstrate such performance as soon as practicable, and if not practicable within 180 days of delivery compliance or non-compliance shall be determined by calculations. In case of deficiencies in performance the CONTRACTOR will remedy such deficiencies in performance under the guarantee contained in Article 12.

(H) Protocol of Delivery and Acceptance

At the delivery and acceptance of the VESSEL the PURCHASER and the CONTRACTOR shall execute, in duplicate, a Protocol of Delivery and Acceptance one original copy of which is to be retained by each party.

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ARTICLE 7: PRICE AND PAYMENT

(A) Contract Price

The PURCHASER shall pay to the CONTRACTOR the CONTRACT price of UNITED STATES DOLLARS XXXXXXXXXXXXXXXXXXXXXXXXXXXX (US \$ XXXXX) inclusive of building period financing cost.

(B) Instalments

Payment of the CONTRACT Price shall be made by the PURCHASER to the CONTRACTOR by instalments as follows:

- XX% equal to USDXXXXXXXXX on the date of signature of this CONTRACT;
- XX% equal to USDXXXXXXXXXX XXXXXXXXXXXXXXX after delivery of m.s. "IMAGINATION" (KMY HULL XXX);
- XX% equal to USDXXXXXXXXXX XXXXXXXXXXXXXXX;
- XX% equal to USDXXXXXXXXXX on delivery of the VESSEL duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN.

(C) Payment Procedures

Except for the first instalment the CONTRACTOR shall notify the PURCHASER at least 10 days in advance of the estimated dates of the instalment payments falling due.

All payments to the CONTRACTOR are to be made in U.S. Dollars for same day value at a bank in Helsinki to be designated by the CONTRACTOR without any deduction whatsoever on the dates on which the payments are due as aforesaid.

Expenses for remitting payments and any other expenses connected with such payments shall be for the account of the PURCHASER.

If for any reason the PURCHASER cannot take delivery of the VESSEL on the date the CONTRACTOR has notified that the VESSEL will be ready for delivery, the PURCHASER shall, subject to paragraph (A) of Article 6, nevertheless be liable to make full and final payment on that date, provided the VESSEL is tendered in accordance with the terms of this CONTRACT.

(D) Payment for Modifications

The sum due for modifications under Article 3 of this CONTRACT shall be paid by or credited to the PURCHASER as the case may be to the CONTRACTOR on delivery.

(E) Payment for Liquidated Damages and Premiums

Any amount of liquidated damages or any premiums under Articles 5 and 6 shall be calculated and determined on delivery of the VESSEL or on termination in accordance with Article 6(C) or 11(B) and the balance (of one over the other) shall be paid to the party entitled thereto at the delivery of the VESSEL or, in the event of termination of this CONTRACT in accordance with Article 6(C) as provided herein, provided that (notwithstanding any other provision in this CONTRACT to the contrary) the net amount payable under this paragraph shall not exceed XXX per cent of the CONTRACT Price referred to in paragraph (A) of this Article.

Payment of liquidated damages under Article 5 and/or 6 of this CONTRACT shall be to the exclusion of any other claims in respect of the matters giving rise to such payment except that this provision shall not affect the rights of the PURCHASER under Article 6 (C) and Article 11 of this CONTRACT or the alternative right of the PURCHASER to terminate this CONTRACT in the circumstances provided in Article 5 of this CONTRACT.

(F) Prompt Payment

The PURCHASER shall not delay any payment of the Contract Price in the event of any disagreement as to the amount of extras, liquidated damages or premiums, or in the event of other exceptions or claims the PURCHASER may have asserted or may intend to assert against the CONTRACTOR, whether in connection with this CONTRACT or otherwise without prejudice to the PURCHASER'S right to apply subsequently to arbitration.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

(G) Bank Guarantee

On the date of signature of this CONTRACT in respect of the first instalment and not less than five (5) business days before the date on which the PURCHASER is obliged to make payment to the CONTRACTOR of respectively the second and third instalments of the Contract Price as provided in Article 7(B) and as a condition precedent to the obligation of the PURCHASER to make payment of such instalments, the CONTRACTOR shall deliver to the PURCHASER a bank guarantee of payment by the CONTRACTOR of all amounts which the CONTRACTOR may become liable to pay to the PURCHASER under Article 11(A) of this CONTRACT.

Each such guarantee shall be issued by a first class bank acceptable to the PURCHASER in the form of Exhibit A hereto and shall be authenticated in such manner as the PURCHASER may require. The PURCHASER and the CONTRACTOR shall share equally the cost of providing and maintaining such guarantees. Each guarantee shall be for an amount not less than the amount specified with respect to the relevant instalment below:

Instalment No - - - - -	Amount US\$ -----
1	XXXXXXXXXX
2	XXXXXXXXXX
3	XXXXXXXXXX

Each such bank guarantee shall be initially valid until 30 April 1998. If, in the PURCHASER'S opinion the delivery of the VESSEL will for any reason be postponed beyond such date, the validity of the bank guarantee shall, before 30 April 1998 be extended until 30 November 1999.

Irrespective of the dates indicated in this paragraph (G) the bank/s issuing the bank guarantee shall be informed that the original bank guarantee will be returned to the bank/s on the actual date when vessel is delivered and accepted by the purchaser. The issuing bank/s shall be instructed that fees will be charged until the date of delivery of vessel.

(H) Statements of Financial Conditions

The CONTRACTOR shall provide to the PURCHASER at four monthly intervals following the date of this CONTRACT statements of the financial condition of the CONTRACTOR in such form and substance as the PURCHASER may reasonably request to enable the PURCHASER to monitor the current financial condition of the CONTRACTOR during the construction of the VESSEL.

## ARTICLE 8: PROPERTY

## (A) General Plans, Specification and Working Drawings

All rights in the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and constructions of the VESSEL shall belong to the CONTRACTOR before actual delivery and after actual delivery shall belong to the PURCHASER provided always that the CONTRACTOR shall be entitled to use the same to the extent of the hull form and all parts below the main accommodation decks.

The PURCHASER shall have the right to use the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and the construction of the VESSEL prior to delivery of the VESSEL with the consent of the CONTRACTOR, such consent not to be unreasonably withheld and to be given promptly following the PURCHASER'S request.

## (B) Title to the VESSEL

As from signing of this CONTRACT the PURCHASER has title to:-

1. All materials and equipment for building of the VESSEL purchased from and delivered by suppliers and sub-contractors.  
  
The title to all such materials and equipment for building of the VESSEL shall be with the PURCHASER already before such materials and equipment arrive at the shipyard.
2. All materials and equipment out of the CONTRACTOR'S own stock allocated for the construction of the VESSEL which for this purpose shall be stored separately and marked as early as possible.
3. Parts manufactured from the materials listed above.
4. The VESSEL itself as it is in the course of progressive stages of construction, together with equipment installed.

Until the CONTRACT Price (as adjusted) has been paid in full the PURCHASER may not at any time, prior or subsequent to the delivery of the VESSEL transfer, whether finally or conditionally, or mortgage or hypothecate the VESSEL without the CONTRACTOR'S written consent in each particular case.

Subject to the provisions of Article 11 this paragraph shall in no way impair the CONTRACTOR'S right to retain the VESSEL until the PURCHASER has complied with its obligations under Article 7 of this CONTRACT.

(C) Effect of Termination on the Title to the VESSEL under Construction

If the CONTRACTOR justly terminates this CONTRACT, the CONTRACTOR becomes the sole owner of the VESSEL.

If the PURCHASER justly terminates this CONTRACT, the PURCHASER thereby waives its right to the VESSEL, provided that all amounts payable or repayable to the PURCHASER by the CONTRACTOR on such termination in accordance with this CONTRACT shall have been paid or repaid or security satisfactory to the PURCHASER shall have been provided for such payment or repayment.

ARTICLE 9: INSURANCE

The VESSEL and all materials, machinery and other equipment belonging to the VESSEL and within the precincts of the Building Site shall until delivery of the VESSEL (including during trials) be insured by the CONTRACTOR at the CONTRACTOR'S expense in the joint names of the CONTRACTOR and the PURCHASER against all risks customarily insured against in the Finnish shipbuilding industry and in accordance with and subject to the terms of the usual construction policy for a total of not less than the aggregate of (1) the amount for the time being paid by the PURCHASER to the CONTRACTOR in respect of the VESSEL and (2) interest thereon at the rates specified in Article 11 from the date such payment was made to the CONTRACTOR and (3) the value of equipment or materials supplied by the PURCHASER and present within the precincts of the Building Site or already installed in the VESSEL. If considered necessary by the CONTRACTOR or if required by the PURCHASER, war risks insurance for not less than the CONTRACT Price is to be effected by the CONTRACTOR up to the date of delivery to the extent that such insurance is obtainable on the London insurance market provided, however, that the CONTRACTOR shall effect war risk insurance at its own expense during sea trials.

In the event of the VESSEL and/or such materials etc. as aforesaid sustaining damage, including war damage, before delivery of the VESSEL then any monies received in respect of any insurance effected under this Article shall be applied by the CONTRACTOR in making good such damage with all due despatch during ordinary working hours in a reasonable and workmanlike manner and the PURCHASER shall not on account of any such damage or any repair thereof be entitled to object to the VESSEL or to make any claim for alleged consequential loss or depreciation provided that such damage is made good in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN as if it was the VESSEL'S new construction.

Underwriters are entitled to settle claims concerning repairable damage to the VESSEL directly with the CONTRACTOR, and make all payments on these claims directly to the CONTRACTOR.

Should the VESSEL at any time from any cause become an actual total loss or an agreed or compromised constructive total loss under the insurance policy, this CONTRACT shall thereupon absolutely cease and terminate without any liability whatsoever on the part of the CONTRACTOR provided that the CONTRACTOR has complied with its obligations under the preceding provisions of this Article. In the event of such total loss insurance monies shall be paid to the PURCHASER for reimbursement (1) of the amounts paid by the PURCHASER to the CONTRACTOR hereunder and (2) interest thereon at the rates specified in Article 11 from the dates such payments were made and (3) the value of equipment and materials supplied by the PURCHASER and within the precincts of the Building Site or installed on the VESSEL at the time of such total loss; any balance shall belong to the CONTRACTOR. Under no circumstances shall the CONTRACTOR be liable to replace the VESSEL.

The CONTRACTOR'S liability to the PURCHASER in respect of damage - including war damage - or in respect of the actual or constructive total loss of the VESSEL, shall not in any event extend further or otherwise than provided in this Article.

The PURCHASER agrees to notify the CONTRACTOR before each item of equipment or material supplied by the PURCHASER is delivered to the Building Site and to advise the CONTRACTOR of the value thereof.

ARTICLE 10:       DEFAULTS BY THE PURCHASER

(A)       Suspension/Termination by the CONTRACTOR

If any of the following events should occur :-

1.       the PURCHASER fails to pay to the CONTRACTOR any of the first, second and third instalments of the CONTRACT Price when such instalments become due and payable under the provisions of Article 7 hereof; or
2.       the PURCHASER fails to take delivery of the VESSEL when the VESSEL is duly tendered for delivery by the CONTRACTOR under the provisions of Article 6 hereof; or
3.       a bona fide petition is filed and is not dismissed within thirty (30) days, or an effective resolution is passed for the winding up of the PURCHASER (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the CONTRACTOR); or

4. a receiver is appointed of the undertaking or property of the PURCHASER; or
5. the PURCHASER suspends payment of its debts or ceases to carry on its business or makes any composition with its creditors or is declared bankrupt or goes into liquidation;

Then:

- (a) the delivery date shall be automatically postponed for a period of continuance of such event in excess of two (2) days.
- (b) If such event continues for a period of fifteen (15) days the CONTRACTOR shall have the option to suspend the CONTRACTOR's obligations under this CONTRACT until such event has ceased.
- (c) If any of the events set out in sub-paragraphs (1) - (4) above, continues for a period of thirty (30) days after notice, to the PURCHASER or if any of the events set out in sub-paragraph, (5) occurs, the CONTRACTOR may, at its option, terminate this CONTRACT by giving notice of such effect to the PURCHASER by fax confirmed by letter.

(B) Interest

Should the PURCHASER be in default in payment of any of the first, second, third or fourth instalments of the CONTRACT Price and/or other amounts due under this CONTRACT on or before delivery of the VESSEL, then the PURCHASER shall pay to the CONTRACTOR as from the due date interest thereon at the rate which is two (2) per cent per annum above the rate certified by Citibank N.A. to be the rate at which deposits of United States Dollars can be obtained by Citibank N.A. to fund the defaulted amount from the London Interbank Eurocurrency market for such periods as may be reasonable in the circumstances.

In case the PURCHASER shall fail to take delivery of the VESSEL as provided above in this Article, the PURCHASER shall be deemed in default as regards the fourth instalment of the CONTRACT PRICE and shall pay interest thereon at the rate aforesaid from and including the day on which the VESSEL is tendered for delivery by the CONTRACTOR.

(C) CONTRACTOR'S Rights on Termination

1. In the event of such termination of this CONTRACT, the CONTRACTOR shall be entitled to retain any instalment or instalments of the CONTRACT price theretofore paid by the PURCHASER to the CONTRACTOR on account of this CONTRACT to the extent of proved damages and loses including costs and expenses permitted by law.

2. In the event of termination of this CONTRACT as provided in this Article 10, the CONTRACTOR shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at public or private sale on such terms and conditions as the CONTRACTOR thinks fit without being answerable for any loss or damage except as provided in paragraph (4) below.
3. In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to payment of all proven incidental damages and losses permitted by law attending such sale, and then to payment of all unpaid instalments of the CONTRACT Price and interest on such instalments at the rate as provided for above from the respective due dates thereof to the date of application.
4. In the event of sale of the VESSEL in its incomplete state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to all proven incidental damages and losses permitted by law attending such sale, and then to payment of all costs of construction of the VESSEL and compensation to the CONTRACTOR for a loss of reasonable profit due to the termination of this CONTRACT together with interest at the rate as provided for above, less the instalments retained by the CONTRACTOR.
5. In either of the above events of sale, if the proceeds of sale exceed the total of amounts to which such proceeds are to be applied as aforesaid, the CONTRACTOR shall promptly pay the excess to the PURCHASER without interest.
6. If the proceeds of sale are insufficient to pay to the CONTRACTOR such total amounts payable as aforesaid, the PURCHASER shall promptly pay the deficiency to the CONTRACTOR upon request.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR  
CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 11:       DEFAULTS BY THE CONTRACTOR

(A)       Termination and Reimbursement and Liquidated Damages

If, in accordance with any of the provisions of Article 5 or 6 or paragraph (B) of this Article, the PURCHASER properly exercises its option to terminate this CONTRACT, then the CONTRACTOR shall :-

- (1)       return to the PURCHASER all equipment and material supplied by the PURCHASER or pay to the PURCHASER the value thereof and pay to the PURCHASER the amount of consulting, engineering, architectural and similar fees and expenses incurred by the PURCHASER in connection with the construction of the VESSEL up to a maximum of XXXXXXXXXX United States Dollars; and
- (2)       pay to the PURCHASER any accumulated liquidated damages payable under Article 6(C); and
- (3)       repay to the PURCHASER in United States Dollars the amount of all moneys paid by the PURCHASER for or on account of the CONTRACT Price of the VESSEL together with interest calculated from the respective dates such amounts were paid by the PURCHASER to the CONTRACTOR up to the date of repayment thereof at the rate certified by Citibank N.A. to be the rate paid by the Citibank N.A. to depositors for deposits of amounts equal to the instalments paid by the PURCHASER for the periods from receipt thereof by the CONTRACTOR to the date of repayment.

The CONTRACTOR'S liability in the event of such termination shall be limited to the above which the parties hereto reasonably estimate to be the amount of the loss which will be sustained by the PURCHASER in the event that this CONTRACT is terminated by the PURCHASER in accordance with Article 5 or 6 hereof or paragraph (B) of this Article.

(B)       Termination on Bankruptcy, Etc.

In any of the following events:

- (1) a bona fide petition is filed and is not dismissed within thirty (30) days or an effective resolution is passed for the winding up of the CONTRACTOR or any other similar proceedings with similar effect on the CONTRACTOR are instituted in Finland affecting the CONTRACTOR (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the PURCHASER); or
- (2) the CONTRACTOR merges with any other entity without the prior written approval of the PURCHASER;
- (3) the CONTRACTOR ceases to be controlled by Kvaerner A/S;
- (4) a receiver is appointed of the undertaking or property of the CONTRACTOR; or
- (5) the CONTRACTOR suspends payment of its debts or threatens to do so or ceases to carry on its business or makes any composition with its creditors or convenes a meeting of its creditors to propose such compositions or is declared bankrupt or goes into liquidation; or
- (6) the construction of the VESSEL is suspended for a period of more than thirty days for reasons other than any of the events specified in Article 6 (D) or, if applicable, Article 6 (E) and it is apparent that the CONTRACTOR will be unable to fulfil its obligations hereunder; or
- (7) there is a material adverse change in the financial condition of the CONTRACTOR;
- (8) the CONTRACTOR fails to provide any of the guarantees relating to the first, second or third instalments of the CONTRACT Price payable in accordance with Article 7(B) within thirty (30) days of the date on which such guarantee should otherwise have been delivered to the PURCHASER;
- (9) if the CONTRACTOR fails to have the bank guarantees extended on or before 30 April 1998 if required to do so under the terms of Article 7(G);
- (10) the CONTRACTOR fails to comply with its obligations under Article 7 (H) and such default continues for a period of fourteen days after the PURCHASER gives notice to the CONTRACTOR requiring such default to be remedied.

Then:

the PURCHASER may immediately (without being bound thereto) terminate this CONTRACT by giving notice in writing to the CONTRACTOR.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

(C) The PURCHASER'S Right to Take Possession

If in accordance with the provisions of paragraph (B) above or Article 6 (C), the PURCHASER is entitled to terminate this CONTRACT but does not do so, then the PURCHASER shall have an optional right after giving notice to the CONTRACTOR to take possession of the VESSEL in her then state and all parts, plans, materials, machinery and equipment appropriated to the VESSEL and remove the same from the CONTRACTOR'S yard. The PURCHASER agrees that it will, on taking possession and in consideration of the CONTRACTOR releasing its lien on the vessel, pay to the CONTRACTOR XXX XXXXXXXXXXXXXXXXXXXX UNITED STATES DOLLARS less the aggregate of:

- (1) the total amount of the instalments of the CONTRACT Price paid by the PURCHASER under Article 7(A) of this CONTRACT; and
- (2) the reasonable estimate cost of completing the VESSEL in the CONTRACTOR'S yard or at another shipyard and of removing to such other shipyard the VESSEL and all parts, materials, machinery and equipment appropriated to the Vessel.

If the actual cost of completing the VESSEL exceeds the estimated cost the CONTRACTOR shall pay the difference to the PURCHASER on completion of the vessel. If the actual cost of completing the vessel is less than the estimate cost the PURCHASER shall pay the difference to the CONTRACTOR on completion of the VESSEL.

(D) Notice of bankruptcy filing

The CONTRACTOR shall not take any steps to obtain the appointment of bankruptcy trustees under the relevant provisions of Finnish bankruptcy law without first giving to the PURCHASER at least 30 days notice of its intention to do so.

ARTICLE 12: GUARANTEE

(A) Extent of Guarantee

The CONTRACTOR shall remedy at the Building Site or at any other yard controlled by the CONTRACTOR and in normal working hours, by repairing or if necessary replacing,

- 1. any defect notified in writing by the PURCHASER on the VESSEL'S delivery; and

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

- 2. any defect due to faulty design, bad workmanship or use of defective material and not apparent on delivery which becomes apparent during the period of XXXXXXXXXXXXXXXXXXXX from the date of delivery of the VESSEL provided the defect is notified in writing as soon as reasonably practicable after its discovery.

If for operational reasons the guarantee drydocking cannot reasonably be carried out before the expiration of the said XXXXXXXXXXXXXXX period, then in relation to defects not reasonably discoverable without such drydocking the guarantee period hereunder shall, subject to paragraph (D) of this Article, expire on completion of such drydocking but in any event not later than XXXXXXXXXXXXXXXXXXX after delivery of the VESSEL.

Except as provided in paragraph (F) below, the guarantee shall apply only to the work of and materials and equipment supplied by the CONTRACTOR, its subcontractors and suppliers.

The CONTRACTOR'S obligations under this Article shall be limited in duration and extent as herein provided.

(B) Paint

The CONTRACTOR shall provide a guarantee to the PURCHASER in relation to the paint for the VESSEL on the same terms as that provided by the paint supplier to the CONTRACTOR. Such guarantee shall be on the basis that the paintwork shall be carried out under the supervision of and to the satisfaction of authorised representatives of the paint supplier.

(C) Liability for Consequential Loss or Damage

The Guarantee contained in this Article is in lieu of and excludes any other liability, guarantee, warranty and/or condition imposed or implied by law custom, statute, tort or otherwise by reason of the construction or sale of the VESSEL by the CONTRACTOR for and to the PURCHASER.

Except as provided in this Article and Article 8(A) and Article 13 after delivery the CONTRACTOR shall not under any circumstances have any liability, whether arising from claims for breach of warranty or guarantee, negligence or strict liability, for any consequential damages or for loss of time, cost of capital, loss of profit or earnings, demurrage, claims of third parties, or for any other kind whatsoever of consequential, contingent or incidental damages directly or indirectly occasioned by the CONTRACTOR'S activities pertinent to this CONTRACT.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

The CONTRACTOR shall however be liable under the guarantee contained in this Article for damage to any part of the VESSEL (including her equipment) caused directly by defects to which paragraph (A) above applies provided that the CONTRACTOR'S liability in respect of damage so caused shall be limited to UNITED STATES DOLLARS XXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX.

(D) Extensions of Guarantee Period

The time during which the VESSEL is not available for service on account of defects which the CONTRACTOR is liable to make good under paragraph (A) above and the time required to remedy such defects shall be added to extend the guarantee period specified in paragraph (A) above up to a maximum of XXXXXXXXXXXXXXXXXXXX after delivery.

If the CONTRACTOR itself makes good any defects during the guarantee period specified in paragraph (A) above (as extended if appropriate by the preceding sub-paragraph of this paragraph (D)) or such defects are remedied elsewhere in accordance with paragraph (F) below under the supervision and with the approval of the CONTRACTOR, then the provisions of paragraph (A) shall apply to the parts repaired or replaced and the repair or replacement work for a period of XXXXXXXXXXXXXXXXXXXX after the repair or replacement was completed up to a maximum of XXXXXXXXXXXXXXXXXXXX after delivery.

(E) Investigation of Recurrent Defects

The CONTRACTOR agrees within the terms of this Article to investigate the cause of any recurrent defect to which paragraph (A) applies with a view to providing a satisfactory remedy therefor.

(F) Guarantee Work Outside Building Site

If in the PURCHASER'S opinion the replacements or repairs under this Article cannot be conveniently made at the Building Site or at any other yard controlled by the CONTRACTOR, the PURCHASER may have such repairs and/or replacements carried out elsewhere; in such a case the CONTRACTOR is discharged from the guarantee under this Article in respect of the repairs or replacements carried out by the third party unless carried out under the supervision and with the approval of the CONTRACTOR. Provided the guarantee work is contracted for in a businesslike manner having regard to the nature, urgency and extent of the defect to be remedied, the CONTRACTOR shall reimburse the PURCHASER the documented expenses incurred by the PURCHASER in effecting such repairs and/or replacements including expenses of independent contractors in travelling to the VESSEL and the cost of transportation of materials and equipment (including by air freight if the PURCHASER reasonably so requires).

In any case, the VESSEL shall be taken at the PURCHASER'S cost and responsibility to the place elected for the work to be carried out ready in all respects for the guarantee work to be commenced.

(G) Assignment of Suppliers' and Sub-contractors' Guarantees

In the event that the guarantee stipulated by manufacturers or suppliers of machinery, material, equipment, appurtenances and outfit furnished to the CONTRACTOR and embodied in the VESSEL exceeds the guarantee given by the CONTRACTOR to the PURCHASER hereunder, such extended guarantee rights are to be assigned and made available to the PURCHASER by the CONTRACTOR.

(H) Verification of Guarantee Claims

The CONTRACTOR, at its own cost, is to have the right to investigate the validity of the PURCHASER'S claim either by the attendance aboard the VESSEL (at its point of service) of an accredited representative or, if in the opinion of the CONTRACTOR it is practicable to do so after suitable replacement is made, by the removal from the VESSEL and the transportation to the Building Site of the defective part.

(I) Guarantee Engineer

During any time of the guarantee period the CONTRACTOR shall have the option to place on board one Guarantee Engineer who shall act as the CONTRACTOR'S observer and to whom every assistance shall be granted for the fulfilment of his tasks. Should this option be exercised then such Guarantee Engineer shall not be discharged by the PURCHASER without the CONTRACTOR'S approval, otherwise the PURCHASER shall immediately forfeit its rights under the guarantee in this Article.

The PURCHASER shall ensure the said Engineer a status on board not inferior to the chief engineer and provide accommodation in an officer's cabin. The PURCHASER shall pay the CONTRACTOR a remuneration to be agreed upon in respect of the Guarantee Engineer.

Notification of defects to the Guarantee Engineer shall be deemed to be notice to the CONTRACTOR for the purposes of this Article. The PURCHASER agrees to give prompt confirmation in writing of such notice to the CONTRACTOR.

The presence on board of the Guarantee Engineer shall in no way affect the CONTRACTOR'S and the PURCHASER'S responsibility as provided for in this CONTRACT. The duties and responsibilities of the Guarantee Engineer shall be specified in writing by the CONTRACTOR to the PURCHASER at the time the Guarantee Engineer is appointed.

## ARTICLE 13: PATENTS

The CONTRACTOR shall indemnify the PURCHASER against any infringement of patent rights in connection with the construction of the VESSEL at the Building Site but no such liability shall lie with the CONTRACTOR with regard to components and/or equipment and/or design supplied by the PURCHASER.

## ARTICLE 14: LAW OF THE CONTRACT, REFERENCE TO EXPERT AND ARBITRATION

## (A) Law of the CONTRACT

This CONTRACT and all other agreements relating thereto shall be construed and interpreted under the laws of England.

## (B) Reference to Expert

If, save as provided in Article 1 paragraph (F), any dispute of a technical nature arises during the construction of the VESSEL between the parties in regard to the construction of the VESSEL, engines, material or workmanship, it shall forthwith be referred to a technical expert nominated by agreement between the parties hereto and his decision shall be final and binding upon both parties. Failing such agreement the dispute shall be referred to arbitration in accordance with paragraph (C) of this Article 14.

## (C) Arbitration

In the event of any dispute between the parties hereto as to any matter arising out of or relating to this CONTRACT or any stipulation herein or with respect thereto which cannot be settled by the parties themselves, such dispute shall be resolved by arbitration in London, England in accordance with the Laws of England. Either party may demand arbitration of any such dispute by giving written notice to the other party. Any demand for arbitration by either of the parties hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that

such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed the parties hereto as aforesaid should be unable to agree to the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party of the said two arbitrators may apply to any court in England or other official organisation having jurisdiction in such matter to appoint the third arbitrator. The award of the arbitration made by the sole arbitrator or by the majority of the three arbitrators as case may be shall be final, conclusive and binding upon the parties hereto.

Judgment upon any award rendered may be entered in any court having jurisdiction or application may be made to any competent court or authority for a judicial acceptance of any award and an order of enforcement, as the case may be.

ARTICLE 15: ADDRESSES FOR CORRESPONDENCE

For all practical purposes, without it being a legal requirement, the CONTRACTOR shall send all notices, letters and documents for the PURCHASER in connection with or required under this CONTRACT to the following address :

(a) for all technical matters :

Address : Technical Marine Planning Limited  
70 Great Eastern Street  
London EC2A 3JL  
Telephone: 44-71-739-3533  
Telefax: 44-71-729-1169

(b) for all legal and financial matters :

Address : Carnival Corporation  
Koger Center  
5225 NW 87th Avenue  
3rd Floor,  
Miami  
Florida 33178-2193  
U.S.A.

Attention : Captain Vittorio Fabietti (for)  
Mr. Micky Arison

Telephone : (305) 471-5777  
Telefax: (305) 471-5778

For all practical purposes without it being a legal requirement the PURCHASER shall send all notices, letters and documents for the CONTRACTOR in connection with or required under this CONTRACT to the following address :

Address : Kvaerner Masa-Yards, Inc.  
Helsinki New Shipyard  
Munkisaarenkatu 1  
SF-00150 Helsinki, Finland

Attention : Jukka Jaatinen  
Telephone : 358-0-1941  
Telefax : 358-0-170 132

All mail shall be sent by air.

Whenever this CONTRACT requires that notification shall be given in writing, such notification may validly be given by telefax. All approvals or consents required by this CONTRACT shall be in writing, by telefax. All such messages, if sent by telefax, shall also be confirmed by official letter.

ARTICLE 16: ASSIGNMENT

The CONTRACTOR shall not transfer, assign and/or pledge this CONTRACT or any rights hereunder without the prior written consent of the PURCHASER which the PURCHASER shall have full liberty to withhold.

The PURCHASER may assign to any bank or financial institution any or all of its rights under this CONTRACT.

IN WITNESS WHEREOF, parties hereto have duly signed and executed this CONTRACT  
in triplicate counterparts.

Date : December 7, 1994  
-----

[signed] H. Frank  
-----

[signed] Martti Saarikaagas/ Antti Pankakoski  
-----

CARNIVAL CORPORATION

KVAERNER MASA-YARDS, INC.

EXHIBIT "A"

BANK GUARANTEE/DRAFT  
[BANK LETTERHEAD]

To: Carnival Corporation  
PANAMA

GUARANTEE NO. \_\_\_\_\_

Dear Sirs,

We refer to the shipbuilding contract dated 1994 (the "Shipbuilding Contract") made between (1) yourselves and (2) Kvaerner Masa-Yards Inc. (the "Contractor") in respect of the construction of Yard No.491.

In consideration of the receipt from you of Ten United States Dollars and other good and valuable consideration, receipt whereof is hereby acknowledged, we hereby irrevocably and unconditionally guarantee to you the payment by the Contractor of all amounts which the Contractor may be liable to pay to you under the Shipbuilding Contract and undertake to pay to you such amounts forthwith on presentation of your certificate confirming that (A) you have duly terminated the Shipbuilding Contract and that either (1) the Contractor has not within fourteen days of your notice of termination to the Contractor applied to arbitration contesting your right to terminate the Shipbuilding Contract or (2) the arbitration board appointed to determine your entitlement to terminate the Shipbuilding Contract has issued a final award confirming that you are so entitled or (B) the Contractor has become the subject of bankruptcy (konkurs) administration.

We shall not be exonerated from our obligations hereunder by:

1. Any irregularity, unenforceability or invalidity of the Shipbuilding Contract (to the intent that the obligations hereunder shall remain in full force and effect and this guarantee shall be constructed as if there were no such irregularity, unenforceability or invalidity); or
2. Any amendment to or variation of the Shipbuilding Contract; or

3. Any other matter which may constitute a legal or equitable discharge of a surety or guarantor.

We hereby waive all or any of our rights as surety which may at any time be inconsistent with any of the provisions of this guarantee and in particular, but without prejudice to the foregoing, any right which we may have to compel you to proceed to enforce a claim against the Contractor before enforcing this guarantee against us.

All payments by us hereunder shall be made in United States Dollars without set-off or counter-claim free and clear from all taxes. Our liability under this guarantee is, however, limited to a maximum amount of [ ] United States Dollars.

This guarantee shall terminate upon the date on which the Vessel is delivered to and accepted by you under the Shipbuilding Contract.

All claims under this guarantee shall, however, be made to us in writing latest on 30 April 1998 in order to be taken into consideration.

This guarantee shall be governed by and construed in accordance with the laws of England. We hereby submit to the non-exclusive jurisdiction of the English courts and agree if required to appoint an agent in England for service of any proceedings before such courts.

Helsinki, \_\_\_\_\_, 199

[PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT REQUESTED BY CARNIVAL CORPORATION]

SHIPBUILDING CONTRACT  
FOR HULL NO. 494 AT  
KVAERNER MASA-YARDS INC

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Sinclair Roche & Temperley

Between, CARNIVAL CORPORATION., a company organized and existing under the laws of the Republic of Panama with its principal offices located at 3655 N.W. 87th Avenue, Miami, Florida, USA 33178 - 2428 hereinafter called the "PURCHASER",

and

KVAERNER MASA-YARDS, INC., a company organized and existing under the laws of the Republic of Finland with a registered office in Helsinki, Finland hereinafter called the "CONTRACTOR",

In respect of yard No.494 :

WHEREAS

- (i) By a contract dated 15th September 1987 made between Wartsila Marine Industries Inc. ("WMI") and the PURCHASER, WMI agreed to design, build and deliver to the PURCHASER a passenger cruise vessel known as hull no. 1299 (and following the contract referred to in recital (ii) as 480 at the yard of the CONTRACTOR) and after delivery named ms "ECSTASY".
- (ii) By an agreement dated 25th January 1990 the CONTRACTOR agreed to complete ms "ECSTASY" following the bankruptcy of WMI and has delivered ms "ECSTASY" to the PURCHASER.
- (iii) By a contract dated 15th September 1987 WMI agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel known as hull no. 1300 to be named MS "SENSATION" and by a contract dated 12th May 1991 between the CONTRACTOR and the PURCHASER the CONTRACTOR agreed to complete the construction of ms "SENSATION" (as Hull no. 484) on the terms set out therein.
- (iv) By a further contract dated 5th September 1991 the CONTRACTOR agreed to design build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 487 and on delivery to be named ms "FASCINATION".
- (v) By a further contract dated 25 March 1992 the CONTRACTOR agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 488 and on delivery to be named "IMAGINATION".

- (vi) By a further contract dated 23 December 1993 the CONTRACTOR agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 489 and on delivery to be named "INSPIRATION".
- (vii) By a further contract dated 7 December 1994 the CONTRACTOR agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 491.
- (viii) This agreement sets out the terms on which the CONTRACTOR will design and build for the PURCHASER a further passenger cruise ship to be known during construction as Hull 494.

IT IS HEREBY AGREED AND STIPULATED AS FOLLOWS:

ARTICLE 1: SUBJECT OF THE CONTRACT

(A) VESSEL'S Description and Main Characteristics

The CONTRACTOR undertakes to design and build and complete at the Building Site (as hereinafter defined) and to deliver to the PURCHASER, who orders and undertakes to accept delivery of one passenger cruise ship, whose keel was laid on July 4, 1994 (hereinafter called the "VESSEL"), which will be a "carbon-copy" sistership to MS "FASCINATION", hull No. 487 as built except that modifications shall be made:-

1. as required to ensure that the VESSEL complies with the laws, rules, regulations and enactments referred to in paragraph (E) of this Article 1.
2. as required to ensure that the VESSEL is a repeat of m.s. "IMAGINATION" (Hull 488) except that the PURCHASER has the freedom to make decorative changes as in previous ships ordered from the CONTRACTOR, it being understood that the quality, standard and finish of such decorative changes will be the same as m.s. "IMAGINATION" (Hull 488), it being understood that such decorative changes will not make the building cost higher. All alterations agreed in regard to Hull 488 to the date of November 10, 1994 will be incorporated in the VESSEL without any cost additional to the purchase price specified herein.

The specifications and plans for MS "FASCINATION" as built (modified in accordance with the foregoing provisions of this paragraph (A) and the provisions referred to in paragraph (E) of this Article 1) shall hereinafter be referred to as the "SPECIFICATIONS" and the

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PLAN" respectively. Drawings and specifications for public areas will be agreed within the timetable set out in the Addendum to this CONTRACT of even date herewith and initialled on behalf of the CONTRACTOR and the PURCHASER.

Regarding the Makers List, the CONTRACTOR is entitled to make changes as compared with MS "FASCINATION". The changes will be submitted for technical approval by the PURCHASER. Such approval shall not be withheld, if the relevant characteristics of the Specification are fulfilled, and the reputation of the supplier is acceptable to the PURCHASER.

In the event of any conflict between this CONTRACT and the SPECIFICATIONS and the PLAN, the provisions of this CONTRACT shall prevail. In the event of any conflict between the SPECIFICATIONS and the PLAN, the provisions of the SPECIFICATIONS shall prevail.

(B) Speed

The VESSEL's speed shall be as follows:-

- (a) Trial Speed  
With the propulsion motors developing each XXXXX at about XXX RPM and at XXXX Meter draft and other conditions as per paragraph 1.26. of the SPECIFICATIONS: XXXX knots
- (b) Service Speed  
With XX diesel alternators 8ZAL40S and XX diesel alternators 12ZAV40S developing a total output not exceeding XXXX percent MCR, at XXX RPM, and after allowing XXX MW for the VESSEL'S other electrical services, the residual power shall enable the VESSEL to reach XXXX knots with a margin of XX percent, at a draught of XXXXm.

## (C) Building Site

The Building Site shall be the CONTRACTOR's shipyard at Helsinki, Finland provided that the CONTRACTOR may have parts of the VESSEL constructed at its yard at Turku. The CONTRACTOR shall nevertheless be at liberty to carry out work elsewhere provided that the main work of erection, assembly and construction of the VESSEL shall take place at the Building Site aforesaid.

## (D) Yard Number, Marking of Materials

The VESSEL shall, for the purpose of identification only be known as Yard No.494.

As soon as possible after the arrival at the Building Site, all materials, machinery and other equipment intended to be incorporated in the VESSEL shall be marked with the above Yard Number for the purpose of identification and establishing that such materials, machinery and equipment belong to the VESSEL. The CONTRACTOR may not use any such marked material, machinery, and equipment for the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld. The CONTRACTOR may not use for the construction of the VESSEL materials, machinery and other equipment marked for use in the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld.

The CONTRACTOR is obliged to pay all deliveries promptly on or before delivery. Upon the PURCHASER'S request, the CONTRACTOR shall supply proof of payment having been properly effected as well as further evidence that it is under no residual obligations towards its suppliers in respect of other deliveries.

## (E) VESSEL'S Classification and Standard

The VESSEL shall comply with the laws, rules, regulations and enactments published and in force on the date hereof as stated in the SPECIFICATIONS, including also Stability Regulations for Passenger Vessels (April 1990) and Fire Protection for Lifeboats and Rafts in way of windows and screens (SOLAS 74, as amended) to the requirements of the Classification Society and the Panamanian Government. The Vessel shall also comply with the requirements of the following:

1. U.S.P.H including "Vessel Sanitation Programme - Operation Manual (edition August 1989) and W.H.O "Guide to Ship Sanitation"; and
2. SOLAS Regulations and Wireless in relation to Global Marine Distress Signal Systems; and
3. Panamanian Government regulations for registration of vessels under Panamanian flag. The VESSEL shall be built to class and under survey of Lloyd's Register of Shipping

and, if not otherwise stated in the SPECIFICATIONS, in accordance with good shipbuilding practice in Scandinavia for new passenger cruise vessels of the type and general characteristics and in any event in no respect inferior to the standards of M.S. "FASCINATION" as built. Classification, survey and testing and any other charges relating to the CONTRACTOR'S obligations and items of supply under this CONTRACT shall be for the account of the CONTRACTOR.

It is understood that the CONTRACTOR shall carry out such work as is necessary in accordance with this CONTRACT so that the VESSEL on arrival in the U.S.A. is approved by the United States Public Health authorities.

(F) Decisions of the Classification Society

The decisions of Lloyds Register of Shipping the ("Classification Society") shall be final and binding on both contracting parties as to the VESSEL'S compliance or non-compliance with the rules and regulations, observance of which is to be controlled by the said Society.

(G) Sub-contracting

Subject to the requirements of Article 1(C) the CONTRACTOR has the right to sub-contract part of the work to third parties on the Building Site or elsewhere.

ARTICLE 2: INSPECTION AND APPROVALS

(A) Inspection

The PURCHASER shall have the right to have the VESSEL and all engines, machinery, outfit and equipment intended for her inspected during construction by its authorized representative(s) to whom the CONTRACTOR shall grant free access for such purpose during working hours to the VESSEL and to the CONTRACTOR'S shipyard and workshops wherever the VESSEL is being built and/or designed. The CONTRACTOR will obtain for the PURCHASER the right of access to subcontractors' premises. The inspection will be at the PURCHASER'S risk and expense.

The PURCHASER'S authorized representative(s) whose name(s) and duties are to be made known in advance, shall observe the works' rules prevailing at the CONTRACTOR'S and the subcontractors' premises. They shall address their remarks exclusively to the CONTRACTOR'S appointed representative(s) whose name(s) shall be made known to the PURCHASER.

Should the PURCHASER elect to entrust the inspection to firms or persons outside its organisation, such firms or persons and their duties shall be subject to the CONTRACTOR'S prior approval.

## (B) Effect of Approvals

Approval by the PURCHASER or the PURCHASER'S representative of inspections, tests, trials, documents, or plans shall not relieve the CONTRACTOR of its obligations under Article 1 of this CONTRACT.

## ARTICLE 3: MODIFICATIONS

## (A) Modifications

Either party may request the other in writing to make modifications to the SPECIFICATIONS and/or PLAN and provided that the CONTRACTOR and the PURCHASER fully agree in writing within ten days from the dispatch of the CONTRACTOR'S notification of any (a) appropriate adjustment of price, (b) appropriate adjustment of delivery date; (c) appropriate adjustment of the deadweight; (d) appropriate adjustment of speed requirements; and (e) any other appropriate adjustment of this CONTRACT, the SPECIFICATIONS and the PLAN, the CONTRACTOR will carry out such modifications.

The CONTRACTOR has the right to continue production on the basis of the SPECIFICATIONS and the PLAN until agreement has been reached as above stated.

All agreed modifications and alterations shall be subject to the conditions of this CONTRACT and the SPECIFICATIONS.

## (B) Modifications by Regulatory Bodies and Classification Society

In the event that subsequent to the date hereof any modifications, deletions or additions are made to the laws, rules, regulations and enactments applicable to the VESSEL or their interpretation or their application (including withdrawal of provisional approvals of the Classification Society and/or additional requirements of said Society) as compared with the basis of this CONTRACT and/or similar measures of other bodies as referred to in Article 1, paragraph (E), and such modifications, deletions or additions are compulsory for the VESSEL, the CONTRACTOR will effect them and will notify the (a) adjustment of price; (b) adjustment of delivery date; (c) adjustment of deadweight; (d) adjustment of speed requirements; and (e) any other adjustment of the CONTRACT, SPECIFICATIONS and PLAN, all as may be appropriate in the circumstances.

The PURCHASER may require that the CONTRACTOR shall first apply for a formal waiver of compliance with such modifications, deletions or additions from the authority by whom the modifications, deletions or additions have been promulgated, should the PURCHASER consider that the operation of the VESSEL in its intended service would permit of such waiver. In such agreement the CONTRACTOR will fix a reasonable time limit after which if the waiver has not

been obtained, the CONTRACTOR will go on with the required modifications, deletions or additions. Any additional cost caused by the application for such waiver whether or not obtained shall be for account of the PURCHASER and the date of delivery of the VESSEL if actually delayed thereby shall be extended by the time necessary as a result of the application for waiver.

Modifications by regulatory bodies and by the Classification Society which are not compulsory for the VESSEL shall be treated as the PURCHASER'S modifications according to paragraph (A) above but the CONTRACTOR will in any case advise the PURCHASER of such modifications as soon as they are published and obtain the PURCHASER'S approval in writing before proceeding to make such modifications.

(C) Payment of Adjustments of Price

The adjustments of price made under paragraphs (A) and (B) above shall be settled in accordance with paragraph (D) of Article 7.

(D) Information

When required the CONTRACTOR shall furnish reasonable information relating to the basis and method of determining any adjustment of price and other effects of modifications referred to in this Article.

ARTICLE 4: TRIALS

The VESSEL shall run the following tests and trials:

- (1) Dock trials as specified in the SPECIFICATIONS.
- (2) Official sea-trials as provided for in the SPECIFICATIONS during which the trial speed, the propulsion machinery plant output and the propeller revolutions shall be determined in accordance with Article 1, paragraph (B) (a).

An endurance test as well as all other trials and tests included in the sea trial program in the SPECIFICATIONS, shall also be carried out with recording of measurements of all parameters, enabling determination of performance relevant to each test.

- (3) All other trials specified in the SPECIFICATIONS.

Such speed runs and endurance test shall be run at the draft attainable by ballasting the VESSEL with ballast water using tanks and compartments intended for this purpose and as far as

practicable the draft shall be as close as possible to the corresponding draft at which tank model tests have been carried out.

Should the speed trial draft aforementioned be other than the draft specified in Article 1(B)(a), the speed, the main engine output and the revolutions corresponding to the latter draft shall be determined by the Netherlands Model Basin in Wageningen by means of data from their model tests on the basis of the results recorded at the sea trials.

All trials and measurements will be conducted in a manner and to an extent as prescribed in a detailed schedule based on the SPECIFICATIONS.

The methods to be used will be selected by the CONTRACTOR to suit the VESSEL'S trial trip programme to the approval of the PURCHASER.

The CONTRACTOR has the right to subcontract speed and power measurements to an independent model basin or research institute. However, the PURCHASER will be kept fully informed and allowed to observe and ascertain measurements recorded during the trials as if the CONTRACTOR had carried out the tests with its own personnel.

Should conditions which properly qualify to delay delivery as provided in Article 6 paragraph (D) prevent the CONTRACTOR from carrying out properly the official trial on the day scheduled therefor, the CONTRACTOR has the right to postpone the trial or such part of it as deemed necessary. In such case the CONTRACTOR shall be entitled to an extension of the VESSEL'S delivery time covering the whole period of postponement.

The CONTRACTOR shall have the right to repeat any trial whatsoever after giving reasonable notice to the PURCHASER.

All expenses for the trials and adjustments of all the VESSEL'S equipment shall be borne by the CONTRACTOR who during the sea trials will provide the necessary crew at its own expense. If, during any sea trial, any breakdowns occur entailing interruption or irregular performance which can be repaired by the normal means available on board, the trial shall be continued after repairs and be valid in all respects.

However, should the VESSEL require to return to a port to enable the breakdown to be remedied, a further trial shall be undertaken, if necessary at sea, to prove the outstanding performance and complete demonstrations.

The CONTRACTOR shall give the PURCHASER thirty days notice of the anticipated date of the first sea trials.

Within seven (7) days from the completion of the sea trial or the above further trial, the CONTRACTOR shall present the PURCHASER with a full set of results of the tests carried out during the sea trials and the PURCHASER shall give the CONTRACTOR within 3 days from

the receipt of the results a notice in writing, or by telex or telefax confirmed in writing, of completion and acceptance of the trial run, advising whether the PURCHASER considers that the results of the trial run indicate conformity of the VESSEL to this Contract the SPECIFICATIONS and the PLAN.

In the event that the PURCHASER rejects the results of the trial run as not conforming to this CONTRACT or to the SPECIFICATIONS or the PLAN, the PURCHASER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof, does not conform to this CONTRACT and/or the SPECIFICATIONS.

In the event that the PURCHASER fails to notify the CONTRACTOR as aforesaid of the acceptance of or the rejection, together with the reason therefor, of the trial within the period as provided above, the PURCHASER shall be deemed to have accepted the trial run of the VESSEL.

Acceptance of the results of the trial run as above provided shall be final and binding so far as conformity of the VESSEL to the CONTRACT and the SPECIFICATIONS and the PLAN to the extent demonstrated on such trial is concerned and shall preclude the PURCHASER from refusing formal delivery of the VESSEL as hereinafter provided, on the grounds of non conformity of the VESSEL in respect of items whose conformity has been demonstrated and accepted during the trial run, if the CONTRACTOR complies with all other requirements for delivery as provided in this CONTRACT.

Should any fuel oil lubricating oil, greases and ship's stores, including fresh water furnished by the CONTRACTOR for the sea trial remain on board the VESSEL at the time of acceptance thereof by the PURCHASER, the PURCHASER agrees to buy the same from the CONTRACTOR at the price reasonably paid by the CONTRACTOR and evidenced by invoices of the supplier and payment by the PURCHASER shall be effected in accordance with paragraph (D) of Article 7.

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ARTICLE 5: GUARANTEE FOR SPEED, DEADWEIGHT AND FUEL CONSUMPTION

Subject to the provision contained in Article 7 (E) the rights and obligations of the CONTRACTOR and PURCHASER in regard of the VESSEL'S trial speed, deadweight and consumption of fuel of the propulsion plant are delimited as follows:

(A) Speed

For the purpose of determining the VESSEL'S actual trial speed, the speed of the VESSEL recorded on the official sea trials under Article 4 shall be adjusted in accordance with Article 4 as if the official sea trials had been carried out under the conditions specified in Article 1, paragraph (B) (a) and paragraph 1.2.6 of the SPECIFICATIONS. If the actual trial speed so computed is less than the adjusted trial speed under Article 1, paragraph (B) (a), the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty the following amounts:

- - for the first two tenths (2/10ths) of a knot of such speed deficiency: XXXX
- - XXXXXXXXXXXX for the third complete tenth of one knot deficiency and that amount increased by U.S.XXXXXXX for each successive complete one tenth of a knot of such deficiency, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

If the VESSEL'S trial speed determined or computed as provided in this paragraph (A) is more than one knot below the adjusted trial speed under Article 1, paragraph (B) (a), the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this CONTRACT, with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

Should the actual trial speed of the VESSEL determined or computed as provided in this paragraph (A) be greater than the adjusted trial speed under Article 1, paragraph (B) (a), the PURCHASER shall pay to the CONTRACTOR as premiums the following amounts:

- - for the first two tenths (2/10ths) of the knot of extra speed: XXXXX

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- - XXXXXXXXXXXX for the third complete tenth of one knot of extra speed and that amount increased by XXXXXXXXXXXX for each successive complete one tenth of a knot up to a maximum extra speed of one half of one knot.

(B) Deadweight

If the VESSEL'S deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified, then the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty an amount of US XXXXXX for each full XXX metric tons of such deficiency in excess of XXX metric tons, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

If the VESSEL'S deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

(C) Fuel Consumption

For the main propulsion plant a shop test shall be carried out in accordance with the SPECIFICATIONS. During such shop test the specified fuel consumption shall be ascertained and corrected to the design parameters.

The shop test shall be run on heavy fuel oil with each diesel engine developing XX% MCR at XXX revolutions. The measured fuel consumption shall be corrected to a reference lower calorific value of XXXXX kilojoules per kg and ISO standard conditions. The fuel consumption of the main propulsion plant so corrected shall not exceed XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the CONTRACTOR shall pay to the PURCHASER, as liquidated damages and not by way of penalty, an amount of US XXXXXXXX for each full one percent in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

ARTICLE 6: DELIVERY OF THE VESSEL

(A) Delivery Date and Place of Delivery

The VESSEL shall be delivered to the PURCHASER at the Building Site or other agreed place.

The date for delivery of the VESSEL (the "Delivery Date") shall be 30 November 1998 subject to permissible extensions as provided in this CONTRACT.

Six (6) months prior to the date on which the CONTRACTOR expects the VESSEL to be ready for delivery the CONTRACTOR shall give notice to the PURCHASER in writing (the "Delivery Notice") specifying the actual expected delivery date.

The PURCHASER shall promptly take delivery of the VESSEL when properly completed in accordance with this CONTRACT and shall with reasonable dispatch as applies to a passenger cruise ship remove her from the CONTRACTOR'S shipyard.

(B) Liquidated Damages for Delayed Delivery

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN) on or before the Delivery Date (as extended by virtue of the provisions of this CONTRACT specifically permitting such extension), the CONTRACTOR shall pay to the PURCHASER by way of liquidated damages and not by way of penalty the amount of UNITED STATES DOLLARS XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX for each full calendar day of delay following the Delivery Date as so extended.

(C) Termination for Delay

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN), by the date falling twelve (12) months after the Delivery

Date (as extended by virtue of the provisions of this CONTRACT expressly permitting such extension), the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. On such valid termination the CONTRACTOR shall forthwith also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (B) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT and the SPECIFICATIONS and the PLAN) by 30 May 2000 then, notwithstanding the provisions of paragraphs (D) and (E) below which would otherwise operate to permit the Delivery Date to be extended, the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. On such valid termination the CONTRACTOR shall forthwith also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (B) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

(C) Permissible Extensions due to "Force Majeure"

Should the CONTRACTOR be prevented from having the VESSEL constructed and delivered by the Delivery Date owing to: - Acts of God; engagement in war or other hostilities, civil war, civil commotions, riots or insurrections; requirements of civil or military authorities in contemplation of war; blockades; embargoes, vandalism; sabotage; epidemics; strikes; lockouts; officially agreed reduction of working hours relating to the Finnish workforce as a whole; earthquakes; landslides; floods; failure of electric current for a period of more than three working days; damages by lightning; explosions, collisions, strandings or fires; damage to the VESSEL and time taken to repair such damage; shortage of materials and equipment or inability to obtain delivery thereof, provided that such materials and equipment at the time of ordering could reasonably be expected by the CONTRACTOR to be delivered in time; defects in materials and equipment such as castings or forgings which could not have been detected by the CONTRACTOR or its subcontractors using reasonable care; delays caused by delay of the Classification Society or other bodies whose documents are required in issuing such documents; delays caused by events similar to the foregoing; the effect of the foregoing on the CONTRACTOR'S other commitments; then and in any such case the Delivery Date of the VESSEL shall, subject to paragraphs (E) and (F) below, be extended by the number of calendar days of delay incurred by the CONTRACTOR in completing or delivering the VESSEL in consequence of any of these events.

(D) Definitive Notice of Delivery

Following the giving of the Delivery Notice by the CONTRACTOR pursuant to paragraph (A) above the only events which shall be permitted to extend the Delivery Date (as previously properly extended by virtue of other provisions of this CONTRACT permitting such extension) shall (subject to paragraph (F) below) be: Acts of God, engagement in war or other hostilities,

civil wars, civil commotions, riots or insurrections requirements of military authorities in contemplation of war, blockades, embargoes, vandalism, sabotage, epidemics, earthquakes, landslides, flood, damage by lightning, explosions, collisions, strandings, fires or nationwide strikes or lockouts either general or affecting nationwide a particular sector of the labour force.

(E) Conditions for Claims for Permissible Delays

Not later than 7 days from the date of commencement of any of the above contingencies on account of which the CONTRACTOR claims that it is entitled to an extension of the Delivery Date, the CONTRACTOR shall provide the PURCHASER with telex or telefax advice particularising the date such contingency commenced and the reasons therefor and the nature thereof, the estimated duration thereof and the action which is being taken by the CONTRACTOR to overcome the effect of the contingency. If any such contingency continues for a period in excess of 30 days the CONTRACTOR shall, at regular fortnightly intervals thereafter, continue to keep the PURCHASER advised by delivery to the PURCHASER of further statements containing the particulars specified above. Within 7 days after the CONTRACTOR becomes aware that such contingency has ended the CONTRACTOR shall specify the period of time by which it claims the Delivery Date is to be extended by reason of delay due to such contingency.

The CONTRACTOR shall not be entitled to claim any extension of the Delivery Date in respect of any particular delay unless:

1. The CONTRACTOR has given all the proper notices and statements required by this paragraph (E) in relation to that particular item of delay; and
2. that particular item of delay has not in any way been caused or contributed to by any error, neglect or omission on the part of the CONTRACTOR; and
3. the CONTRACTOR has, since the date of commencement of the contingency in question, taken all reasonable steps to remove the cause of delay and to mitigate its effect on the delivery of the VESSEL; and
4. the cause of delay could not reasonably have been foreseen by the CONTRACTOR at the date of this CONTRACT.

In the event of there being any dispute between the parties under this Article the burden of proof shall be upon the CONTRACTOR to establish the facts entitling it to an extension of the Delivery Date and that all requirements specified in this paragraph have been fully satisfied.

(F) Termination of the CONTRACTOR'S Responsibilities

On delivery of the VESSEL to the PURCHASER all risk and every responsibility for the safety and generally for the condition of the VESSEL is transferred to the PURCHASER, and

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thereafter all responsibilities on the part of the CONTRACTOR shall cease with the exception of the guarantee obligations provided for in Article 12 and Article 13 hereof and the rights of the parties under Article 8(A).

If it is not practicable before delivery for the CONTRACTOR to demonstrate the contractual performance of any of the specified equipment or the contractual performance of any of the specified technical systems of the VESSEL in their intended operating conditions, the CONTRACTOR will demonstrate such performance as soon as practicable, and if not practicable within 180 days of delivery compliance or non-compliance shall be determined by calculations. In case of deficiencies in performance the CONTRACTOR will remedy such deficiencies in performance under the guarantee contained in Article 12.

(G) Protocol of Delivery and Acceptance

At the delivery and acceptance of the VESSEL the PURCHASER and the CONTRACTOR shall execute, in duplicate, a Protocol of Delivery and Acceptance one original copy of which is to be retained by each party.

ARTICLE 7: PRICE AND PAYMENT

(A) Contract Price

The PURCHASER shall pay to the CONTRACTOR the CONTRACT price of UNITED STATES DOLLARS XXXXXXXXXXXXXXXXXXXXXXXXXXXX inclusive of building period financing cost.

(B) Instalments

Payment of the CONTRACT Price shall be made by the PURCHASER to the CONTRACTOR by instalments as follows:

- XX% equal to USDXXXXXXXX on the date of signature of this CONTRACT;
- XX% equal to USDXXXXXXXX XXXXXXXXXXX after delivery of m.s. "INSPIRATION" (KMY HULL 489);
- XX% equal to USDXXXXXXXX on XXXXXXXXXXX;

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- XX% equal to USDXXXXXXXXXX on delivery of the VESSEL duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN.

(C) Payment Procedures

Except for the first instalment the CONTRACTOR shall notify the PURCHASER at least 10 days in advance of the estimated dates of the instalment payments falling due.

All payments to the CONTRACTOR are to be made in U.S. Dollars for same day value at a bank in Helsinki to be designated by the CONTRACTOR without any deduction whatsoever on the dates on which the payments are due as aforesaid.

Expenses for remitting payments and any other expenses connected with such payments shall be for the account of the PURCHASER.

If for any reason the PURCHASER cannot take delivery of the VESSEL on the date the CONTRACTOR has notified that the VESSEL will be ready for delivery, the PURCHASER shall, subject to paragraph (A) of Article 6, nevertheless be liable to make full and final payment on that date, provided the VESSEL is tendered in accordance with the terms of this CONTRACT.

(D) Payment for Modifications

The sum due for modifications under Article 3 of this CONTRACT shall be paid by or credited to the PURCHASER as the case may be to the CONTRACTOR on delivery.

(E) Payment for Liquidated Damages and Premiums

Any amount of liquidated damages or any premiums under Articles 5 and 6 shall be calculated and determined on delivery of the VESSEL or on termination in accordance with Article 6(C) or 11(B) and the balance (of one over the other) shall be paid to the party entitled thereto at the delivery of the VESSEL or, in the event of termination of this CONTRACT in accordance with Article 6(C) as provided herein, provided that (notwithstanding any other provision in this CONTRACT to the contrary) the net amount payable under this paragraph shall not exceed XXX per cent of the CONTRACT Price referred to in paragraph (A) of this Article.

Payment of liquidated damages under Article 5 and/or 6 of this CONTRACT shall be to the exclusion of any other claims in respect of the matters giving rise to such payment except that this provision shall not affect the rights of the PURCHASER under Article 6 (C) and Article 11

of this CONTRACT or the alternative right of the PURCHASER to terminate this CONTRACT in the circumstances provided in Article 5 of this CONTRACT.

(F) Prompt Payment

The PURCHASER shall not delay any payment of the Contract Price in the event of any disagreement as to the amount of extras, liquidated damages or premiums, or in the event of other exceptions or claims the PURCHASER may have asserted or may intend to assert against the CONTRACTOR, whether in connection with this CONTRACT or otherwise without prejudice to the PURCHASER'S right to apply subsequently to arbitration.

(G) Bank Guarantee

On the date of signature of this CONTRACT in respect of the first instalment and not less than five (5) business days before the date on which the PURCHASER is obliged to make payment to the CONTRACTOR of respectively the second and third instalments of the Contract Price as provided in Article 7(B) and as a condition precedent to the obligation of the PURCHASER to make payment of such instalments, the CONTRACTOR shall deliver to the PURCHASER a bank guarantee of payment by the CONTRACTOR of all amounts which the CONTRACTOR may become liable to pay to the PURCHASER under Article 11(A) of this CONTRACT.

Each such guarantee shall be issued by a first class bank acceptable to the PURCHASER in the form of Exhibit A hereto and shall be authenticated in such manner as the PURCHASER may require. The PURCHASER and the CONTRACTOR shall share equally the cost of providing and maintaining such guarantees. Each guarantee shall be for an amount not less than the amount specified with respect to the relevant instalment below:

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

Instalment No -----	Amount US\$ -----
1	XXXXXXXXXX
2	XXXXXXXXXX
3	XXXXXXXXXX

Each such bank guarantee shall be initially valid until 30 January 1999. If, in the PURCHASER'S opinion the delivery of the VESSEL will for any reason be postponed beyond such date, the validity of the bank guarantee shall, before 30 January 1999 be extended until 30 August 2000.

Irrespective of the dates indicated in this paragraph (G) the bank/s issuing the bank guarantee shall be informed that the original bank guarantee will be returned to the bank/s on the actual date when vessel is delivered and accepted by the purchaser. The issuing bank/s shall be instructed that fees will be charged until the date of delivery of vessel.

(H) Statements of Financial Conditions

The CONTRACTOR shall provide to the PURCHASER at four monthly intervals following the date of this CONTRACT statements of the financial condition of the CONTRACTOR in such form and substance as the PURCHASER may reasonably request to enable the PURCHASER to monitor the current financial condition of the CONTRACTOR during the construction of the VESSEL.

## ARTICLE 8: PROPERTY

## (A) General Plans, Specification and Working Drawings

All rights in the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and constructions of the VESSEL shall belong to the CONTRACTOR before actual delivery and after actual delivery shall belong to the PURCHASER provided always that the CONTRACTOR shall be entitled to use the same to the extent of the hull form and all parts below the main accommodation decks.

The PURCHASER shall have the right to use the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and the construction of the VESSEL prior to delivery of the VESSEL with the consent of the CONTRACTOR, such consent not to be unreasonably withheld and to be given promptly following the PURCHASER'S request.

## (B) Title to the VESSEL

As from signing of this CONTRACT the PURCHASER has title to:-

1. All materials and equipment for building of the VESSEL purchased from and delivered by suppliers and sub-contractors.  
  
The title to all such materials and equipment for building of the VESSEL shall be with the PURCHASER already before such materials and equipment arrive at the shipyard.
2. All materials and equipment out of the CONTRACTOR'S own stock allocated for the construction of the VESSEL which for this purpose shall be stored separately and marked as early as possible.
3. Parts manufactured from the materials listed above.
4. The VESSEL itself as it is in the course of progressive stages of construction, together with equipment installed.

Until the CONTRACT Price (as adjusted) has been paid in full the PURCHASER may not at any time, prior or subsequent to the delivery of the VESSEL transfer, whether finally or conditionally, or mortgage or hypothecate the VESSEL without the CONTRACTOR'S written consent in each particular case.

Subject to the provisions of Article 11 this paragraph shall in no way impair the CONTRACTOR'S right to retain the VESSEL until the PURCHASER has complied with its obligations under Article 7 of this CONTRACT.

(C) Effect of Termination on the Title to the VESSEL under Construction

If the CONTRACTOR justly terminates this CONTRACT, the CONTRACTOR becomes the sole owner of the VESSEL.

If the PURCHASER justly terminates this CONTRACT, the PURCHASER thereby waives its right to the VESSEL, provided that all amounts payable or repayable to the PURCHASER by the CONTRACTOR on such termination in accordance with this CONTRACT shall have been paid or repaid or security satisfactory to the PURCHASER shall have been provided for such payment or repayment.

ARTICLE 9: INSURANCE

The VESSEL and all materials, machinery and other equipment belonging to the VESSEL and within the precincts of the Building Site shall until delivery of the VESSEL (including during trials) be insured by the CONTRACTOR at the CONTRACTOR'S expense in the joint names of the CONTRACTOR and the PURCHASER against all risks customarily insured against in the Finnish shipbuilding industry and in accordance with and subject to the terms of the usual construction policy for a total of not less than the aggregate of (1) the amount for the time being paid by the PURCHASER to the CONTRACTOR in respect of the VESSEL and (2) interest thereon at the rates specified in Article 11 from the date such payment was made to the CONTRACTOR and (3) the value of equipment or materials supplied by the PURCHASER and present within the precincts of the Building Site or already installed in the VESSEL. If considered necessary by the CONTRACTOR or if required by the PURCHASER, war risks insurance for not less than the CONTRACT Price is to be effected by the CONTRACTOR up to the date of delivery to the extent that such insurance is obtainable on the London insurance market provided, however, that the CONTRACTOR shall effect war risk insurance at its own expense during sea trials.

In the event of the VESSEL and/or such materials etc. as aforesaid sustaining damage, including war damage, before delivery of the VESSEL then any monies received in respect of any insurance effected under this Article shall be applied by the CONTRACTOR in making good such damage with all due despatch during ordinary working hours in a reasonable and workmanlike manner and the PURCHASER shall not on account of any such damage or any repair thereof be entitled to object to the VESSEL or to make any claim for alleged consequential loss or depreciation provided that such damage is made good in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN as if it was the VESSEL'S new construction.

Underwriters are entitled to settle claims concerning repairable damage to the VESSEL directly with the CONTRACTOR, and make all payments on these claims directly to the CONTRACTOR.

Should the VESSEL at any time from any cause become an actual total loss or an agreed or compromised constructive total loss under the insurance policy, this CONTRACT shall thereupon absolutely cease and terminate without any liability whatsoever on the part of the CONTRACTOR provided that the CONTRACTOR has complied with its obligations under the preceding provisions of this Article. In the event of such total loss insurance monies shall be paid to the PURCHASER for reimbursement (1) of the amounts paid by the PURCHASER to the CONTRACTOR hereunder and (2) interest thereon at the rates specified in Article 11 from the dates such payments were made and (3) the value of equipment and materials supplied by the PURCHASER and within the precincts of the Building Site or installed on the VESSEL at the time of such total loss; any balance shall belong to the CONTRACTOR. Under no circumstances shall the CONTRACTOR be liable to replace the VESSEL.

The CONTRACTOR'S liability to the PURCHASER in respect of damage - including war damage - or in respect of the actual or constructive total loss of the VESSEL, shall not in any event extend further or otherwise than provided in this Article.

The PURCHASER agrees to notify the CONTRACTOR before each item of equipment or material supplied by the PURCHASER is delivered to the Building Site and to advise the CONTRACTOR of the value thereof.

ARTICLE 10: DEFAULTS BY THE PURCHASER

(A) Suspension/Termination by the CONTRACTOR

If any of the following events should occur :-

1. the PURCHASER fails to pay to the CONTRACTOR any of the first, second and third instalments of the CONTRACT Price when such instalments become due and payable under the provisions of Article 7 hereof; or
2. the PURCHASER fails to take delivery of the VESSEL when the VESSEL is duly tendered for delivery by the CONTRACTOR under the provisions of Article 6 hereof; or
3. a bona fide petition is filed and is not dismissed within thirty (30) days, or an effective resolution is passed for the winding up of the PURCHASER (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the CONTRACTOR); or

4. a receiver is appointed of the undertaking or property of the PURCHASER; or
5. the PURCHASER suspends payment of its debts or ceases to carry on its business or makes any composition with its creditors or is declared bankrupt or goes into liquidation;

Then:

- (a) the delivery date shall be automatically postponed for a period of continuance of such event in excess of two (2) days.
- (b) If such event continues for a period of fifteen (15) days the CONTRACTOR shall have the option to suspend the CONTRACTOR's obligations under this CONTRACT until such event has ceased.
- (c) If any of the events set out in sub-paragraphs (1) - (4) above, continues for a period of thirty (30) days after notice, to the PURCHASER or if any of the events set out in sub-paragraph, (5) occurs, the CONTRACTOR may, at its option, terminate this CONTRACT by giving notice of such effect to the PURCHASER by fax confirmed by letter.

(B) Interest

Should the PURCHASER be in default in payment of any of the first, second, third or fourth instalments of the CONTRACT Price and/or other amounts due under this CONTRACT on or before delivery of the VESSEL, then the PURCHASER shall pay to the CONTRACTOR as from the due date interest thereon at the rate which is two (2) per cent per annum above the rate certified by Citibank N.A. to be the rate at which deposits of United States Dollars can be obtained by Citibank N.A. to fund the defaulted amount from the London Interbank Eurocurrency market for such periods as may be reasonable in the circumstances.

In case the PURCHASER shall fail to take delivery of the VESSEL as provided above in this Article, the PURCHASER shall be deemed in default as regards the fourth instalment of the CONTRACT PRICE and shall pay interest thereon at the rate aforesaid from and including the day on which the VESSEL is tendered for delivery by the CONTRACTOR.

(C) CONTRACTOR'S Rights on Termination

1. In the event of such termination of this CONTRACT, the CONTRACTOR shall be entitled to retain any instalment or instalments of the CONTRACT price theretofore paid by the PURCHASER to the CONTRACTOR on account of this CONTRACT to the extent of proved damages and losses including costs and expenses permitted by law.

2. In the event of termination of this CONTRACT as provided in this Article 10, the CONTRACTOR shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at public or private sale on such terms and conditions as the CONTRACTOR thinks fit without being answerable for any loss or damage except as provided in paragraph (4) below.
3. In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to payment of all proven incidental damages and losses permitted by law attending such sale, and then to payment of all unpaid instalments of the CONTRACT Price and interest on such instalments at the rate as provided for above from the respective due dates thereof to the date of application.
4. In the event of sale of the VESSEL in its incomplete state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to all proven incidental damages and losses permitted by law attending such sale, and then to payment of all costs of construction of the VESSEL and compensation to the CONTRACTOR for a loss of reasonable profit due to the termination of this CONTRACT together with interest at the rate as provided for above, less the instalments retained by the CONTRACTOR.
5. In either of the above events of sale, if the proceeds of sale exceed the total of amounts to which such proceeds are to be applied as aforesaid, the CONTRACTOR shall promptly pay the excess to the PURCHASER without interest.
6. If the proceeds of sale are insufficient to pay to the CONTRACTOR such total amounts payable as aforesaid, the PURCHASER shall promptly pay the deficiency to the CONTRACTOR upon request.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR  
CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 11: DEFAULTS BY THE CONTRACTOR

(A) Termination and Reimbursement and Liquidated Damages

If, in accordance with any of the provisions of Article 5 or 6 or paragraph (B) of this Article, the PURCHASER properly exercises its option to terminate this CONTRACT, then the CONTRACTOR shall :-

- (1) return to the PURCHASER all equipment and material supplied by the PURCHASER or pay to the PURCHASER the value thereof and pay to the PURCHASER the amount of consulting, engineering, architectural and similar fees and expenses incurred by the PURCHASER in connection with the construction of the VESSEL up to a maximum of XXXXXXXXXX United States Dollars; and
- (2) pay to the PURCHASER any accumulated liquidated damages payable under Article 6(C); and
- (3) repay to the PURCHASER in United States Dollars the amount of all moneys paid by the PURCHASER for or on account of the CONTRACT Price of the VESSEL together with interest calculated from the respective dates such amounts were paid by the PURCHASER to the CONTRACTOR up to the date of repayment thereof at the rate certified by Citibank N.A. to be the rate paid by the Citibank N.A. to depositors for deposits of amounts equal to the instalments paid by the PURCHASER for the periods from receipt thereof by the CONTRACTOR to the date of repayment.

The CONTRACTOR'S liability in the event of such termination shall be limited to the above which the parties hereto reasonably estimate to be the amount of the loss which will be sustained by the PURCHASER in the event that this CONTRACT is terminated by the PURCHASER in accordance with Article 5 or 6 hereof or paragraph (B) of this Article.

(B) Termination on Bankruptcy, Etc.

In any of the following events:

- (1) a bona fide petition is filed and is not dismissed within thirty (30) days or an effective resolution is passed for the winding up of the CONTRACTOR or any

other similar proceedings with similar effect on the CONTRACTOR are instituted in Finland affecting the CONTRACTOR (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the PURCHASER); or

- (2) the CONTRACTOR merges with any other entity without the prior written approval of the PURCHASER;
- (3) the CONTRACTOR ceases to be controlled by Kvaerner A/S;
- (4) a receiver is appointed of the undertaking or property of the CONTRACTOR; or
- (5) the CONTRACTOR suspends payment of its debts or threatens to do so or ceases to carry on its business or makes any composition with its creditors or convenes a meeting of its creditors to propose such compositions or is declared bankrupt or goes into liquidation; or
- (6) the construction of the VESSEL is suspended for a period of more than thirty days for reasons other than any of the events specified in Article 6 (D) or, if applicable, Article 6 (E) and it is apparent that the CONTRACTOR will be unable to fulfil its obligations hereunder; or
- (7) there is a material adverse change in the financial condition of the CONTRACTOR;
- (8) the CONTRACTOR fails to provide any of the guarantees relating to the first, second or third instalments of the CONTRACT Price payable in accordance with Article 7(B) within thirty (30) days of the date on which such guarantee should otherwise have been delivered to the PURCHASER;
- (9) if the CONTRACTOR fails to have the bank guarantees extended on or before 30 January 1999 if required to do so under the terms of Article 7(G);
- (10) the CONTRACTOR fails to comply with its obligations under Article 7 (H) and such default continues for a period of fourteen days after the PURCHASER gives notice to the CONTRACTOR requiring such default to be remedied.

Then:

the PURCHASER may immediately (without being bound thereto) terminate this CONTRACT by giving notice in writing to the CONTRACTOR.

- (C) The PURCHASER'S Right to Take Possession

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

If in accordance with the provisions of paragraph (B) above or Article 6 (C), the PURCHASER is entitled to terminate this CONTRACT but does not do so, then the PURCHASER shall have an optional right after giving notice to the CONTRACTOR to take possession of the VESSEL in her then state and all parts, plans, materials, machinery and equipment appropriated to the VESSEL and remove the same from the CONTRACTOR'S yard. The PURCHASER agrees that it will, on taking possession and in consideration of the CONTRACTOR releasing its lien on the vessel, pay to the CONTRACTOR XXXXXXXXXXXXXXXXXXXX UNITED STATES DOLLARS less the aggregate of :

- (1) the total amount of the instalments of the CONTRACT Price paid by the PURCHASER under Article 7(A) of this CONTRACT; and
- (2) the reasonable estimate cost of completing the VESSEL in the CONTRACTOR'S yard or at another shipyard and of removing to such other shipyard the VESSEL and all parts, materials, machinery and equipment appropriated to the Vessel.

If the actual cost of completing the VESSEL exceeds the estimated cost the CONTRACTOR shall pay the difference to the PURCHASER on completion of the vessel. If the actual cost of completing the vessel is less than the estimate cost the PURCHASER shall pay the difference to the CONTRACTOR on completion of the VESSEL.

(D) Notice of bankruptcy filing

The CONTRACTOR shall not take any steps to obtain the appointment of bankruptcy trustees under the relevant provisions of Finnish bankruptcy law without first giving to the PURCHASER at least 30 days notice of its intention to do so.

ARTICLE 12: GUARANTEE

(A) Extent of Guarantee

The CONTRACTOR shall remedy at the Building Site or at any other yard controlled by the CONTRACTOR and in normal working hours, by repairing or if necessary replacing,

- 1. any defect notified in writing by the PURCHASER on the VESSEL'S delivery; and

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

- 2. any defect due to faulty design, bad workmanship or use of defective material and not apparent on delivery which becomes apparent during the period of XXXXXXXXXXXX months from the date of delivery of the VESSEL provided the defect is notified in writing as soon as reasonably practicable after its discovery.

If for operational reasons the guarantee drydocking cannot reasonably be carried out before the expiration of the said XXXXXXXXXXXX period, then in relation to defects not reasonably discoverable without such drydocking the guarantee period hereunder shall, subject to paragraph (D) of this Article, expire on completion of such drydocking but in any event not later than XXXXXXXXXXXX after delivery of the VESSEL.

Except as provided in paragraph (F) below, the guarantee shall apply only to the work of and materials and equipment supplied by the CONTRACTOR, its subcontractors and suppliers.

The CONTRACTOR'S obligations under this Article shall be limited in duration and extent as herein provided.

(B) Paint

The CONTRACTOR shall provide a guarantee to the PURCHASER in relation to the paint for the VESSEL on the same terms as that provided by the paint supplier to the CONTRACTOR. Such guarantee shall be on the basis that the paintwork shall be carried out under the supervision of and to the satisfaction of authorised representatives of the paint supplier.

(C) Liability for Consequential Loss or Damage

The Guarantee contained in this Article is in lieu of and excludes any other liability, guarantee, warranty and/or condition imposed or implied by law custom, statute, tort or otherwise by reason of the construction or sale of the VESSEL by the CONTRACTOR for and to the PURCHASER.

Except as provided in this Article and Article 8(A) and Article 13 after delivery the CONTRACTOR shall not under any circumstances have any liability, whether arising from claims for breach of warranty or guarantee, negligence or strict liability, for any consequential damages or for loss of time, cost of capital, loss of profit or earnings, demurrage, claims of third parties, or for any other kind whatsoever of consequential, contingent or incidental damages directly or indirectly occasioned by the CONTRACTOR'S activities pertinent to this CONTRACT.

The CONTRACTOR shall however be liable under the guarantee contained in this Article for damage to any part of the VESSEL (including her equipment) caused directly by defects to

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

which paragraph (A) above applies provided that the CONTRACTOR'S liability in respect of damage so caused shall be limited to UNITED STATES DOLLARS XXXXXXXXXXXXXXXXXXXX (USD XXXXXXXX).

(D) Extensions of Guarantee Period

The time during which the VESSEL is not available for service on account of defects which the CONTRACTOR is liable to make good under paragraph (A) above and the time required to remedy such defects shall be added to extend the guarantee period specified in paragraph (A) above up to a maximum of XXXXXXXXXXXXXXXXXXXX after delivery.

If the CONTRACTOR itself makes good any defects during the guarantee period specified in paragraph (A) above (as extended if appropriate by the preceding sub-paragraph of this paragraph (D)) or such defects are remedied elsewhere in accordance with paragraph (F) below under the supervision and with the approval of the CONTRACTOR, then the provisions of paragraph (A) shall apply to the parts repaired or replaced and the repair or replacement work for a period of XXXXXXXXXXXXXXXX after the repair or replacement was completed up to a maximum of XXXXXXXXXXXXXXXXXXXX after delivery.

(E) Investigation of Recurrent Defects

The CONTRACTOR agrees within the terms of this Article to investigate the cause of any recurrent defect to which paragraph (A) applies with a view to providing a satisfactory remedy therefor.

(F) Guarantee Work Outside Building Site

If in the PURCHASER'S opinion the replacements or repairs under this Article cannot be conveniently made at the Building Site or at any other yard controlled by the CONTRACTOR, the PURCHASER may have such repairs and/or replacements carried out elsewhere; in such a case the CONTRACTOR is discharged from the guarantee under this Article in respect of the repairs or replacements carried out by the third party unless carried out under the supervision and with the approval of the CONTRACTOR. Provided the guarantee work is contracted for in a businesslike manner having regard to the nature, urgency and extent of the defect to be remedied, the CONTRACTOR shall reimburse the PURCHASER the documented expenses incurred by the PURCHASER in effecting such repairs and/or replacements including expenses of independent contractors in travelling to the VESSEL and the cost of transportation of materials and equipment (including by air freight if the PURCHASER reasonably so requires).

In any case, the VESSEL shall be taken at the PURCHASER'S cost and responsibility to the place elected for the work to be carried out ready in all respects for the guarantee work to be commenced.

(G) Assignment of Suppliers' and Sub-contractors' Guarantees

In the event that the guarantee stipulated by manufacturers or suppliers of machinery, material, equipment, appurtenances and outfit furnished to the CONTRACTOR and embodied in the VESSEL exceeds the guarantee given by the CONTRACTOR to the PURCHASER hereunder, such extended guarantee rights are to be assigned and made available to the PURCHASER by the CONTRACTOR.

(H) Verification of Guarantee Claims

The CONTRACTOR, at its own cost, is to have the right to investigate the validity of the PURCHASER'S claim either by the attendance aboard the VESSEL (at its point of service) of an accredited representative or, if in the opinion of the CONTRACTOR it is practicable to do so after suitable replacement is made, by the removal from the VESSEL and the transportation to the Building Site of the defective part.

(I) Guarantee Engineer

During any time of the guarantee period the CONTRACTOR shall have the option to place on board one Guarantee Engineer who shall act as the CONTRACTOR'S observer and to whom every assistance shall be granted for the fulfilment of his tasks. Should this option be exercised then such Guarantee Engineer shall not be discharged by the PURCHASER without the CONTRACTOR'S approval, otherwise the PURCHASER shall immediately forfeit its rights under the guarantee in this Article.

The PURCHASER shall ensure the said Engineer a status on board not inferior to the chief engineer and provide accommodation in an officer's cabin. The PURCHASER shall pay the CONTRACTOR a remuneration to be agreed upon in respect of the Guarantee Engineer.

Notification of defects to the Guarantee Engineer shall be deemed to be notice to the CONTRACTOR for the purposes of this Article. The PURCHASER agrees to give prompt confirmation in writing of such notice to the CONTRACTOR.

The presence on board of the Guarantee Engineer shall in no way affect the CONTRACTOR'S and the PURCHASER'S responsibility as provided for in this CONTRACT. The duties and responsibilities of the Guarantee Engineer shall be specified in writing by the CONTRACTOR to the PURCHASER at the time the Guarantee Engineer is appointed.

## ARTICLE 13: PATENTS

The CONTRACTOR shall indemnify the PURCHASER against any infringement of patent rights in connection with the construction of the VESSEL at the Building Site but no such liability shall lie with the CONTRACTOR with regard to components and/or equipment and/or design supplied by the PURCHASER.

## ARTICLE 14: LAW OF THE CONTRACT, REFERENCE TO EXPERT AND ARBITRATION

## (A) Law of the CONTRACT

This CONTRACT and all other agreements relating thereto shall be construed and interpreted under the laws of England.

## (B) Reference to Expert

If, save as provided in Article 1 paragraph (F), any dispute of a technical nature arises during the construction of the VESSEL between the parties in regard to the construction of the VESSEL, engines, material or workmanship, it shall forthwith be referred to a technical expert nominated by agreement between the parties hereto and his decision shall be final and binding upon both parties. Failing such agreement the dispute shall be referred to arbitration in accordance with paragraph (C) of this Article 14.

## (C) Arbitration

In the event of any dispute between the parties hereto as to any matter arising out of or relating to this CONTRACT or any stipulation herein or with respect thereto which cannot be settled by the parties themselves, such dispute shall be resolved by arbitration in London, England in accordance with the Laws of England. Either party may demand arbitration of any such dispute by giving written notice to the other party. Any demand for arbitration by either of the parties hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed the parties hereto as aforesaid should be unable to agree to the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party of the said two arbitrators may apply to any court in England or other official organisation having jurisdiction in such matter to appoint the third arbitrator. The award of the arbitration made by the sole arbitrator or by the majority of the three arbitrators as case may be shall be final, conclusive and binding upon the parties hereto.

Judgment upon any award rendered may be entered in any court having jurisdiction or application may be made to any competent court or authority for a judicial acceptance of any award and an order of enforcement, as the case may be.

ARTICLE 15: ADDRESSES FOR CORRESPONDENCE

For all practical purposes, without it being a legal requirement, the CONTRACTOR shall send all notices, letters and documents for the PURCHASER in connection with or required under this CONTRACT to the following address :

(a) for all technical matters :

Address : Technical Marine Planning Limited  
70 Great Eastern Street  
London EC2A 3JL  
Telephone: 44-71-739-3533  
Telefax: 44-71-729-1169

(b) for all legal and financial matters :

Address : Carnival Corporation  
Koger Center  
5225 NW 87th Avenue  
3rd Floor,  
Miami  
Florida 33178-2193  
U.S.A.

Attention : Captain Vittorio Fabietti (for)  
Mr. Micky Arison

Telephone : (305) 471-5777  
Telefax: (305) 471-5778

For all practical purposes without it being a legal requirement the PURCHASER shall send all notices, letters and documents for the CONTRACTOR in connection with or required under this CONTRACT to the following address :

Address : Kvaerner Masa-Yards, Inc.  
Helsinki New Shipyard  
Munkisaarenkatu 1  
SF-00150 Helsinki, Finland

Attention : Jukka Jaatinen  
Telephone : 358-0-1941  
Telefax : 358-0-170 132

All mail shall be sent by air.

Whenever this CONTRACT requires that notification shall be given in writing, such notification may validly be given by telefax. All approvals or consents required by this CONTRACT shall be in writing, including by telefax. All such messages, if sent by telefax, shall also be confirmed by official letter.

ARTICLE 16: ASSIGNMENT

The CONTRACTOR shall not transfer, assign and/or pledge this CONTRACT or any rights hereunder without the prior written consent of the PURCHASER which the PURCHASER shall have full liberty to withhold.

The PURCHASER may assign to any bank or financial institution any or all of its rights under this CONTRACT.

IN WITNESS WHEREOF, parties hereto have duly signed and executed this CONTRACT  
in triplicate counterparts.

Date : 1995  
-----

-----  
CARNIVAL CORPORATION

-----  
KVAERNER MASA-YARDS, INC.

EXHIBIT "A"  
-----

BANK GUARANTEE/DRAFT  
[BANK LETTERHEAD]

To: Carnival Corporation  
PANAMA

GUARANTEE NO. -----

Dear Sirs,

We refer to the shipbuilding contract dated 1995 (the "Shipbuilding Contract") made between (1) yourselves and (2) Kvaerner Masa-Yards Inc. (the "Contractor") in respect of the construction of Yard No.494.

In consideration of the receipt from you of Ten United States Dollars and other good and valuable consideration, receipt whereof is hereby acknowledged, we hereby irrevocably and unconditionally guarantee to you the payment by the Contractor of all amounts which the Contractor may be liable to pay to you under the Shipbuilding Contract and undertake to pay to you such amounts forthwith on presentation of your certificate confirming that (A) you have duly terminated the Shipbuilding Contract and that either (1) the Contractor has not within fourteen days of your notice of termination to the Contractor applied to arbitration contesting your right to terminate the Shipbuilding Contract or (2) the arbitration board appointed to determine your entitlement to terminate the Shipbuilding Contract has issued a final award confirming that you are so entitled or (B) the Contractor has become the subject of bankruptcy (konkurs) administration.

We shall not be exonerated from our obligations hereunder by:

- 1. Any irregularity, unenforceability or invalidity of the Shipbuilding Contract (to the intent that the obligations hereunder shall remain in full force and effect and this guarantee shall be constructed as if there were no such irregularity, unenforceability or invalidity); or
- 2. Any amendment to or variation of the Shipbuilding Contract; or

3. Any other matter which may constitute a legal or equitable discharge of a surety or guarantor.

We hereby waive all or any of our rights as surety which may at any time be inconsistent with any of the provisions of this guarantee and in particular, but without prejudice to the foregoing, any right which we may have to compel you to proceed to enforce a claim against the Contractor before enforcing this guarantee against us.

All payments by us hereunder shall be made in United States Dollars without set-off or counter-claim free and clear from all taxes. Our liability under this guarantee is, however, limited to a maximum amount of [ ] United States Dollars.

This guarantee shall terminate upon the date on which the Vessel is delivered to and accepted by you under the Shipbuilding Contract.

All claims under this guarantee shall, however, be made to us in writing latest on 30 January 1999 in order to be taken into consideration.

This guarantee shall be governed by and construed in accordance with the laws of England. We hereby submit to the non-exclusive jurisdiction of the English courts and agree if required to appoint an agent in England for service of any proceedings before such courts.

Helsinki, \_\_\_\_\_, 199

[PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT REQUESTED BY CARNIVAL CORPORATION]

SHIPBUILDING CONTRACT

Between, CARNIVAL CRUISE LINES, INC., a company organized and existing under the laws of the Republic of Panama with its principal offices located at 3655 N.W. 87th Avenue, Miami, Florida, USA 33178 - 2428 hereinafter called the "PURCHASER",

and

KVAERNER MASA-YARDS, INC., a company organized and existing under the laws of the Republic of Finland with a registered office in Turku, Finland hereinafter called the "CONTRACTOR",

In respect of yard No.: 488.

WHEREAS

- (i) By a contract dated 15th September 1987 made between Wartsila Marine Industries Inc. ("WMI") and the PURCHASER, WMI agreed to design, build and deliver to the PURCHASER a passenger cruise vessel known as hull no. 1299 (and following the Contract referred to in recital (ii) as 480 at the yard of the CONTRACTOR) and after delivery named ms "ECSTASY".
- (ii) By an agreement dated 25th January 1990 the CONTRACTOR agreed to complete ms "ECSTASY" following the bankruptcy of WMI and has delivered ms "ECSTASY" to the PURCHASER.
- (iii) By contract dated 15th September 1987 WMI agreed to design, build and deliver to the PURCHASER a further passenger cruise vessel known as hull no. 1300 to be named ms "SENSATION" and by a contract dated 12th May 1991 between the CONTRACTOR and the PURCHASER the CONTRACTOR agreed to complete the construction of ms "SENSATION" (as Hull no. 484) on the terms set out therein.
- (iv) By a further contract dated 5th September 1991 the CONTRACTOR agreed to design build and deliver to the PURCHASER a further passenger cruise vessel to be known during construction as Hull 487 and on delivery to be named ms "FASCINATION".

- (v) This agreement sets out the terms on which the CONTRACTOR will design and build for the PURCHASER a further passenger cruise ship to be known during construction as Hull 488.

IT IS HEREBY AGREED AND STIPULATED AS FOLLOWS:

ARTICLE 1: SUBJECT OF THE CONTRACT

(a) VESSEL'S Description and Main Characteristics

The CONTRACTOR undertakes to design and build and complete at the Building Site (as hereinafter defined) and to deliver to the PURCHASER, who orders and undertakes to accept delivery of one passenger cruise ship (hereinafter called the "VESSEL") , which will be a "carbon-copy" sistership to MS "ECSTASY", hull No. 480 as built except that modifications shall be made:

- (1) as set out in Addendum to the SPECIFICATIONS of even date herewith and signed by the parties hereto and
- (2) as required to ensure that the Vessel complies with the laws, rules, regulations and enactments referred to in paragraph (e) of this Article 1.
- (3) as required to ensure that the Vessel incorporates all changes to ms "ECSTASY" as built agreed on at the date hereof to be made in relation to the design and construction of ms "FASCINATION" without any cost additional to the purchase price specified herein.

The specifications and plans for MS "ECSTASY" as built (modified in accordance with the foregoing provisions of this paragraph (a) and the provisions referred to in paragraph (e) of this Article 1) shall hereinafter be referred to as the "SPECIFICATIONS" and the "PLAN" respectively.

Regarding the Makers List, the CONTRACTOR is entitled to make changes as compared with MS "ECSTASY". The changes will be submitted for technical approval by the PURCHASER. Such approval shall not be withheld, if the relevant characteristics of the specification are fulfilled, and the reputation of the supplier is acceptable.

In the event of any conflict between this CONTRACT and the SPECIFICATIONS and the PLAN, the provisions of this CONTRACT shall prevail. In the event of any conflict between the SPECIFICATIONS and the PLAN, The provisions of the SPECIFICATIONS shall prevail.

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER  
FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

(b) Speed

The VESSEL's speed shall be as follows:

- (i) Trial Speed  
With the propulsion motors developing each XX MW at about XXX RPM and at XXXX Meter draft and other conditions as per paragraph 1.26. of the SPECIFICATIONS: XXXX knots
- (ii) Service Speed  
With X diesel alternators 8ZAL40S and X diesel alternators 12ZAV40S developing a total output not exceeding XXXX percent MCR, at XXX RPM, and after allowing XXX MW for the VESSEL'S other electrical services, the residual power shall enable the VESSEL to reach XXXX knots with a margin of XX percent, at a draught of XXXXM.

(c) Building Site

The Building Site shall be the CONTRACTOR'S shipyard at Helsinki, Finland provided that the CONTRACTOR may have parts of the VESSEL constructed at its yard at Turku. The CONTRACTOR shall nevertheless be at liberty to carry out work elsewhere provided that the main work of erection, assembly and construction of the VESSEL shall take place at the Building Site aforesaid. In the event that the forward half and the aft half of the hull are assembled and constructed separately as independent units, the operation of joining the two parts shall be carried out in a suitable drydock at Helsinki or Turku, to the PURCHASER'S approval provided that the joining of the two halves may be carried out afloat if the method and procedure to be used for this purpose are approved by the PURCHASER.

(d) Yard Number, Marking of Materials

The VESSEL shall, for the purpose of identification only be known as Yard No. 488.

As soon as possible after the arrival at the Building Site, all materials, machinery and other equipment intended to be incorporated in the VESSEL shall be marked with the above Yard Number for the purpose of identification and establishing that such materials, machinery and equipment belong to the VESSEL. The CONTRACTOR may not use any such marked material, machinery, and equipment for the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld. The CONTRACTOR may not use for the construction of the VESSEL materials, machinery and other equipment marked for use in

the construction of any other vessel without the approval of the PURCHASER, such approval not to be unreasonably withheld.

The CONTRACTOR is obliged to pay all deliveries promptly on or before delivery. Upon the PURCHASER'S request, the CONTRACTOR shall supply proof of payment having been properly effected as well as further evidence that it is under no residual obligations towards its suppliers in respect of other deliveries.

(e) VESSEL'S Classification and Standard

The VESSEL shall comply with the laws, rules, regulations and enactments published and in force on the date hereof as stated in the SPECIFICATIONS, including also Stability Regulations for Passenger Vessels (April 1990) and Fire Protection for Lifeboats and Rafts in way of windows and screens (SOLAS 74, as amended) to the requirements of the Classification Society and the Panamanian Government. The Vessel shall also comply with the requirements of the following:

- (1) U.S.P.H including "Vessel Sanitation Programme - Operation Manual (edition August 1989) and W.H.O "Guide to Ship Sanitation"; and
- (2) Solas Regulations and Wireless in relation to Global Marine Distress Signal Systems; and
- (3) Panamanian government regulations for registration of vessels under Panamanian flag.

The VESSEL shall be built to class and under survey of Lloyd's Register of Shipping and, if not otherwise stated in the SPECIFICATIONS, in accordance with good shipbuilding practice. in Scandinavia for new passenger cruise vessels of the type and general characteristics, and in any event in no respect inferior to the standards of, M.S. 'ECSTASY". Classification, survey and testing and any other charges relating to the CONTRACTOR'S obligations and items of supply under this CONTRACT shall be for the account of the CONTRACTOR.

It is understood that the CONTRACTOR shall carry out such work as is necessary in accordance with this CONTRACT so that the VESSEL on arrival in the U.S.A. is approved by the United States Public Health authorities.

(f) Decisions of the Classification Society

The decisions of the Classification Society shall be final and binding on both contracting parties as to the VESSEL'S compliance or non-compliance with the rules and regulations, observance of which is to be controlled by the said Society.

(g) Sub-contracting

Subject to the requirements of Article 1(a) the CONTRACTOR has the right to sub-contract part of the work to third parties on the Building Site or elsewhere.

ARTICLE 2: INSPECTION AND APPROVALS

(a) Inspection

The PURCHASER shall have the right to have the VESSEL and all engines, machinery, outfit and equipment intended for her inspected during construction by its authorized representative(s) to whom the CONTRACTOR shall grant free access for such purpose during working hours to the VESSEL and to the CONTRACTOR'S shipyard and workshops wherever the VESSEL is being built and/or designed. The CONTRACTOR will obtain for the PURCHASER the right of access to subcontractors' premises. The inspection will be at the PURCHASER's risk and expense.

The PURCHASER'S authorized representative(s) whose name(s) and duties are to be made known in advance, shall observe the works' rules prevailing at the CONTRACTOR'S and the subcontractors premises. They shall address their remarks exclusively to the CONTRACTOR'S appointed representative(s) whose name(s) shall be made known to the PURCHASER.

Should the PURCHASER elect to entrust the inspection to firms or persons outside its organization, such firms or persons and their duties shall be subject to the CONTRACTOR'S prior approval.

(b) Effect of Approvals

Approval by the PURCHASER or the PURCHASER'S representative of inspections, tests, trials, documents, or plans shall not relieve the CONTRACTOR of its obligations under Article 1 of this CONTRACT.

ARTICLE 3: MODIFICATIONS

(a) Modifications

Either party may request the other in writing to make modifications to the SPECIFICATIONS and/or PLAN and provide that the CONTRACTOR

and the PURCHASER fully agree in writing within ten days from the dispatch of the CONTRACTOR'S notification of any (a) appropriate adjustment of price; (b) appropriate adjustment of delivery date; (c) appropriate adjustment of the deadweight; (d) appropriate adjustment of speed requirements; and (e) any other appropriate adjustment of this CONTRACT, the SPECIFICATIONS and the PLAN, the CONTRACTOR will carry out such modifications.

The CONTRACTOR has the right to continue production on the basis of the SPECIFICATIONS and the PLAN until agreement has been reached as above stated.

All agreed modifications and alterations shall be subject to the conditions of this CONTRACT and the SPECIFICATIONS.

(b) Modifications by Regulatory Bodies and Classification Society

In the event that subsequent to the date hereof any modifications, deletions or additions are made to the laws, rules, regulations and enactments applicable to the VESSEL or their interpretation or their application (including withdrawal of provisional approvals of the Classification Society and/or additional requirements of said Society) as compared with the basis of this CONTRACT and/or similar measures of other bodies as referred to in Article 1, paragraph (e), and such modifications, deletions or additions are compulsory for the VESSEL, the CONTRACTOR will effect them and will notify the (a) adjustment of price; (b) adjustment of delivery date; (c) adjustment of deadweight; (d) adjustment of speed requirements; and (e) any other adjustment of the CONTRACT, SPECIFICATIONS and PLAN, all as may be appropriate in the circumstances.

The PURCHASER may require that the CONTRACTOR shall first apply for a formal waiver of compliance with such modifications, deletions or additions from the authority by whom the modifications, deletion" or additions have been promulgated, should the PURCHASER consider that the operation of the VESSEL in its intended service would permit of such waiver. In such agreement the CONTRACTOR will fix a reasonable time limit after which if the waiver has not been obtained, the CONTRACTOR will go on with the required modifications, deletions or additions. Any additional cost caused by the application for such waiver whether or not obtained shall be for account of the PURCHASER and the date of delivery of the VESSEL if actually delayed thereby shall be extended by the time necessary as a result of the application for waiver.

Modifications by regulatory bodies and by the Classification Society which are not compulsory for the VESSEL shall be treated as the PURCHASER'S modifications according to paragraph (a) above but the CONTRACTOR will in any case advise the PURCHASER of such modifications as soon as they are published and obtain the PURCHASER'S approval before proceeding to make such modifications.

## (c) Payment of Adjustments of Price

The adjustments of price made under paragraphs (a) and (b) above shall be settled in accordance with paragraph (f) of Article 7.

## (d) Information

When required the CONTRACTOR shall furnish reasonable information relating to the basis and method of determining adjustment of price and other effects of modifications referred to in this Article.

## ARTICLE 4: TRIALS

The VESSEL shall run the following tests and trials:

- (1) Dock trials as specified in the SPECIFICATIONS.
- (2) Official sea-trials as provided for in the SPECIFICATIONS during which the trial speed, the propulsion machinery plant output and the propeller revolutions shall be determined in accordance with Article 1, paragraph (b) (i).

An endurance test as well as all other trials and tests included in the sea trial program in the SPECIFICATIONS, shall also be carried out with recording of measurements of all parameters, enabling determination of performance relevant to each test.

- (3) All other trials specified in the SPECIFICATIONS.

Such speed runs and endurance test shall be run at the draft attainable by ballasting the VESSEL with ballast water using tanks and compartments intended for this purpose and as far as practicable the draft shall be as close as possible to the corresponding draft at which tank model tests have been carried out.

Should the speed trial draft aforementioned be other than the draft specified in Article 1 (b) (i), the speed, the main engine output and the revolutions corresponding to the latter draft shall be determined by the Netherlands Model Basin in Wageningen by means of data from their model tests on the basis of the results recorded at the sea trials.

All trials and measurements will be conducted in a manner and to an extent as prescribed in a detailed schedule based on the SPECIFICATIONS.

The methods to be used will be selected by the CONTRACTOR to suit the VESSEL'S trial trip programme to the approval of the PURCHASER.

The CONTRACTOR has the right to subcontract speed and power measurements to an independent model basin or research institute. However, the PURCHASER will be kept fully informed and allowed to observe and ascertain measurements recorded during the trials as if the CONTRACTOR had carried out the tests with its own personnel.

Should conditions which properly qualify to delay delivery as provided in Article 6 paragraph (e) prevent the CONTRACTOR from carrying out properly the official trial on the day scheduled therefore, the CONTRACTOR has the right: to postpone the trial or such part of it as deemed necessary. In such case the CONTRACTOR shall be entitled to an extension of the VESSEL'S delivery time covering the whole period of postponement.

The CONTRACTOR shall have the right to repeat any trial whatsoever after giving reasonable notice to the PURCHASER.

All expenses for the trials and adjustments of all the VESSEL'S equipment shall be borne by the CONTRACTOR who during the sea trials will provide the necessary crew at its own expense. If, during any sea trial, any breakdowns occur entailing interruption or irregular performance which can be repaired by the normal means available on board, the trial shall be continued after repairs and be valid in all respects.

However, should the VESSEL require to return to a port to enable the breakdown to be remedied, a further trial shall be undertaken if necessary at sea, to prove the outstanding performance and complete demonstrations.

The CONTRACTOR shall give the PURCHASER thirty days notice of the anticipated date of the first sea trials.

Within seven (7) days from the completion of the sea trial or the above further trial, the CONTRACTOR shall present the PURCHASER with a full set of results of the tests carried out during the sea trials and the PURCHASER shall give the CONTRACTOR within 3 days from the receipt of the results a notice in writing, or by telex or telefax conformed in writing, of completion and acceptance of the trial run, advising whether the PURCHASER considers that the results of the trial run indicate conformity of the VESSEL to this Contract the SPECIFICATIONS and the PLAN.

In the event that the PURCHASER rejects the results of the trial run as not conforming to this CONTRACT or to the SPECIFICATIONS or the PLAN, the PURCHASER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof, does not conform to this CONTRACT and/or the SPECIFICATIONS and/or the PLAN.

In the event that the PURCHASER fails to notify the CONTRACTOR as aforesaid of the acceptance of or the rejection, together with the reason therefor, of the trial within the period as provided above, the PURCHASER shall be deemed to have accepted the trial run of the VESSEL.

Acceptance of the results of the trial run as above provided shall be final and binding so far as conformity of the VESSEL to the CONTRACT and the SPECIFICATIONS and the PLAN to the extent demonstrated on such trial is concerned and shall preclude the PURCHASER from refusing formal delivery of the VESSEL as hereinafter provided, on the grounds of non conformity of the VESSEL in respect of items whose conformity has been demonstrated and accepted during the trial run, if the CONTRACTOR complies with all other requirements for delivery as provided in this CONTRACT.

Should any fuel oil lubricating oil, greases and ship's stores, including fresh water furnished by the CONTRACTOR for the sea trial remain on board the VESSEL at the time of acceptance thereof by the PURCHASER, the PURCHASER agrees to buy the same from the CONTRACTOR at the price reasonably paid by the CONTRACTOR and evidenced by invoices of the supplier and payment by the PURCHASER shall be effected in accordance with paragraph (f) of Article 7.

#### ARTICLE 5: GUARANTEE FOR SPEED, DEADWEIGHT AND FUEL CONSUMPTION

Subject to the provision contained in Article 7 (e) the rights and obligations of the CONTRACTOR and PURCHASER in regard of the VESSEL'S trial speed, deadweight and consumption of fuel of the propulsion plant are delimited as follows:

##### (a) Speed

For the purpose of determining the VESSEL'S actual trial speed, the speed of the VESSEL recorded on the official sea trials under Article 4 shall be adjusted in accordance with Article 4 as if the official sea trials had been carried out under the conditions specified in Article 1, paragraph (b) (i) and paragraph 1.2.6 of the SPECIFICATIONS. If the actual trial speed so computed is less than the adjusted trial speed under Article 1, paragraph (b) (i), the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty the following amounts:

[MARKED TEXT OMITTED PURSUANT TO AN APPLICATION FOR AN ORDER FOR CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

- - for the first two tenths (2/10ths) of a knot of such speed deficiency: XXXXXXXX
- - U.S. \$XXXXXXX for the third complete tenth of one knot deficiency and that amount increased by U.S. \$XXXXXXX for each successive complete one tenth of a knot of such deficiency, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

If the VESSEL's trial speed determined or computed as provided in this paragraph (a) is more than one knot below the adjusted trial speed under Article 1, paragraph (b) (i), the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this contract, with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency and repeat the trial.

Should the actual trial speed of the VESSEL determined or computed as provided in this paragraph (a) be greater than the adjusted trial speed under Article 1, paragraph (b) (i), the PURCHASER shall pay to the CONTRACTOR as premiums the following amounts:

- - for the first two tenths (2/10ths) of one knot of extra speed: XXXXXXXX
- - U.S. \$XXXXXXX for the third complete tenth of one knot of extra speed and that amount increased by U.S. \$XXXXXXX for each successive complete one tenth of a knot up to a maximum extra speed of one half of one knot.

(b) Deadweight

If the VESSEL'S deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified in Article 1, then the CONTRACTOR shall pay to the PURCHASER as liquidated damages and not by way of penalty an amount of U.S. \$XXXXXX for each full XXX metric tons of such deficiency in excess of XXX metric tons, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

If the VESSEL's deadweight determined as stated in the SPECIFICATIONS is more than XXX metric tons less than the deadweight specified in Article 1, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages, shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy the deficiency.

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(c) Fuel Consumption

For the main propulsion plant a shop test shall be carried out in accordance with the SPECIFICATIONS. During such shop test the specified fuel consumption shall be ascertained and corrected to the design parameters.

The shop test shall be run on heavy fuel oil with each diesel engine developing XX% MCR at XXX revolutions. The measured fuel consumption shall be corrected to a reference lower calorific value of XXXXX kilojoules per kg and ISO standard conditions. The fuel consumption of the main propulsion plant so corrected shall not exceed XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the CONTRACTOR shall pay to the PURCHASER, as liquidated damages and not by way of penalty, an amount of U.S. \$XXXXXX for each full XXX percent in excess of XXX percent of XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

With respect to any of the engines, should the corrected fuel consumption be in excess of XXX percent of XXX XXXXXXXXXXXXXXXXXXXX for engines type 12ZAV40S and XXXXXXXXXXXXXXXXXXXX for engines type 8ZAL40S, the PURCHASER, as an alternative to receiving the above mentioned liquidated damages shall have the option to terminate this CONTRACT with the consequences provided for in Article 8 and Article 11, save and except that the CONTRACTOR shall have the right to remedy any defect causing such excessive fuel consumption and repeat the trial.

ARTICLE 6: DELIVERY OF THE VESSEL

(a) Delivery Date and Place of Delivery

The VESSEL shall be delivered to the PURCHASER at the Building Site or other agreed place.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

The date for delivery of the VESSEL (the "Delivery Date") shall be 31st October 1995 subject to permissible extensions as provided in this CONTRACT.

Six (6) months prior to the date on which the CONTRACTOR expects the VESSEL to be ready for delivery the CONTRACTOR shall give notice to the PURCHASER in writing (the "Delivery Notice") specifying the actual expected delivery date.

The PURCHASER shall promptly take delivery of the VESSEL when properly completed in accordance with this CONTRACT and shall with reasonable dispatch as applies to a passenger cruise ship remove her from the CONTRACTOR'S shipyard provided that the PURCHASER shall not be obliged to take delivery of the VESSEL before 31st October 1995 nor before the date specified in the Delivery Notice

(b) Liquidated Damages for Delayed Delivery

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN) on or before the Delivery Date (as extended by virtue of the provisions of this CONTRACT specifically permitting such extension), the CONTRACTOR shall pay to the PURCHASER by way of liquidated damages and not by way of penalty the amount of UNITED STATES DOLLARS XXXXXXXXXXX XXXXXXXXX (U.S. \$XXXXXX) for each full calendar day of delay following the Delivery Date as so extended.

(c) Termination for Delay

If the VESSEL is not delivered (duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN), by the date falling twelve (12) months after the Delivery Date (as extended by virtue of the provisions of this CONTRACT expressly permitting such extension), the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. On such valid termination the CONTRACTOR shall forthwith also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (b) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

If the VESSEL is not delivered (duly completed in accordance with the CONTRACT and the SPECIFICATION) by 31st March 1997 then, notwithstanding the provisions of paragraphs (d) and (e) below which would otherwise operate to permit the Delivery Date to be extended, the PURCHASER may terminate this CONTRACT by notice to the CONTRACTOR with the consequences provided for in Article 8 and Article 11. on such valid termination the CONTRACTOR shall forthwith

also pay to the PURCHASER the liquidated damages payable by virtue of paragraph (b) above as if the VESSEL had been delivered on the date on which this CONTRACT is terminated by the PURCHASER under this paragraph.

(d) Permissible Extensions due to "Force Majeure"

Should the CONTRACTOR be prevented from having the VESSEL constructed or delivered by the Delivery Date owing to - Acts of God; engagement in war or other hostilities, civil war, civil commotions, riots or insurrections; requirements of civil or military authorities in contemplation of war; blockades; embargoes, vandalism; sabotage; epidemics; strikes; lockouts; officially agreed reduction of working hours relating to the Finnish workforce as a whole; earthquakes; landslides; floods; failure of electric current for a period of more than three working days; damage by lightning; explosions, collisions, stranding or fires; damage to the VESSEL and time taken to repair such damage; shortage of materials and equipment or inability to obtain delivery thereof, provided that such materials and equipment at the time of ordering could reasonably be expected by the CONTRACTOR to be delivered in time; defects in materials and equipment such as castings or forgings which could not have been detected by the CONTRACTOR or its subcontractors using reasonable care; delays caused by delay of the Classification Society or other bodies whose documents are required in issuing such documents; delays caused by events similar to the foregoing; the effect of the foregoing on the CONTRACTOR'S other commitments; then and in any such case the Delivery Date of the VESSEL shall, subject to paragraphs (e) and (f) below, be extended by the number of calendar days of delay incurred by the CONTRACTOR in completing or delivering the VESSEL in consequence of any of these events.

(e) Definitive Notice of Delivery

Following the giving of the Delivery Notice by the CONTRACTOR pursuant to paragraph (a) above the only events which shall be permitted to extend the Delivery Date (as previously properly extended by virtue of other provisions of this CONTRACT permitting such extension) shall (subject to paragraph (f) below) be: Acts of god, engagement in war or other hostilities, civil wars, civil commotion, riots or insurrections requirements of military authorities in contemplation of war, blockades, embargoes, vandalism, sabotage, epidemics, earthquakes, landslides, flood, damage by lightning, explosions, collisions, stranding, fires or nationwide strikes or lockouts either general or affecting nationwide a particular sector of the labor force.

(f) Conditions for Claims for Permissible Delays

Not later than 7 days from the date of commencement of any of the above contingencies on account of which the CONTRACTOR claims that

it is entitled to an extension of the Delivery Date, the CONTRACTOR shall provide the PURCHASER with telefax advice particularizing the date such contingency commenced and the reasons therefor and the nature thereof, the estimated duration thereof and the action which is being taken by the CONTRACTOR to overcome the effect of the contingency. If any such contingency continues for a period in excess of 30 days the CONTRACTOR shall, at regular fortnightly intervals thereafter, continue to keep the PURCHASER advised by delivery to the PURCHASER of further statements containing the particulars specified above. Within 7 days after the CONTRACTOR becomes aware that such contingency has ended the CONTRACTOR shall specify the period of time by which it claims the Delivery Date is to be extended by reason of delay due to such contingency.

The CONTRACTOR shall not be entitled to claim any extension of the Delivery Date in respect of any particular delay unless:

- (1) The CONTRACTOR has given all the proper notices and statements required by this paragraph (f) in relation to that particular item of delay; and
- (2) that particular item of delay has not in any way been caused or contributed to by any error, neglect or omission on the part of the CONTRACTOR; and
- (3) the CONTRACTOR has, since the date of commencement of the contingency in question, taken all reasonable steps to remove the cause of delay and to mitigate its effect on the delivery of the VESSEL; and
- (4) the cause of delay could not reasonably have been foreseen by the CONTRACTOR at the date of this CONTRACT.

In the event of there being any dispute between the parties under this Article the burden of proof shall be upon the CONTRACTOR to establish the facts entitling it to an extension of the Delivery Date and that all requirements specified in this paragraph have been fully satisfied.

(g) Termination of the CONTRACTOR'S Responsibilities

On delivery of the VESSEL to the PURCHASER all risk and every responsibility for the safety and generally for the condition of the Vessel is transferred to the PURCHASER, and thereafter all responsibilities on the part of the CONTRACTOR shall cease with the exception of the guarantee obligations provided for in Article 12 hereof and the obligations of the parties under Article 8(a).

If it is not practicable before delivery for the CONTRACTOR to demonstrate the contractual performance of any of the specified equipment or the contractual performance of any of the specified technical systems of the VESSEL in their intended operating

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conditions, the CONTRACTOR will demonstrate such performance as soon as practicable, and if not practicable within 180 days of delivery compliance or non-compliance shall be determined by calculations. In case of deficiencies in performance the CONTRACTOR will remedy such deficiencies in performance under the guarantee contained in Article 12.

(h) Protocol of Delivery and Acceptance

At the delivery and acceptance of the VESSEL the PURCHASER and the CONTRACTOR shall execute, in duplicate, a Protocol of Delivery and Acceptance one original copy of which is to be retained by each party.

ARTICLE 7: PRICE AND PAYMENT

(a) Contract Price

The PURCHASER shall pay to the CONTRACTOR the CONTRACT price of FINNISH MARKKA XX (FIM XXXXXXXXXXXXXXX), inclusive of building period financing cost.

(b) Installments

Payment of the CONTRACT Price shall be made by the PURCHASER to the CONTRACTOR by installments as follows:

- XX% equal to FIM XXXXXXXXXXXX on the date of signature of this CONTRACT;
- XX% equal to FIM XXXXXXXXXXXX on 1st XXXXXXXXXXXXXXXX;
- XX% equal to FIM XXXXXXXXXXXX on XXXXXXXXXXXXXXXXXXXX;
- XX% equal to FIM XXXXXXXXXXXX on XXXXXXXXXXXXXXXXXXXX;
- XX% equal to FIM XXXXXXXXXXXXXXX on XXXXXXXXXXXXXXXXXXXX or, if after, on delivery of the VESSEL duly completed in accordance with this CONTRACT, the SPECIFICATIONS and the PLAN.

(c) Payment Procedures

Except for the first installment the CONTRACTOR shall notify the PURCHASER at least 10 days in advance of the estimated dates of the installment payments falling due.

All payments to the CONTRACTOR are to be made in Finnish Markka for same day value at a bank in Helsinki to be designated by the CONTRACTOR without any deduction whatsoever on the dates on which the payments are due as aforesaid.

Expenses for remitting payments and any other expenses connected with such payments shall be for the account of the PURCHASER.

If for any reason the PURCHASER cannot take delivery of the VESSEL on the date the CONTRACTOR has notified that the VESSEL will be ready for delivery, the PURCHASER shall nevertheless be liable to make full and final payment on that date, provided the VESSEL is tendered in accordance with the terms of this CONTRACT.

(d) Payment for Modification

The sum due for modifications under Article 3 of this CONTRACT shall be paid by or credited to the PURCHASER or as the case may be to the CONTRACTOR on delivery.

(e) Payment for Liquidated Damages and Premiums

Any amount of liquidated damages or any premiums under Articles 5 and 6 shall be calculated and determined on delivery of the VESSEL or, on termination in accordance with Article 6(c) or 11(b) and the balance (of one over the other) shall be paid to the party entitled thereto at the delivery of the VESSEL or, in the event of termination of this CONTRACT in accordance with Article 6(c) as provided herein, provided that (notwithstanding any other provision in this CONTRACT to the contrary) the net amount payable under this paragraph shall not exceed ten per cent of the CONTRACT Price referred to in paragraph (a) of this Article.

Payment of liquidated damages under Article 5 and/or 6 of this CONTRACT shall be to the exclusion of any other claims in respect of the matters giving rise to such payment except that this provision shall not affect the rights of the PURCHASER under Article 6 (c) and Article 11 of this CONTRACT or the alternative right of the PURCHASER to terminate this CONTRACT in the circumstances provided in Article 5 of this CONTRACT.

(f) Prompt Payment

The PURCHASER shall not delay any payment of the Contract Price in the event of any disagreement as to the amount of extras, liquidated damages or premiums, or in the event of other exceptions or claims the PURCHASER may have asserted or may intend to assert against the CONTRACTOR, whether in connection with this CONTRACT or otherwise

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without prejudice to the PURCHASER'S right to apply subsequently to arbitration.

(g) Bank Guarantee

On the date of signature of this CONTRACT in respect of the first installment and not less than five (5) business days before the date on which the PURCHASER is obliged to make payment to the CONTRACTOR of respectively the second, third and fourth installments of the contract Price as provided in Article 7(b) and as a condition precedent to the obligation of the PURCHASER to make payment of such installments, the CONTRACTOR shall deliver to the PURCHASER a bank guarantee of payment by the CONTRACTOR of all amounts which the CONTRACTOR may become liable to pay to the PURCHASER UNDER Article 11(a) of this CONTRACT.

Each such guarantee shall be issued by a first class bank acceptable to the PURCHASER in the form of Exhibit A hereto and shall be authenticated in such manner as the PURCHASER may require. The PURCHASER and the CONTRACTOR shall share equally the cost of providing and maintaining such guarantees. Each guarantee shall be for an amount not less than XXXXXXXXXXXXXXXXXXXX FINNISH MARKKA (FIM XXXXXXXXXXXX) except the first which shall be for an amount not less than XXXXXXXXXXXXXXXXXXXX FINNISH MARKKA (FIM XXXXXXXXXXXX) and the second which shall be for an amount not less than XXXXXXXXXXXXXXXX MILLION FINNISH MARKKA (FIM XXXXXXXXXXXX)

(h) The CONTRACTOR shall provide to the PURCHASER at four monthly intervals following the date of this CONTRACT statements of the financial condition of the CONTRACTOR in such form and substance as the PURCHASER may reasonably request to enable the PURCHASER to monitor the current financial condition of the CONTRACTOR during the construction of the VESSEL.

ARTICLE 8: PROPERTY

(a) General Plans, Specification and Working Drawings

All rights in the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and constructions of the VESSEL shall belong to the CONTRACTOR before actual delivery and after actual delivery shall belong to the PURCHASER provided always

that the CONTRACTOR shall be entitled to use the same to the extent of the hull form and all parts below the main accommodation decks.

The PURCHASER shall have the right to use the SPECIFICATIONS, plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and the construction of the VESSEL prior to delivery of the VESSEL with the consent of the CONTRACTOR, such consent not to be unreasonably withheld and to be given promptly following the PURCHASER's request.

(b) Title to the VESSEL

As from signing of this CONTRACT the PURCHASER has title to:

- (1) All materials and equipment for building of the VESSEL purchased from and delivered by suppliers and subcontractors.  
The title to all such materials and equipment for building of the VESSEL shall be with the PURCHASER already before such materials and equipment arrive at the shipyard.
- (2) All materials and equipment out of the CONTRACTOR's own stock allocated for the construction of the VESSEL which for this purpose shall be stored separately and marked as early as possible.
- (3) Parts manufactured from the materials listed above.
- (4) The VESSEL itself as it is in the course of progressive stages of construction, together with equipment installed.

Until the Contract Price (as adjusted) has been paid in full the PURCHASER may not at any time, prior or subsequent to the delivery of the VESSEL transfer, whether finally or conditionally, or mortgage or hypothecate the VESSEL without the CONTRACTOR'S written consent in each particular case.

Subject to the provisions of Article 11 this paragraph shall in no way impair the CONTRACTOR'S right to retain the VESSEL until the PURCHASER has complied with its obligations under Article 7 of this CONTRACT.

(c) Effect of Termination on the Title to the VESSEL under Construction

If the CONTRACTOR justly terminates this CONTRACT, the CONTRACTOR becomes the sole owner of the VESSEL.

If the PURCHASER justly terminates this CONTRACT, the PURCHASER thereby waives its right to the VESSEL, provided that all amounts

payable or repayable to the PURCHASER by the CONTRACTOR on such termination in accordance with this CONTRACT shall have been paid or repaid or security satisfactory to the PURCHASER shall have been provided for such payment or repayment.

ARTICLE 9: INSURANCE

The VESSEL and all materials, machinery and other equipment belonging to the VESSEL and within the precincts of the Building Site shall until delivery of the VESSEL (including during trials) be insured by the CONTRACTOR at the CONTRACTOR'S expense in the joint names of the CONTRACTOR and the PURCHASER against all risks customarily insured against in the Finnish shipbuilding industry and in accordance with and subject to the terms of the usual construction policy for a total of not less than the aggregate of (1) the amount for the time being paid by the PURCHASER to the CONTRACTOR in respect of the VESSEL and (2) interest thereon at the rates specified in Article 11 from the date such payment was made to the CONTRACTOR and (3) the value of equipment or materials supplied by the PURCHASER and present within the precincts of the Building Site or already installed in the vessel. If considered necessary by the CONTRACTOR or if required by the PURCHASER, war risks insurance for not less than the Contract Price is to be effected by the CONTRACTOR up to the date of delivery to the extent that such insurance is obtainable on the London insurance market provided, however, that the CONTRACTOR shall effect war risk insurance at its own expense during sea trials.

In the event of the VESSEL and/or such materials etc. as aforesaid sustaining damage, including war damage, before delivery of the VESSEL then any monies received in respect of any insurance effected under this Article shall be applied by the CONTRACTOR in making good such damage with all due despatch during ordinary working hours in a reasonable and workmanlike manner and the PURCHASER shall not on account of any such damage or any repair thereof be entitled to object to the VESSEL or to make any claim for alleged consequential loss or depreciation provided that such damage is made good in accordance with this contract, the SPECIFICATIONS and PLAN as if it was the VESSEL's new construction.

Underwriters are entitled to settle claims concerning repairable damage to the VESSEL directly with the CONTRACTOR, and make all payments on these claims directly to the CONTRACTOR.

Should the VESSEL at any time from any cause become an actual total loss or an agreed or compromised constructive total loss under the

insurance policy, this CONTRACT shall thereupon absolutely cease and terminate without any liability whatsoever on the part of the CONTRACTOR provided that the CONTRACTOR has complied with its obligations under the preceding provisions of this Article. In the event of such total loss insurance monies shall be paid to the PURCHASER for reimbursement (1) of the amounts paid by the PURCHASER to the CONTRACTOR hereunder and (2) interest thereon at the rates specified in Article 11 from the dates such payments were made and (3) the value of equipment and materials supplied by the PURCHASER and within the precincts of the Building Site or installed on the VESSEL at the time of such total loss; any balance shall belong to the CONTRACTOR. Under no circumstances shall the CONTRACTOR be liable to replace the VESSEL.

The CONTRACTOR'S liability to the PURCHASER in respect of damage including war damage - or in respect of the actual or constructive total loss of the VESSEL, shall not in any event extend further or otherwise than provided in this Article.

The PURCHASER agrees to notify the CONTRACTOR before each item of equipment or material supplied by the PURCHASER is delivered to the Building Site and to advise the CONTRACTOR of the value thereof.

ARTICLE 10:           DEFAULTS BY THE PURCHASER

(a) Suspension/Termination by the CONTRACTOR

If any of the following events should occur:

- (1) the Purchaser fails to pay to the CONTRACTOR any of the first, second, third, fourth and fifth installments of the CONTRACT Price when such installments become due and payable under the provisions of Article 7 hereof; or
- (2) the PURCHASER fails to take delivery of the VESSEL when the VESSEL is duly tendered for delivery by the CONTRACTOR under the provisions of Article 6 hereof; or
- (3) a bona fide petition is filed and is not dismissed within thirty (30) days, or an effective resolution is passed for the winding up of the PURCHASER (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the CONTRACTOR); or
- (4) a receiver is appointed of the undertaking or property of the PURCHASER; or

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- (5) the PURCHASER suspends payment of its debts or ceases to carry on its business or makes any composition with its creditors or is declared bankrupt or goes into liquidation.
- (6) any obligation of the PURCHASER for borrowed money in a principal amount exceeding USD \$XXXXXXXXXX is properly declared immediately due and payable by the creditor in respect thereof by reason of the PURCHASER'S default.

Then:

- (a) the delivery date shall be automatically postponed for a period of continuance of such event in excess of two (2) days.
- (b) If such event continues for a period of fifteen (15) days the CONTRACTOR shall have the option to suspend the CONTRACTOR'S obligations under this CONTRACT until such event has ceased.
- (c) If any of the events set out in sub-paragraphs (1) - (3) above, continues for a period of thirty (30) days after notice, to the PURCHASER or if any of the events set forth in sub-paragraphs (4), (5), or (6) occurs, the CONTRACTOR may, at its option, terminate this CONTRACT by giving notice of such effect to the PURCHASER by fax confirmed in writing.

(b) Interest

Should the PURCHASER be in default in payment of any of the first, second, third or fourth installments of the CONTRACT Price and/or other amounts due under this CONTRACT on or before delivery of the VESSEL, then the PURCHASER shall pay to the CONTRACTOR as from the due date interest thereon at the rate which is two (2) per cent per annum above the rate certified by Union Bank of Finland to be the rate at which deposits of Finnish Markka can be obtained by Union Bank of Finland to fund the defaulted amount from the London Interbank Eurocurrency market for such periods as may be reasonable in the circumstances.

In case the PURCHASER shall fail to take delivery of the VESSEL as provided above in this Article, the PURCHASER shall be deemed in default as regards the fifth installment of the contract price and shall pay interest thereon at the rate aforesaid from and including the day on which the VESSEL is tendered for delivery by the CONTRACTOR.

## (c) CONTRACTOR'S Rights on Termination

- (1) In the event of such termination of this CONTRACT, the CONTRACTOR shall be entitled to retain any installment or installments of the contract price theretofore paid by the PURCHASER to the CONTRACTOR on account of this CONTRACT to the extent of proved damages and losses including costs and expenses permitted by law.
- (2) In the event of termination of this CONTRACT as provided in this Article 10, the CONTRACTOR shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at public or private sale on such terms and conditions as the CONTRACTOR thinks fit without being answerable for any loss or damage except as provided in paragraph (4) below.
- (3) In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to payment of all proven incidental damages and losses permitted by law attending such sale, and then to payment of all unpaid installments of the contract price and interest on such installments at the rate as provided for above from the respective due dates thereof to the date of application.
- (4) In the event of sale of the VESSEL in its incomplete state, the proceeds of sale received by the CONTRACTOR shall be applied firstly to all proven incidental damages and losses permitted by law attending such sale, and then to payment of all costs of construction of the VESSEL and compensation to the CONTRACTOR for a loss of reasonable profit due to the termination of this CONTRACT together with interest at the rate as provided for above, less the installments retained by the CONTRACTOR.
- (5) In either of the above events of sale, if the proceeds of sale exceed the total of amounts to which such proceeds are to be applied as aforesaid, the CONTRACTOR shall promptly pay the excess to the PURCHASER without interest.
- (6) If the proceeds of the sale are insufficient to pay to the CONTRACTOR such total amounts payable as aforesaid, the PURCHASER shall promptly pay the deficiency to the CONTRACTOR upon request.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 11:       DEFAULTS BY THE CONTRACTOR

(a) Termination and Reimbursement and Liquidated Damages

If, in accordance with any of the provisions of Article 5 or 6 or paragraph (b) of this Article, the PURCHASER properly exercises its option to terminate this CONTRACT, then the CONTRACTOR shall:

- (1)       return to the PURCHASER all equipment and material supplied by the PURCHASER or pay to the PURCHASER the value thereof and pay to the PURCHASER the amount of consulting, engineering, architectural and similar fees and expenses incurred by the PURCHASER in connection with the construction of the VESSEL up to a maximum of XXXXXXXXXXXX Finnish Markka; and
- (2)       pay to the PURCHASER any accumulated liquidated damages payable under Article 6(c); and
- (3)       repay to the PURCHASER in Finnish Markka the amount of all moneys paid by the PURCHASER for or on account of the CONTRACT Price of the VESSEL together with interest calculated from the respective dates such amounts were paid by the PURCHASER to the CONTRACTOR up to the date of repayment thereof at the rate certified by Union Bank of Finland, Ltd. to be the rate paid by the Union Bank of Finland, Ltd. to depositors for deposits of amounts equal to the installments paid by the PURCHASER for the periods from receipt thereof by the CONTRACTOR to the date of repayment.

The CONTRACTOR'S liability in the event of such termination shall be limited to the above which the parties hereto reasonably estimate to be the amount of the loss which will be sustained by the PURCHASER in the event that this CONTRACT is terminated by the PURCHASER in accordance with Article 5 or 6 hereof or paragraph (b) of this Article.

(b) Termination on Bankruptcy, Etc,

In any of the following events:

- (1) a bona fide petition is filed and is not dismissed within thirty (30) days or an effective resolution is passed for the winding up of the CONTRACTOR or any other similar proceedings with similar effect on the CONTRACTOR are instituted in Finland affecting the CONTRACTOR (other than for the purpose of a reconstruction or amalgamation which has received the prior written approval of the PURCHASER); or
- (2) the CONTRACTOR merges with any other entity without the prior written approval of the PURCHASER;
- (3) the CONTRACTOR ceases to be controlled by Kvaerner A/S;
- (4) a receiver is appointed of the undertaking or property of the CONTRACTOR; or
- (5) the CONTRACTOR suspends payment of its debts or threatens to do so or ceases to carry on its business or makes any composition with its creditors or convenes a meeting of its creditors to propose such composition or is declared bankrupt or goes into liquidation; or
- (6) the construction of the VESSEL is suspended for a period of more than thirty days for reasons other than any of the events specified in Article 6 (d) or, if applicable, Article 6 (e) and it is apparent that the CONTRACTOR will be unable to fulfill its obligations hereunder; or
- (7) there is a material adverse change in the financial condition of the CONTRACTOR;
- (8) the CONTRACTOR fails to provide any of the guarantees relating to the first, second, third and fourth installments of the CONTRACT Price payable in accordance with Article 7(b) within thirty (30) days of the date on which such guarantee should otherwise have been delivered to the PURCHASER;
- (9) the CONTRACTOR fails to comply with its obligations under Article 7 (h) and such default continues for a period of fourteen days after the PURCHASER gives notice to the CONTRACTOR requiring such default to be remedied.

Then:

the PURCHASER may immediately (without being bound thereto) terminate this CONTRACT by giving notice in writing to the CONTRACTOR.

- (c) The PURCHASER'S Right to Take Possession

If in accordance with the provisions of paragraph (b) above or Article 6 (c), the PURCHASER is entitled to terminate this CONTRACT

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but does not do so, then the PURCHASER shall have an optional right after giving notice to the CONTRACTOR to take possession of the VESSEL in her then state and all parts, plans, materials, machinery and equipment appropriated to the VESSEL and remove the same from the CONTRACTOR'S yard. The PURCHASER agrees that it will, on taking possession and in consideration of the CONTRACTOR releasing its lien on the VESSEL, pay to the CONTRACTOR, XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXX FINNISH MARKKA less the aggregate of:

- (1) the total amount of the installments of the CONTRACT Price paid by the PURCHASER under Article 7(a) of this CONTRACT; and
- (2) the reasonable estimate cost of completing the VESSEL in the CONTRACTOR'S yard or at another shipyard and of removing the VESSEL to such other shipyard.

If the actual cost of completing the VESSEL exceeds the estimated cost the CONTRACTOR shall pay the difference to the PURCHASER on completion of the VESSEL. If the actual cost of completing the vessel is less than the estimate cost the PURCHASER shall pay the difference to the CONTRACTOR on completion of the VESSEL.

(d) Notice of bankruptcy filing

The CONTRACTOR shall not take any steps to obtain the appointment of bankruptcy trustees under the relevant provisions of Finnish bankruptcy law without first giving to the PURCHASER at least 30, days notice of its intention to do so.

ARTICLE 12: GUARANTEE

(a) Extent of Guarantee

The CONTRACTOR shall remedy at the Building Site or at any other yard controlled by the CONTRACTOR and in normal working hours, by repairing or if necessary replacing,

- (1) any defect notified in writing by the PURCHASER on the VESSEL'S delivery; and
- (2) any defect due to faulty design, bad workmanship or use of defective material and not apparent on delivery which becomes apparent during the period of XXXXXXXXXXXXXXXXXXXXXXXX

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

from the date of delivery of the VESSEL provided the defect is notified in writing as soon as reasonably practicable after its discovery.

If for operational reasons the guarantee drydocking cannot reasonably be carried out before the expiration of the said XXXXXX XXXXX period, then in relation to defects not reasonably discoverable without such drydocking the guarantee period hereunder shall, subject to paragraph (d) of this Article, expire on completion of such drydocking but in any event not later than XXXXXXXXXXXXXXXXXXXX after delivery of the VESSEL.

Except as provided in paragraph (f) below, the guarantee shall apply only to the work of and materials and equipment supplied by the CONTRACTOR, its subcontractors and suppliers.

The CONTRACTOR'S obligations under this Article shall be limited in duration and extent as herein provided.

(b) Paint

The CONTRACTOR shall provide a guarantee to the PURCHASER in relation to the paint for the VESSEL on the same terms as that provided by the paint supplier to the CONTRACTOR. Such guarantee shall be on the basis that the paintwork shall be carried out under the supervision of and to the satisfaction of authorized representatives of the paint supplier.

(c) Liability for Consequential Loss or Damage

The Guarantee contained in this Article is in lieu of and excludes any other liability, guarantee, warranty and/or condition imposed or implied by law custom, statute, tort or otherwise by reason of the construction or sale of the VESSEL by the CONTRACTOR for and to the PURCHASER.

Except as provided in this Article and Article 8 (a) after delivery the CONTRACTOR shall not under any circumstances have any liability, whether arising from claims for breach of warranty or guarantee, negligence or strict liability, for any consequential damages or for loss of time, cost of capital, loss of profit or earnings, demurrage, claims of third parties, or for any other kind whatsoever of consequential, contingent or incidental damages directly or indirectly occasioned by the CONTRACTOR'S activities pertinent to this CONTRACT.

The CONTRACTOR shall however be liable under the guarantee contained in this Article for damage to any part of the VESSEL (including her

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equipment) caused directly by defects to which paragraph (a) above applies provided that the CONTRACTOR'S liability in respect of damage so caused shall be limited to UNITED STATES DOLLARS XXX XXXXXXXXXXXXXXXXXXXX (U.S. \$XXXXXXXXXXXX).

(d) Extensions of Guarantee Period

The time during which the VESSEL is not available for service on account of defects which the CONTRACTOR, is liable to make good under paragraph (a) above and time required to remedy such defects shall be added to extend the guarantee period specified in paragraph (a) above up to a maximum of twenty four months after delivery.

If the CONTRACTOR itself makes good any defects during the guarantee period specified in paragraph (a) above (as extended if appropriate by the preceding sub-paragraph of this paragraph (d)) or such defects are remedied elsewhere in accordance with paragraph (f) below under the supervision and with approval of the CONTRACTOR, then the provisions of paragraph (a) shall apply to the parts repaired or replaced and the repair or replacement work for a period of twelve months after repair or replacement was completed up to a maximum of twenty four months after delivery.

(e) Investigation of Recurrent Defects

The CONTRACTOR agrees within the terms of this Article to investigate the cause of any recurrent defect to which paragraph (a) applies with a view to providing a satisfactory remedy therefor.

(f) Guarantee Work Outside Building Site

If in the PURCHASER'S opinion the replacements or repairs under this Article cannot be conveniently made at the Building Site or at any other yard controlled by the CONTRACTOR, the PURCHASER may have such repairs and/or replacements carried out elsewhere; in such a case the CONTRACTOR is discharged from the guarantee under this Article in respect of the repairs or replacements carried out by the third party unless carried out under the supervision and with the approval of the CONTRACTOR. Provided the guarantee work is contracted for in a businesslike manner having regard to the nature, urgency and extent of the defect to be remedied, the CONTRACTOR shall reimburse the PURCHASER the documented expenses incurred by the PURCHASER in effecting such repairs and/or replacements including expenses of independent contractors in travelling to the VESSEL and the cost of transportation of materials and equipment (including by air freight if the PURCHASER reasonably so requires).

In any case, the VESSEL shall be taken at the PURCHASER'S cost and responsibility to the place elected for the work to be carried out ready in all respects for the guarantee work to be commenced.

(g) Assignment of Suppliers' and Sub-contractors' Guarantees

In the event that the guarantee stipulated by manufacturers or suppliers of machinery, material, equipment, appurtenances and outfit furnished to the CONTRACTOR and embodied in the VESSEL exceeds the guarantee given by the CONTRACTOR to the PURCHASER hereunder, such extended guarantee rights are to be assigned and made available to the PURCHASER by the CONTRACTOR.

(h) Verification of Guarantee Claims

The CONTRACTOR, at its own cost, is to have the right to investigate the validity of the PURCHASER'S claim either by the attendance aboard the VESSEL (at its point of service) of an accredited representative or, if in the opinion of the CONTRACTOR it is practicable to do so after suitable replacement is made, by the removal from the VESSEL and the transportation to the Building Site of the defective part.

(i) Guarantee Engineer

During any time of the guarantee period the CONTRACTOR shall have the option to place on board one Guarantee Engineer who shall act as the CONTRACTOR'S observer and to whom every assistance shall be granted for the fulfillment of his tasks. Should this option be exercised then such Guarantee Engineer shall not be discharged without the CONTRACTOR'S approval, otherwise the PURCHASER shall immediately forfeit its rights under the guarantee in this Article.

The PURCHASER shall ensure the said Engineer a status on board not inferior to the chief engineer and provide accommodation in an officer's cabin. The PURCHASER shall pay the CONTRACTOR a remuneration to be agreed upon in respect of the Guarantee Engineer.

Notification of defects to the Guarantee Engineer shall be deemed to be notice to the CONTRACTOR for the purposes of this Article. The PURCHASER agrees to give prompt confirmation in writing of such notice to the CONTRACTOR.

The presence on board of the Guarantee Engineer shall in no way affect the CONTRACTOR'S and the PURCHASER'S responsibility as provided for in this CONTRACT. The duties and responsibilities of the Guarantee Engineer shall be specified in writing by the CONTRACTOR to the PURCHASER at the time the Guarantee Engineer is appointed.

## ARTICLE 13:

## PATENTS

The CONTRACTOR shall indemnify the PURCHASER against any infringement of patent rights in connection with the construction of the VESSEL at the Building Site but no such liability shall lie with the CONTRACTOR with regard to components and/or equipment and/or design supplied by the PURCHASER.

## ARTICLE 14:

## LAW OF THE CONTRACT, REFERENCE TO EXPERT AND ARBITRATION

## (a) Law of the CONTRACT

This CONTRACT and all other agreements relating thereto shall be construed and interpreted under the laws of England.

## (b) Reference to Expert

If, save as provided in Article 1 paragraph (f), any dispute of a technical nature arises during the construction of the VESSEL between the parties, in regard to the construction of the VESSEL, engines, material or workmanship, it shall forthwith be referred to a technical expert nominated by agreement between the parties hereto and his decision shall be final and binding upon both parties. Failing such agreement the dispute shall be referred to arbitration in accordance with paragraph (c) of this Article 14.

## (c) Arbitration

In the event of any dispute between the parties hereto as to any matter arising out of or relating to this CONTRACT or any stipulation herein or with respect thereto which cannot be settled by the parties themselves, such dispute shall be resolved by arbitration in London, England in accordance with the Laws of England. Either party may demand arbitration of any such dispute by giving written notice to the other party. Any demand for arbitration by either of the parties hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators

so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed by the parties hereto as aforesaid should be unable to agree to the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party or the said two arbitrators may apply to any court in England or other official organization having jurisdiction in such matter to appoint the third arbitrator. The award of the arbitration made by the sole arbitrator or by the majority of the three arbitrators as case may be shall be final, conclusive and binding upon the parties hereto.

Judgment upon any award rendered may be entered in any court having jurisdiction or application may be made to any competent court or authority for judicial acceptance of any award and an order of enforcement, as the case may be.

ARTICLE 15: ADDRESSES FOR CORRESPONDENCE

For all practical purposes, without it being a legal requirement, the CONTRACTOR shall send all notices, letters and documents for the PURCHASER in connection with or required under this CONTRACT to the following address:

(i) for all technical matters:

Address:	Technical Marine Planning Limited 70 Great Eastern Street London EC2A3JL
Telephone:	44-71-739-3533
Telex:	887194 TECRO
Telefax:	44-71-729-1169

(ii) for all legal and financial matters:

Address:	Carnival Cruise Lines Inc. 100 Southeast 2nd Street 32nd Floor Miami
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Florida 33131-2136  
U.S.A.

Attention: Captain Vittorio Fabietti (for)  
Mr. Micky Arison

Telephone: (305) 577-8200  
Telefax: (305) 375-9361 or 9363

For all practical purposes without it being a legal requirement the PURCHASER shall send all notices, letters and documents for the CONTRACTOR in connection with or required under this CONTRACT to the following address:

Address: Kvaerner Masa-Yards, Inc.  
Helsinki New Shipyard  
Munkisaarenkatu  
SF-00150 Helsinki, Finland

Attention: Jukka Jaatinen  
Telephone: 358-0-1941  
Telex: 121246 MASAH SF  
Telefax: 358-0-170 132

All mail shall be sent by air.

Whenever this CONTRACT requires that notification shall be given in writing, such notification may validly be given by telex or telefax. All approvals or consents required by this CONTRACT shall be in writing, or telefax. All such messages if sent by telefax, shall also be confirmed by official letter.

ARTICLE 16: ASSIGNMENT

The CONTRACTOR shall not transfer, assign and/or pledge this CONTRACT or any rights hereunder without the prior written consent of the PURCHASER which the PURCHASER shall have full liberty to withhold.

The PURCHASER may assign to any bank or financial institution any or all of its rights under this CONTRACT.

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CONFIDENTIAL TREATMENT BY CARNIVAL CORPORATION]

ARTICLE 17: EFFECTIVE DATE

This CONTRACT will become effective on satisfaction of all the following conditions:

- (1) the PURCHASER having notified to the CONTRACTOR that it has made satisfactory arrangements to hedge for United States Dollars the price of the VESSEL denominated in Finnish Markka so that the cost of the VESSEL to the PURCHASER in United States Dollars will not be more than USD XXXXXXXXXXXX.
- (2) the PURCHASER having notified to the CONTRACTOR that it has received an offer of finance on terms satisfactory to the PURCHASER from Finnish Export Credit Ltd. offering to lend to the PURCHASER on delivery of the VESSEL an amount in United States Dollars equivalent to the amount in Finnish Markka of the balance of the Contract Price of the VESSEL payable on delivery calculated at an exchange rate acceptable to the PURCHASER, repayable by equal semi-annual installments over XXX years from delivery with interest at XX% per annum.

If all the above conditions have not been satisfied on or before 30th April, 1992 or such later date as may be agreed in writing between the CONTRACTOR and the PURCHASER, this CONTRACT shall be null and void and neither the CONTRACTOR nor the PURCHASER shall have any further obligations to the other hereunder save that the CONTRACTOR shall forthwith return to the PURCHASER the amount of the installment paid to the CONTRACTOR on signature of this CONTRACT, together with interest thereon from the date hereof under the date of repayment at the rate specified in Article 11(a) (3) hereof.

IN WITNESS WHEREOF, parties hereto have duly signed and executed this CONTRACT in duplicate, one for each party.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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CARNIVAL CRUISE LINES, INC.  
Vittorio Fabietti  
Attorney-in-fact

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KVAERNER MASA-YARDS, INC.  
M. Saarikangas  
and  
A. Pankakoski

## EXHIBIT "A"

## BANK GUARANTEE/DRAFT

Carnival Cruise Lines, Inc.  
PANAMA

GUARANTEE NO. \_\_\_\_\_

Dear Sirs,

We refer to the shipbuilding contract dated \_\_\_\_\_ 1992 (the "Shipbuilding Contract") made between (1) yourselves and (2) Kvaerner Masa-Yards Inc. (the "Contractor") in respect of the construction of Yard No. 487.

In consideration of the receipt from you of Ten Finnish Markka and other good and valuable consideration of the receipt whereof is hereby acknowledged, we hereby irrevocably and unconditionally guarantee to you the payment by the Contractor of all amounts which the Contractor may be liable to pay to you under the Shipbuilding Contract and undertake to pay to you such amounts forthwith on presentation of your certificate confirming that (A) you have duly terminated the Shipbuilding Contract and that either (1) the Contractor has not within fourteen days of your notice of termination to the Contractor applied to arbitration contesting your right to terminate the Shipbuilding Contract or (2) the arbitration board appointed to terminate the Shipbuilding Contract has issued a final award confirming that you are so entitled or (B) the Contractor has become the subject of bankruptcy (konkurs) administration or first installment only (C) after [ ] 1992 confirming that the Shipbuilding Contract has not become effective by that date.

We shall not be exonerated from our obligations hereunder by:

1. Any irregularity, unenforceability or invalidity of the Shipbuilding Contract (to the intent that the obligations hereunder shall remain in full force and effect and this guarantee shall be constructed as if there were no such irregularity, unenforceability or invalidity); or
2. Any amendment to or variation of the Shipbuilding Contract; or
3. Any other matter which may constitute a legal or equitable discharge of a surety or guarantor.

We hereby waive all or any of our rights as surety which may at any time be inconsistent with any of the provisions of this guarantee and in particular, but without prejudice to the foregoing, any right

which we may have to compel you to proceed to enforce a claim against the Contractor before enforcing this guarantee against us.

All payments by us hereunder shall be made in the United States Dollars without set-off or counter-claim free and clear from all taxes. Our liability under this guarantee is, however, limited to a maximum amount of FIM[ ] ([ ] million Finnish Markka).

This guarantee shall terminate upon the date on which the Vessel is delivered to and accepted by you under the Shipbuilding Contract.

All claims under this guarantee shall, however, be made to us in writing latest on 31st July, 1997 in order to be taken into consideration.

This guarantee shall be governed by and construed in accordance with the laws of England. We hereby submit to the non-exclusive jurisdiction of the English courts and agree if required to appoint an agent in England for service of any proceedings before such courts.

Helsinki, \_\_\_\_\_ 199\_\_