

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

FORM 10-K

(Mark One)

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

For the fiscal year ended November 30, 2020 or

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

For the transition period from _____ to _____

Commission file number: 001-9610
Commission file number: 001-15136

Carnival Corporation
(Exact name of registrant as specified in its charter)

Republic of Panama
(State or other jurisdiction of incorporation or organization)

59-1562976
(I.R.S. Employer Identification No.)

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

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



Carnival plc
(Exact name of registrant as specified in its charter)

England and Wales
(State or other jurisdiction of incorporation or organization)

98-0357772
(I.R.S. Employer Identification No.)

Carnival House, 100 Harbour Parade,
Southampton SO15 1ST, United Kingdom
(Address of principal executive offices and zip code)

011 44 23 8065 5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$0.01 par value)	CCL	New York Stock Exchange, Inc.
Ordinary Shares each represented by American Depositary Shares (\$1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust	CUK	New York Stock Exchange, Inc.
1.625% Senior Notes due 2021	CCL21	New York Stock Exchange LLC
1.875% Senior Notes due 2022	CUK22	New York Stock Exchange LLC
1.000% Senior Notes due 2029	CUK29	New York Stock Exchange LLC

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

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filers Accelerated filers Non-accelerated filers Smaller reporting companies Emerging growth companies

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was \$7.1 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 14, 2021, Carnival Corporation had outstanding 932,485,510 shares of its Common Stock, \$0.01 par value.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was \$2.0 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 14, 2021, Carnival plc had outstanding 183,830,161 Ordinary Shares \$1.66 par value, one Special Voting Share GBP 1.00 par value and 932,485,510 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2020 Annual Report and 2021 joint definitive Proxy Statement are incorporated by reference into Part II and Part III of this report.

CARNIVAL CORPORATION & PLC
FORM 10-K
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

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DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2020 Annual Report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in [Exhibit 13](#) and is incorporated by reference into this joint 2020 Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

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

Item 6. Selected Financial Data.

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

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

Item 8. Financial Statements and Supplementary Data.

Portions of the Registrants' 2021 joint definitive Proxy Statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Item 11. Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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

Item 14. Principal Accountant Fees and Services.

PART I

Item 1. **Business.**

A. **Overview**

I. **Summary**

Carnival Corporation was incorporated in Panama in 1974 and Carnival plc was incorporated in England and Wales in 2000. Carnival Corporation and Carnival plc operate a dual listed company (“DLC”), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation’s Articles of Incorporation and By-Laws and Carnival plc’s Articles of Association. The two companies operate as if they are a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as “Carnival Corporation & plc,” “our,” “us” and “we.” We are one of the world’s largest leisure travel companies with operations in North America, Australia, Europe and Asia.

II. **Recent Developments**

In the face of the global impact of COVID-19, we paused our guest cruise operations in mid-March. In response to this unprecedented situation, we acted to protect the health and safety of guests and shipboard team members, optimize the pause in guest operations and increase our liquidity position. In September, we began the resumption of limited guest operations as part of our phased-in return to service. As of January 14, 2021, none of our ships were operating with guests onboard. We anticipate a gradual return to service over time. As we have never previously experienced a complete cessation of our guest cruise operations, we cannot predict the timing of our complete return to service and when various ports will reopen to our ships.

Protecting the Health and Safety of Guests and Team Members

Early in the pause period, we returned over 260,000 guests to their homes, coordinating with a large number of countries around the globe. We chartered aircraft, utilized commercial flights and even used our ships to sail home guests who could not fly. We also worked around the clock with various local governmental authorities to repatriate our shipboard team members as quickly as possible, using our ships and chartering hundreds of planes. We focused on the physical and mental health of our shipboard team members who experienced extended stays onboard during our repatriation efforts. Wherever possible, we provided shipboard team members with single occupancy cabin accommodations, many with a window or balcony. Shipboard team members also had access to fresh air and other areas of the ship, movies and internet, and available counseling. We were able to successfully repatriate our shipboard team members to more than 130 countries around the globe, other than the safe manning team members who remained on the ships.

We also implemented significant changes in the way we work, pivoting our shoreside operations to allow for remote working, where possible, in order to facilitate physical distancing protocols. We believe these measures are critical to helping keep our employees, their families and the communities in which we work safe and healthy.

Optimizing the Pause in Guest Operations

While our highest responsibility and top priorities remain focused on maintaining compliance everywhere we operate, protecting the environment and the health, safety and well-being of our guests, the people in the communities we touch and serve, and our shipboard and shoreside employees, we significantly reduced operating expenses by transitioning ships into pause status, reducing marketing and selling expenses, implementing a combination of layoffs, furloughs, reduced work weeks and salary and benefit reductions across the company, including senior management, instituting a hiring freeze across the organization and significantly reducing consultant and contractor roles. In addition, we reduced non-newbuild capital expenditures.

Optimizing the Future Fleet

We expect future capacity to be moderated by the phased re-entry of our ships, the removal of capacity from our fleet and delays in new ship deliveries. Since the pause in guest operations, we have accelerated the removal of ships in 2020 which were previously expected to be sold over the ensuing years. We now expect to dispose of 19 ships, 15 of which have already left the

fleet as of January 14, 2021. In total, the 19 ships represent approximately 13 percent of pre-pause capacity and only three percent of operating income in 2019. The sale of less efficient ships is expected to result in future operating expense efficiencies of approximately two percent per available lower berth day ("ALBD") and a reduction in fuel consumption of approximately one percent per ALBD.

Since the pause in guest cruise operations began and through November 30, 2020, we have taken delivery of only two (*Enchanted Princess* and *Iona*) of the four ships originally scheduled for delivery in fiscal 2020. Subsequent to November 30, 2020 and through January 14, 2021, we took delivery of two additional ships (*Mardi Gras* and *Costa Firenze*). We expect only one more ship to be delivered in fiscal 2021 compared to five ships that were originally scheduled for delivery in fiscal 2021.

Based on the actions taken to date and the scheduled newbuild deliveries through 2022, our fleet is expected to only experience a 1.9 percent compounded annual average capacity growth rate through 2022, be more cost efficient with a roughly 14 percent larger average berth size per ship and an average age of 12 years in 2022 versus 13 years, in each of these cases as compared to 2019.

Liquidity

We have taken, and continue to take, significant actions to preserve cash and obtain additional capital to increase our liquidity. Since March 2020 we have raised \$19 billion through a series of transactions.

Refer to "Liquidity, Financial Condition and Capital Resources", Note 1 - "Liquidity and Management's Plans" and "Critical Accounting Estimates, Liquidity and COVID-19" for additional discussion regarding our liquidity.

Resumption of Guest Operations

We resumed limited guest operations in September 2020, with Costa Cruises ("Costa") and then with AIDA Cruises ("AIDA") in October 2020. The initial cruises will continue to take place with adjusted passenger capacity and enhanced health protocols developed with government and health authorities, and guidance from our roster of medical and scientific experts. As of January 14, 2021, none of our ships were operating with guests onboard. These and other brands and ships are expected to return to service over time, as part of our goal to provide guests with unmatched joyful vacations in a manner consistent with our vision regarding our highest priorities, which are compliance, environmental protection and the health, safety and well-being of our guests, crew, shoreside employees and the people in the communities our ships visit.

Health and Safety Protocols

As the understanding of COVID-19 continues to evolve, we have been working with a number of world-leading public health, epidemiological and policy experts to support our ongoing efforts with enhanced protocols and procedures for the return of cruise vacations. These advisors will continue to provide guidance based on the latest scientific evidence and best practices for protection and mitigation, as well as regulatory requirements.

Working with governments, national health authorities and medical experts, Costa and AIDA have a comprehensive set of health and hygiene protocols that has helped facilitate a safe and healthy return to cruise vacations. These enhanced protocols are modeled after shoreside health and mitigation guidelines as provided by each brand's respective country, and approved by all relevant regulatory authorities of the flag state, Italy. Protocols will be updated based on evolving scientific and medical knowledge related to mitigation strategies. Costa is the first cruise company to earn the Biosafety Trust Certification from Registro Italiano Navale ("RINA"). The certification process examined all aspects of life onboard and ashore and assessed the compliance of the system with procedures aimed at the prevention and control of infections.

We are also working directly with the Centers for Disease Control and Prevention ("CDC") on the development of protocols necessary to resume cruising from the United States. We, in conjunction with our advisors, are currently evaluating the requirements set forth in the CDC's Framework for Conditional Sailing Order effective as of October 30, 2020. The current framework consists of several initial requirements that cruise ship operators will need to follow prior to resuming guest operations. Further, the current framework is subject to additional technical instructions and orders from the CDC and may change based on public health considerations. While the current framework represents an important step in our return to service, many uncertainties remain.

The requirements outlined in the CDC's current framework include:

- Establishment of laboratory testing of crew and guests onboard cruise ships in U.S. waters and upon embarkation and disembarkation
- Simulated voyages designed to test a cruise ship operators' ability to mitigate COVID-19 on cruise ships
- Meeting and maintaining requirements for a Conditional Sailing Certificate, which include, among other things:
 - implementing the required testing protocols,
 - a prohibition on offering itineraries longer than seven days and
 - the demonstration, at each port where a ship intends to dock, of approval with U.S. port and local health authorities, which requires:
 - medical care agreements addressing evacuation to onshore hospitals,
 - housing agreements with onshore facilities for isolation and quarantine of COVID-19 cases and
 - port agreements to limit the number of cruise ships at any single port
- A return to passenger voyages in a manner that mitigates the risk of COVID-19 introduction, transmission, or spread among passengers and crew onboard ships and ashore to communities

Our plans to resume U.S. operations will be designed to comply with the numerous requirements in the CDC's framework. We continue to work closely with governments and health authorities in other parts of the world to ensure that our health and safety protocols will also comply with the requirements of each location. Implementing these initial and subsequent requirements may result in an increase in cost and take time before the continued resumption of our guest operations.

III. Vision, Goals and Related Strategies

At Carnival Corporation & plc, our highest responsibility and top priorities are to be in compliance everywhere we operate in the world, to protect the environment and the health, safety and well-being of our guests, the people in the communities we touch and serve and our shipboard and shoreside employees. On this foundation, we aspire to deliver unmatched joyful vacations for our guests, always exceeding their expectations and in doing so driving outstanding shareholder value. We are committed to a positive and just corporate culture, based on inclusion and the power of diversity. We operate with integrity, trust and respect for each other -- communicating, coordinating and collaborating while seeking candor, openness and transparency at all times. And we aspire to be an exemplary corporate citizen leaving the people and the places we touch even better.

We believe our portfolio of brands is instrumental to achieving our vision. Paramount to the success of our business is our commitment to health, environment, safety, security ("HESS") and sustainability. We are committed to enhancing a culture of compliance and integrity that adheres to applicable legal and statutory requirements and the highest ethical principles. Our vision is based on four key pillars:

- Health, environment, safety, security and sustainability
- Guests
- Employees
- Shareholders and other stakeholders

Health, Environment, Safety, Security and Sustainability

We are committed to operating a safe and reliable fleet and to protect the environment and the health, safety and well-being of our guests, the people in the communities we touch and our shipboard and shoreside employees. We are dedicated to fully complying with, or exceeding, all legal and statutory requirements applicable to us related to health, environment, safety, security and sustainability throughout our business.

Guests

Our goal is to consistently exceed our guests' expectations while providing them with a wide variety of safe and exceptional vacation experiences. We believe that we can achieve this goal by continually focusing our efforts on helping our guests choose the cruise brand that will best meet their unique needs and desires, improving their overall vacation experiences and building state-of-the-art ships with innovative onboard offerings and providing unequalled service to our guests.

Employees

Our goal is to foster a positive and just corporate culture, based on inclusion and the power of diversity that supports the recruitment, development and retention of the finest employees. A team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. Understanding the critical skills that are needed for

outstanding performance is crucial in order to hire and train our officers, crew and shoreside personnel. We believe in building trust based relationships and listening to and acting upon our employees' perspectives and ideas and use employee feedback tools to monitor and improve our progress in this area. We are a diverse organization and value and support our talented and diverse employee base. We are committed to employing people from around the world and hiring them based on the quality of their experience, skills, education and character, without regard for their identification with any group or classification of people.

Shareholders and Other Stakeholders

We value the relationships we have with our shareholders and other stakeholders, including travel agents, trade associations, communities, regulatory bodies, media, creditors, insurers, shipbuilders, governments and suppliers. Strong relationships with our travel agent partners are especially vital to our success. We believe that engaging stakeholders in a mutually beneficial manner is critical to our long-term success. As part of this effort, we believe we must continue to be an outstanding corporate citizen in the communities in which we operate. Our brands work to meet or exceed their economic, environmental, ethical and legal responsibilities.

B. Global Cruise Industry

I. Overview

In the face of the global impact of COVID-19, the global cruise industry paused guest cruise operations. While certain cruise lines have begun the resumption of limited guest operations, initially focusing on shorter cruise durations within select geographic areas and with a focus on local and regional itineraries, we anticipate a gradual return to service over time.

We believe cruising offers a broad range of products and services to suit vacationing guests of many ages, backgrounds and interests. Each brand in our portfolio meets the needs of a unique set of consumer psychographics and vacation needs which allows us to penetrate large addressable customer segments. The mobility of cruise ships enables us to move our vessels between regions in order to meet changing demand across different geographic areas.

Cruise brands can be broadly classified as offering contemporary, premium and luxury cruise experiences. The contemporary experience has a more casual ambiance and historically includes cruises that last seven days or less. The premium experience emphasizes quality, comfort, style and more destination-focused itineraries and appeals to those who are more affluent. Historically, the premium experience includes cruises that last from seven to 14 days. The luxury experience is usually characterized by very high standards of accommodation and service, smaller vessel size and exotic itineraries to ports that are inaccessible by larger ships. We have product and service offerings in each of these three broad classifications.

II. Passenger Capacity and Cruise Guests Carried by Ocean Going Vessels

(in thousands)

<u>Year</u>	<u>Average Passenger Capacity (a)</u>		<u>Cruise Guests Carried</u>	
	<u>Global Cruise Industry (b)</u>	<u>Carnival Corporation & plc</u>	<u>Global Cruise Industry (c)</u>	<u>Carnival Corporation & plc</u>
2018	520	230	28,500	12,400
2019	550	240	30,100	12,900

Due to the impact of COVID-19 on the global cruise industry in 2020, current year data is not meaningful and is not included in the table.

- (a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.
- (b) Amounts were based on internal estimates using public industry data.
- (c) The global cruise guests carried for 2018 and 2019 were obtained from G.P. Wild, an independent cruise research company.

C. Our Global Cruise Business

I. Segment Information

	Ships expected to return to service as of November 30, 2020 (a)		
	Passenger Capacity	Percentage of Total Capacity	Number of Cruise Ships
North America and Australia ("NAA") Segment			
Carnival Cruise Line	66,440	29 %	23
Princess Cruises	42,610	18	14
Holland America Line	18,820	9	9
P&O Cruises (Australia)	7,230	3	3
Seabourn	2,570	1	5
	<u>137,670</u>	<u>60</u>	<u>54</u>
Europe and Asia ("EA") Segment			
Costa Cruises ("Costa")	34,980	15	11
AIDA Cruises ("AIDA")	31,930	14	14
P&O Cruises (UK)	19,020	8	6
Cunard	6,830	3	3
	<u>92,760</u>	<u>40</u>	<u>34</u>
	<u>230,430</u>	<u>100 %</u>	<u>88</u>

(a) Excludes one ship that left the fleet after November 30, 2020 and four additional ships that are expected to leave the fleet through May 2021.

We also have a Cruise Support segment that includes our portfolio of leading port destinations and other services, all of which are operated for the benefit of our cruise brands.

In addition to our cruise operations, we own Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Our tour company owns and operates hotels, lodges, glass-domed railcars and motorcoaches which comprise our Tour and Other segment.

II. Ships Under Contract for Construction

As of November 30, 2020, we have a total of 14 cruise ships expected to be delivered through 2025. Our ship construction contracts are with Fincantieri and MARIOTTI in Italy, Meyer Werft in Germany and Meyer Turku in Finland.

	<u>Expected Delivery Date</u>	<u>Passenger Capacity Lower Berth</u>
Carnival Cruise Line		
<i>Mardi Gras</i>	December 2020	5,250
<i>Carnival Celebration</i>	November 2022	5,250
Princess Cruises		
<i>Discovery Princess</i>	January 2022	3,660
Newbuild (a)	November 2023	4,280
Newbuild (a)	May 2025	4,280
Holland America Line		
<i>Rotterdam</i>	July 2021	2,660
Seabourn		
<i>Seabourn Venture</i>	December 2021	260
Newbuild	October 2022	260
Costa		
<i>Costa Firenze</i>	December 2020	4,240
<i>Costa Toscana</i>	December 2021	5,330
AIDA		
<i>AIDAcosma</i>	December 2021	5,440
Newbuild	October 2023	5,440
P&O Cruises (UK)		
Newbuild	December 2022	5,190
Cunard		
Newbuild	December 2023	3,000

(a) Ship under Memorandum of Agreement and subject to financing.

III. Cruise Brands



Carnival Cruise Line is “The World’s Most Popular Cruise Line®” and provides multi-generational family entertainment at exceptional value to its guests. It is a place where guests can be their most playful selves and choose their fun. Carnival Cruise Line ships are designed to inspire the experience of bringing people together, with limitless opportunities for guests to create their own fun.



For over 50 years, Princess has sailed the world bringing people closer together – by connecting guests to their loved ones, exciting cultures and new friends. The endless choices are enhanced by Princess MedallionClass experiences, which are enabled by a revolutionary wearable that supports a seamless, effortless, and personalized vacation, and are combined with our global destination expertise delivered through programs such as “North to Alaska”.



For more than 145 years, Holland America Line has delivered a distinctively classic, European style of cruising throughout its fleet of mid-sized premium ships. Guests of all ages enjoy immersive travel through engaging experiences onboard and in-depth cultural experiences as part of their exploration of fascinating destinations around the world. Holland America Line believes travel has the power to change the world and has defined their higher purpose to help make the world a better place through opening minds, building connections and inspiring shared humanity.



For almost 90 years, P&O Cruises (Australia) has taken Australians & New Zealanders on dream holidays to the South Pacific filled with amazing entertainment, world-class dining, idyllic destinations and unforgettable onboard experiences. With P&O Cruises (Australia) you can choose to do everything, or nothing at all.



Seabourn's ultra-luxury resorts at sea represent the most advanced evolution of intimate, small-ship cruising with all ocean-front suites, beautifully designed spaces and exceptionally refined amenities. The official cruise line partner of UNESCO World Heritage, Seabourn offers discerning travelers immersive destination experiences on all seven continents. A variety of prestigious partnerships enhance the ships' award-winning cuisine, world-class spa & wellness and other onboard enrichments, and our staffs' unique style of sincere, heartfelt hospitality adds unforgettable Seabourn Moments to every voyage.



Costa delivers Italy's finest at sea primarily serving guests from Continental Europe and Asia. Costa brings a modern Italian lifestyle to its ships and provides guests with a true European experience that embodies a uniquely Italian passion for life through warm hospitality, entertainment and gastronomy that makes Costa different from any other cruise experience.



AIDA is the leading and most recognized brand in the German cruise market. Its guests enjoy the German inspired active, premium modern lifestyle cruise experience. AIDA provides a cruising wellness holiday in modern comfort where guests feel at home and enjoy consistently excellent service accompanied by the AIDA smile.



P&O Cruises (UK) is Britain's favorite cruise line, welcoming guests to extraordinary travel experiences designed in a distinctively British way - through a blend of discovery, relaxation and exceptional service catered towards British tastes. P&O Cruises (UK)'s fleet of premium ships deliver authentic travel experiences around the globe, combining style, quality and innovation with a sense of occasion and attention to detail, to create a truly memorable holiday.



Over its 180 year history, the iconic Cunard fleet has perfected the timeless art of luxury ocean travel. While onboard, Cunard guests experience unique signature moments, from Cunard's white gloved afternoon tea service to spectacular gala evening balls to its renowned Insights Speaker program. Guest expectations are exceeded through Cunard's exemplary White Star Service®, a legacy from the White Star Line. From the moment a guest steps onboard, every detail of their cruise is curated to ensure an enjoyable, memorable and luxurious experience.

IV. Principal Source Geographic Areas

<i>(in thousands)</i>	Carnival Corporation & plc Cruise Guests Carried		Brands Mainly Serving
	2019	2018	
United States and Canada	7,170	6,790	Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn and Cunard
Continental Europe	2,590	2,340	Costa and AIDA
Asia	1,110	1,140	Princess Cruises and Costa
Australia and New Zealand	920	1,020	Carnival Cruise Line, Princess Cruises and P&O Cruises (Australia)
United Kingdom	780	810	P&O Cruises (UK) and Cunard
Other	300	310	
Total	12,870	12,410	

Due to the impact of COVID-19 on the global cruise industry in 2020, current year data is not meaningful and is not included in the table.

V. Cruise Programs

	Carnival Corporation & plc Percentage of Passenger Capacity by Itinerary	
	2019	2018
Caribbean	32 %	33 %
Europe without Mediterranean	14	14
Mediterranean	13	13
Australia and New Zealand	7	8
Alaska	6	6
China	4	5
Other	25	23
	<u>100 %</u>	<u>100 %</u>

Due to the impact of COVID-19 on the global cruise industry in 2020, current year passenger capacity data by itinerary is not meaningful and is not included in the table.

VI. Cruise Pricing and Payment Terms

Each of our cruise brands publishes prices for the upcoming seasons primarily through the internet, although published materials such as direct mailings are also used. Our brands have multiple pricing levels that vary by source market, category of guest accommodation, ship, season, duration and itinerary. Cruise prices frequently change in a dynamic pricing environment and are impacted by a number of factors, including the number of available cabins for sale in the marketplace and the level of guest demand. Some cruise prices are increased due to higher demand. We offer a variety of special promotions, including early booking, past guest recognition and travel agent programs.

Our bookings are generally taken several months in advance of the cruise departure date. Historically, the longer the cruise itinerary the further in advance the bookings are made. This lead time allows us to manage our prices in relation to demand for available cabins through the use of advanced revenue management capabilities and other initiatives.

The cruise ticket price typically includes the following:

- Accommodations
- Most meals, including snacks at numerous venues
- Access to amenities such as swimming pools, water slides, water parks, whirlpools, a health club, and sun decks
- Child care and supervised youth programs
- Entertainment, such as theatrical and comedy shows, live music and nightclubs
- Visits to multiple destinations

We offer value added packages to induce ticket sales to guests and groups and to encourage advance purchase of certain onboard items. These packages are bundled with cruise tickets and sold to guests for a single price rather than as a separate package and may include one or more of the following:

- Beverage packages
- Shore excursions
- Air packages
- Specialty restaurants
- Internet packages
- Photo packages
- Onboard spending credits
- Gratuities

Our brands' payment terms generally require that a guest pay a deposit to confirm their reservation and then pay the balance due before the departure date. We are providing flexibility to guests with bookings on sailings cancelled due to the pause in cruise operations by allowing guests to receive enhanced future cruise credits ("FCC") or to elect to receive refunds in cash.

VII. Seasonality

Our passenger ticket revenues are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months, although 2020 has been adversely impacted by COVID-19. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is typically earned during this period. This historical trend has been disrupted by the pause in global cruise operations. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season. During 2020, the Alaska cruise season was adversely impacted by the effects of COVID-19.

VIII. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. Concession revenues do not have direct expenses because the costs and services incurred for concession revenues are borne by our concessionaires. In 2019, we earned 30% of our revenues from onboard and other revenue goods and services not included in the cruise ticket price including the following:

- Beverage sales
- Casino gaming
- Shore excursions
- Retail sales
- Photo sales
- Internet and communication services
- Full service spas
- Specialty restaurants
- Art sales
- Laundry and dry cleaning services

IX. Marketing Activities

We significantly reduced our marketing activities in 2020 due to the pause in global cruise operations as a result of COVID-19. Historically, guest feedback and research have supported the development of our overall marketing and business strategies to drive demand for cruises and increase the number of first-time cruisers. Our goal has always been to increase consumer awareness for cruise vacations and further grow our share of their vacation spend. We measure and evaluate key drivers of guest loyalty and their satisfaction with our products and services that provide valuable insights about guests' cruise experiences. We closely monitor our net promoter scores, which reflect the likelihood that our guests will recommend our brands' cruise products and services to friends and family.

Our brands historically have had comprehensive marketing and advertising programs across diverse mediums to promote their products and services to vacationers and our travel agent partners. Each brand's marketing activities have generally been designed to reach a local region in the local language. Our marketing efforts historically have allowed us to attract new guests online by leveraging the reach and impact of digital marketing and social media. Over time, we have invested in new marketing technologies to deliver more engaging and personalized communications. This has helped us cultivate guests as advocates of our brands, ships, itineraries and onboard products and services.

Substantially all of our cruise brands offer past guest recognition programs that reward repeat guests with special incentives such as reduced fares, gifts, onboard activity discounts, complimentary laundry and internet services, expedited ship embarkation and disembarkation and special onboard activities.

X. Sales Relationships

We primarily sell our cruises through travel agents and tour operators that serve our guests in their local regions. Our individual cruise brands' relationships with their travel agent partners are generally independent of each of our other brands. Our travel agents relationships are generally not exclusive and travel agents generally receive a base commission, plus the potential of additional commissions, including discounts or complimentary tour conductor cabins, based on the achievement of pre-defined sales volumes. In 2020, we continued to support our travel agent partners by generally protecting commissions on sailings cancelled as a result of COVID-19.

Travel agent partners are an integral part of our long-term cruise distribution network and are critical to our success. We utilize local sales teams to motivate travel agents to support our products and services with competitive sales and pricing policies and joint marketing and advertising programs. We also employ a wide variety of educational programs, including websites, seminars and videos, to train agents on our cruise brands and their products and services. In 2020, due to physical distancing

requirements, we held a variety of virtual training and educational programs to continue to support and develop our travel agent partners.

All of our brands have internet booking engines to allow travel agents to book our cruises. We also support travel agent booking capabilities through global distribution systems. All of our cruise brands have their own consumer websites that provide access to information about their products and services to users and enable their guests to quickly and easily book cruises and other products and services online. These sites interface with our brands' social networks, blogs and other social media sites, which allow them to develop greater contact and interaction with their guests before, during and after their cruise. We also employ vacation planners who support our sales initiatives by offering our guests one-on-one cruise planning expertise and other services.

XI. Ethics and Compliance

We believe a clear and strong ethics and compliance culture is imperative for the future success of any corporation. In August 2019, we enhanced our compliance framework and significantly increased the resources we devote to our compliance function by creating an Ethics and Compliance (“E&C”) governance function, as well as an ethics and compliance strategic plan. Our Chief Ethics and Compliance Officer, an executive officer and member of the executive leadership team, leads the effort to promote a strong ethics and compliance culture and further develop our E&C governance function throughout the company. This function involves compliance risk management, improved compliance training programs for our employees, thorough investigations relating to health, environmental and safety incidents and efforts to strengthen our corporate culture. More specifically, the E&C governance function's strategic plan sets out the following four goals:

- Align and build upon fundamental principles - strengthen culture to support ethics and compliance
- Be proactive and embrace a risk-based approach - develop a more strategic mindset
- Assemble the people, platform and processes - organize ethics and compliance leadership, governance and procedures
- Listen and learn - promote open communications: speaking-up, listening, learning and responding

By taking these measures, we heightened our commitment to operate with integrity, which includes not only complying with applicable laws, but also treating our guests, employees and stakeholders with honesty, transparency and respect. To further heighten the focus on ethics and compliance, the Boards of Directors established the Compliance Committees, which oversee the E&C governance function, maintain regular communications with the Chief Ethics and Compliance Officer and ensure implementation of the E&C governance function's strategic plan.

In 2020, despite the challenges related to COVID-19, we developed an interim strategic plan, called the Pause Priorities Plan, which included various improvements to be made during the pause in guest cruise operations. These improvements included the following:

- In the environmental arena, we made progress on improving food waste management; developing criteria for bringing back the most qualified environmental and technical talent before we resume guest operations; launching our Fleet Environmental Officer Program to further support, train and coach our environmental officers; developing a new and improved virtual environmental training program for Environmental Officers; and improving our efforts to conduct due diligence on the waste vendors that we engage across the company.
- For health, safety and security, we have made substantial progress in developing new protocols, installation of filters and testing equipment, and new awareness training to respond to the COVID-19 health crisis and to comply with the CDC's current framework and the guidelines of other governmental authorities.
- To strengthen our capabilities to conduct internal investigations of HESS incidents, we revised and improved our investigation procedures and developed new training on root cause analysis.
- To continue strengthening the corporate culture, we developed a Culture Action Plan, which consists of various activities undertaken throughout 2020 and expected to continue into 2021, including efforts to highlight and incentivize key actions and behaviors, new trainings for managers and leaders, more frequent communications, revised performance evaluations, and culture surveys to measure progress. More specifically, we developed and announced our Culture Essentials, which are the key actions and behaviors we will seek to encourage and reinforce to further strengthen our culture.

XII. Sustainability

We strive to be a company that people want to work for and to be an exemplary global corporate citizen. Our commitment and actions to keep our guests and crew members safe and comfortable, protect the environment, develop and provide opportunities

for our workforce, strengthen stakeholder relations and enhance both the communities where we work as well as the port communities that our ships visit, are reflective of our brands' core values and vital to our success as a business enterprise.

We voluntarily publish Sustainability Reports that address governance, stakeholder engagement, environmental, labor, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which are not incorporated in this document but can be viewed at www.carnivalcorp.com, www.carnivalplc.com and www.carnivalsustainability.com, were developed in accordance with the Global Reporting Initiative (GRI) Standards, the global standard for sustainability reporting. We have been publishing Sustainability Reports since 2011.

XIII. Human Capital Management and Employees

Our shipboard and shoreside employees are sourced from over 100 countries. Excluding employees on leave, we reduced the employees onboard our ships throughout 2020 during the pause in guest cruise operations in order to maintain safe manning levels. In 2020 and 2019, we had an average of 58,000 and 92,000 employees onboard the ships we operated. Throughout 2020 we reduced our shoreside operations, resulting in an annual average of 11,000 full-time and 1,000 part-time/seasonal employees. In 2019, we had an average of 12,000 full-time and 2,000 part-time/seasonal employees. Historically, Holland America Princess Alaska Tours significantly increases its work force during the late spring and summer months in connection with the Alaskan cruise season. We have entered into agreements with unions covering certain employees on our ships and in our shoreside hotel and transportation operations. The percentages of our shipboard and shoreside employees that are represented by collective bargaining agreements are 63% and 26%, respectively. We consider our employee and union relationships to be strong.

A team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. To facilitate the recruitment, development and retention of our valuable team members, we strive to make Carnival Corporation & plc a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers.

Refer to "Recent Developments" for additional discussion regarding health and safety of our team members in light of COVID-19.

a. Talent Development

We believe in the investment in our team members through the training and development of both shoreside and shipboard employees. During the operational pause, our training teams have made significant progress in delivering virtual training to augment the normal training historically completed in-person. We anticipate as we move from the pause into full operations that we will continue to leverage a combination of virtual and in-person training to ensure that our teams are well-prepared to carry out their individual and collective responsibilities.

For our shipboard employees our goal is to be a leader in delivering high quality professional maritime training, as evidenced by the Arison Maritime Center. The Center is home to the Center for Simulator Maritime Training ("CSMART"). The leading edge CSMART Academy features the most advanced bridge and engine room simulator technology and equipment available with the capacity to provide annual professional training for all our bridge and engineering officers. CSMART participants receive a maritime training experience that fosters critical thinking, problem solving, ethical decision making and skill development. CSMART offers an environmental officer training program and additional environmental courses for bridge and engineering officers to further enhance our training on social responsibility and environmental awareness and protection.

b. Succession Planning

Our Boards of Directors believe that planning for succession is an important function. Our multi-brand structure enhances our succession planning process. At the corporate level, a highly-skilled management team oversees a collection of cruise brands. At both the corporate and brand levels, we continually strive to foster the professional development of senior management and other critical roles. As a result, Carnival Corporation & plc has developed a very experienced and strong group of leaders, with their performance subject to ongoing monitoring and evaluation, as potential successors to all of our senior executive positions, including our Chief Executive Officer.

XIV. Supply Chain

We incur expenses for goods and services to deliver exceptional cruise experiences to our guests. In addition, we incur significant capital expenditures for materials to support the refurbishment and enhancements of our vessels as well as to build new ships. We approach our spend strategically and look for suppliers who demonstrate the ability to help us leverage our scale in terms of cost, quality, service, innovation and sustainability. We are focused on the creation of strategic partnerships and will streamline our supplier base where it is prudent. Our largest capital investments are for the construction of new ships.

XV. Insurance

a. General

We maintain insurance to cover a number of risks associated with owning and operating our vessels and other non-ship related risks. All such insurance policies are subject to coverage limits, exclusions and deductible levels. Insurance premiums are dependent on our own loss experience and the general premium requirements of our insurers. We maintain certain levels of deductibles for substantially all the below-mentioned coverages. We may increase our deductibles to mitigate future premium increases. We do not carry coverage related to loss of earnings or revenues from our ships or other operations.

b. Protection and Indemnity (“P&I”) Coverages

Liabilities, costs and expenses for illness and injury to crew, guest injury, pollution and other third party claims in connection with our cruise activities are covered by our P&I clubs, which are mutual indemnity associations owned by ship owners.

We are members of three P&I clubs, Gard, Steamship Mutual and UK Club, which are part of a worldwide group of 13 P&I clubs, known as the International Group of P&I Clubs (the “IG”). The IG insures directly, and through broad and established reinsurance markets, a large portion of the world’s shipping fleets. Coverage is subject to the P&I clubs’ rules and the limits of coverage are determined by the IG.

c. Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships for reasonable amounts as determined by management. The coverage for hull and machinery is provided by large and well-established international marine insurers. Insurers make it a condition for insurance coverage that a ship be certified as “in class” by a classification society that is a member of the International Association of Classification Societies (“IACS”). All of our ships are routinely inspected and certified to be in class by an IACS member.

d. War Risk Insurance

We use a combination of insurance and self-insurance to cover war risk for legal liability to crew, guests and other third parties as well as loss or damage to our vessels arising from war or war-like actions. Our primary war risk insurance coverage is provided by international marine insurers and our excess war risk insurance is provided by our three P&I clubs. Under the terms of our war risk insurance coverage, which are typical for war risk policies in the marine industry, insurers can give us seven days’ notice that the insurance policies will be canceled. However, the policies can be reinstated at different premium rates.

e. Other Insurance

We maintain property insurance covering our shoreside assets and casualty insurance covering liabilities to third parties arising from our hotel and transportation business, shore excursion operations and shoreside operations, including our port and related commercial facilities. We also maintain worker’s compensation, director’s and officer’s liability and other insurance coverages.

XVI. Governmental Regulations

a. Maritime Regulations

1. General

Our ships are regulated by numerous international, national, state and local laws, regulations, treaties and other legal requirements, as well as voluntary agreements, which govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be fined or otherwise sanctioned by regulators. We are committed to complying with, or exceeding, all relevant maritime requirements.

The primary regulatory bodies that establish maritime laws and requirements applicable to our ships include:

The International Maritime Organization (“IMO”): All of our ships, and the maritime industry as a whole, are subject to the maritime safety, security and environmental regulations established by the IMO, a specialized agency of the United Nations. The IMO’s principal sets of requirements are mandated through its International Convention for the Safety of Life at Sea (“SOLAS”) and its International Convention for the Prevention of Pollution from Ships (“MARPOL”).

Flag States: Our ships are registered, or flagged, in The Bahamas, Bermuda, Italy, Malta, the Netherlands, Panama and the UK, which are also referred to as Flag States. Our ships are regulated by these Flag States through international conventions that govern, among other things, health, environmental, safety and security matters in relation to our guests, crew and ships. Representatives of each Flag State conduct periodic inspections, surveys and audits to verify compliance with these requirements.

Ship classification societies: Class certification is one of the necessary documents required for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. Our ships are subject to periodic class surveys, including dry-dock inspections, by ship classification societies to verify that our ships have been maintained in accordance with the rules of the classification societies and that recommended repairs have been satisfactorily completed. Dry-dock frequency is a statutory requirement mandated by SOLAS. Our ships dry-dock once or twice every five years, depending on the age of the ship.

National, regional and other authorities: We are subject to the decrees, directives, regulations and requirements of the European Union (“EU”), the UK, the U.S., other countries and hundreds of other authorities including international ports that our ships visit every year.

Port regulatory authorities (Port State Control): Our ships are also subject to inspection by the port regulatory authorities, which are also referred to as Port State Control, in the various countries that they visit. Such inspections include verification of compliance with the maritime safety, security, environmental, customs, immigration, health and labor requirements applicable to each port, as well as with regional, national and international requirements. Many countries have joined together to form regional Port State Control authorities.

As members of the Cruise Lines International Association (“CLIA”), we helped to develop and have implemented policies that are intended to enhance shipboard safety and environmental protection throughout the cruise industry. In some cases this calls for implementing best practices, which are in excess of existing legal requirements. Further details on these and other policies can be found on www.cruising.org.

Our Boards of Directors have HESS Committees, which were comprised of six independent directors as of December 1, 2020. The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor our health, environment, safety, security and sustainability related policies, programs and initiatives at sea and ashore and compliance with related legal and regulatory requirements. The HESS Committees and our management team review all significant relevant risks or exposures and associated mitigating actions.

We are committed to implementing appropriate measures to manage identified risks effectively. We have a Chief Maritime Officer to oversee our global maritime operations, including maritime policy, maritime affairs, training, shipbuilding, asset

management, ship refits and research and development. In addition, we have a Chief Ethics and Compliance Officer who is responsible for overseeing our ethics and compliance governance function, including all areas of HESS.

To help ensure that we are compliant with legal and regulatory requirements and that these areas of our business operate in an efficient and effective manner we:

- Provide regular health, environmental, safety and security support, training, guidance and information to guests, employees and others working on our behalf
- Develop and implement effective and verifiable management systems to fulfill our health, environmental, safety, security and sustainability commitments
- Perform regular shoreside and shipboard audits and take appropriate action when deficiencies are identified
- Report and investigate health, environmental, safety and security incidents and strive to take appropriate action to prevent recurrence
- Identify those employees responsible for managing health, environment, safety, security and sustainability programs and aim to establish clear lines of accountability
- Identify the aspects of our business with potential to impact the environment and continue to take appropriate action to minimize that impact
- Monitor an anonymous hotline for any reported allegations or concerns and the related responses
- Review and work to improve policies and procedures designed to prevent, detect, respond and correct various regulatory violations and other misconduct

2. Maritime Safety Regulations

The IMO has adopted safety standards as part of SOLAS. To help ensure guest and crew safety, SOLAS establishes requirements for the following:

- Vessel design and structural features
- Construction and materials
- Refurbishment standards
- Radio communications
- Life-saving and other equipment
- Fire protection and detection
- Safe management and operation
- Musters

All of our crew undergo regular safety training that meets or exceeds all international maritime regulations, including SOLAS requirements, which are periodically revised.

SOLAS requires implementation of the International Safety Management Code (“ISM Code”), which provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code is mandatory for passenger vessel operators. Under the ISM Code, vessel operators are required to:

- Develop and implement a Safety Management System (“SMS”) that includes, among other things, the adoption of safety and environmental protection policies setting forth instructions and procedures for operating vessels safely and describing procedures for responding to emergencies and protecting the environment. In addition, our SMS includes health and security procedures.
- Obtain a Document of Compliance (“DOC”) for the vessel operator, as well as a Safety Management Certificate (“SMC”) for each vessel they operate. These documents are issued by the vessel’s Flag State and evidence compliance with the ISM Code and the SMS
- Verify or renew DOCs and SMCs periodically in accordance with the ISM Code

We have implemented and continue to develop policies and procedures that we believe enhance our commitment to the safety of our guests and crew. These initiatives include the following:

- Training of our bridge, engineering and environmental officers in maritime related best practices facilitated by our CSMART Academy, the Center for Simulator Maritime Training located within our Arison Maritime Center in Almere, Netherlands
- Further standardization of our detailed bridge and engine resource management procedures on our ships
- Expansion of our existing oversight function to monitor bridge and engine room operations through state of the art fleet operations centers in Miami, Seattle and Hamburg
- Identifying and promoting the use of international standards and best-practice policies and procedures in health, environmental, safety and security disciplines across the organization including on all our ships

- Further enhancement of our processes for auditing our HESS performance throughout our operations

3. Maritime Security Regulations

Our ships are subject to numerous security requirements. These requirements include the International Ship and Port Facility Security Code, which is part of SOLAS, the U.S. Maritime Transportation Security Act of 2002, which addresses U.S. port and waterway security and the U.S. Cruise Vessel Security and Safety Act of 2010, which applies to all of our ships that embark or disembark passengers in the U.S. These regulations include requirements as to the following:

- Implementation of specific security measures, including onboard installation of a ship security alert system
- Assessment of vessel security
- Efforts to identify and deter security threats
- Training, drills and exercises
- Security plans that may include guest, vehicle and baggage screening procedures, security patrols, establishment of restricted areas, personnel identification procedures, access control measures and installation of surveillance equipment
- Establishment of procedures and policies for reporting and managing allegations of crimes

4. Maritime Environmental Regulations

We are subject to numerous international, national, state and local environmental laws, regulations and treaties that govern air emissions, waste management, and the storage, handling, use and disposal of hazardous substances such as chemicals, solvents and paints.

As a means of managing and improving our environmental performance and compliance, we adhere to standards set by ISO (International Organization for Standardization), an international standard-setting body, which produces worldwide industrial and commercial standards. The environmental management system of our company and ships is certified in accordance with ISO 14001, the environmental management standard that was developed to help organizations manage the environmental impacts of their processes, products and services. ISO 14001 defines an approach to setting and achieving environmental objectives and targets, within a structured management framework.

i. International Regulations

The principal international convention governing marine pollution prevention and response is MARPOL.

a. Preventing and Minimizing Pollution

MARPOL includes six annexes, four of which are applicable to our cruise ships, containing requirements designed to prevent and minimize both accidental and operational pollution by oil, sewage, garbage and air emissions and sets forth specific requirements related to vessel operations, equipment, recordkeeping and reporting that are designed to prevent and minimize pollution. All of our ships must carry an International Oil Pollution Prevention Certificate, an International Sewage Pollution Prevention Certificate, an International Air Pollution Prevention Certificate and a Garbage Management Plan. The ship's Flag State issues these certificates, which evidence their compliance with the MARPOL regulations regarding prevention of pollution by oil, sewage, garbage and air emissions. Certain jurisdictions have not adopted all of these MARPOL annexes but have established various national, regional or local laws and regulations that apply to these areas.

As noted above, MARPOL governs the prevention of pollution by oil from operational measures, as well as from accidental discharges. MARPOL requires that discharges of machinery space bilge water pass through pollution prevention equipment that separates oil from the water and monitors the discharged water to ensure that the effluent does not exceed 15 parts per million oil content. During 2019, we voluntarily completed the upgrade of oily water separation equipment to the latest MARPOL standards as set forth by the IMO onboard all of our ships. Our ships have oily water separators with oil content monitors installed and maintain a record of certain engine room operations in an Oil Record Book. In addition, we have voluntarily installed redundant systems on all of our ships that monitor processed bilge water a second time prior to discharge to help ensure that it contains no more than 15 parts per million oil content. This system also provides additional controls to prevent improper bilge water discharges. MARPOL also requires that our ships have Shipboard Oil Pollution Emergency Plans.

MARPOL also governs the discharge of sewage from ships and contains regulations regarding the ships' equipment and systems for the control of sewage discharge, the provision of facilities at ports and terminals for the reception of sewage and requirements for survey and certification.

MARPOL also governs the discharge of garbage from ships and requires the implementation of Garbage Management Plan and the maintenance of a Garbage Record Book.

Furthermore, MARPOL addresses air emissions from vessels, establishes requirements for the prevention of air pollution from ships to reduce emissions of sulfur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter. It also contains restrictions on the use of ozone depleting substances ("ODS") and requires the recording of ODS use, equipment containing ODS and the emission of ODS.

b. Sulfur Emissions

The International Maritime Organization has adopted a global 0.5% sulfur cap for marine fuel which began in January 2020. The EU Parliament and Council has also adopted 0.5% sulfur content fuel requirement (the "EU Sulfur Directive"). The options to comply with both the global 0.5% sulfur cap and the EU Sulfur Directive include the installation of Advanced Air Quality Systems, or the use of low sulfur or alternative fuels.

MARPOL addresses air emissions from both auxiliary and main propulsion diesel engines on ships and further specifies requirements for Emission Control Areas ("ECAs") with stricter limitations on sulfur emissions content in these areas, requiring ships to use fuel with a sulfur content of no more than 0.1%, or to use alternative emission reduction methods, such as Advanced Air Quality Systems.

We have Advanced Air Quality Systems on most of our ships, which are aiding in partially mitigating the financial impact from the ECAs and global 0.5% sulfur requirements.

c. Other Ship Emission Abatement Methods

In the long-term, the cost impacts of meeting progressively lower sulfur fuel requirements may be further mitigated by the impact of future changes in the supply and demand balance for marine and other types of fuel, future developments of and investments in improved sulfur emission abatement technologies, the use of alternative lower cost and lower emission fuels and our continued efforts to improve the overall fuel efficiency across our fleet. From 2008 through 2019, we have achieved approximately 32% cumulative reduction in unit fuel consumption by focusing on more efficient itineraries, a wide variety of ships' system hardware and software, energy-efficiency upgrades (including hull coatings, air conditioning and engine performance improvements, fresh water savers and LED lighting), creating collaborative energy-savings groups across operating lines and ships' staff energy use awareness and training.

As part of our emission abatement program, we have continued our work with several local port authorities to utilize cruise ship shore power connections and have equipped 39 of our ships with the ability to utilize shore power technology. This technology enables our ships to use power from the local electricity provider rather than running their engines while in port to power their onboard services, thus reducing our ship air emissions.

Similarly, in an effort to extend our commitment to sustainability and to play a leading role in matters of environmental protection in the cruise industry, we are expanding our investment in the use of low carbon fuels, in particular, LNG. *AIDAnova*, the first cruise ship in the world with the ability to use LNG to generate 100 percent of its power both in port and on the open sea, entered the fleet in December 2018, followed by two additional LNG ships, *Costa Smeralda* and *Iona*. We also have eight more next generation LNG cruise ships on order. These innovative ships generate significantly less exhaust than traditionally powered ships and we believe, on balance, may greatly reduce our impact on the environment.

d. Greenhouse Gas Emissions ("GHG")

In 2013, the IMO approved measures to improve energy efficiency and reduce emissions of GHGs from international shipping by adopting technical and operational measures for all ships. The technical measures apply to the design of new vessels, and the operational reduction measures apply to all vessels. Operational reduction measures have been implemented through a variety of means, including a Ship Energy Efficiency Management Plan, improved voyage planning and more frequent propeller and hull cleanings. We have established objectives within the ISO 14001 environmental management system for each of our brands to further reduce fuel consumption rates and the resulting GHG emissions.

In 2016, the IMO approved the implementation of a mandatory data collection system (“DCS”) for fuel oil consumption. The DCS requires ships of 5,000 gross tons and above to provide fuel oil consumption data to their respective flag State at the end of each calendar year, beginning in 2019. Flag States validate the data and transfer it to an IMO database. The IMO will produce a summary annual report with anonymous data. In 2018, the IMO also set aspirations to achieve several shipping industry GHG emission reduction goals with 2030 and 2050 target dates. In November 2020, the IMO’s Marine Environment Protection Committee approved further MARPOL changes in support of its GHG emission reduction goals, which are expected to enter into force on January 1, 2023.

e. Ballast Water

In 2017, the IMO’s Ballast Water Management Convention entered into force, which governs the discharge of ballast water from ships. Subsequent amendments effectively extended the implementation date for installation of ballast water management systems for existing ships by about two years, though other requirements went into effect immediately, including requirements for ballast water exchange, record keeping, and maintaining an approved Ballast Water Management Plan. Ballast water is water used to stabilize ships at sea and maintain safe operating conditions throughout a voyage. Ballast water can carry a multitude of marine species. The Convention is designed to regulate the treatment of ballast water prior to discharging overboard in order to avoid the transfer of marine species to new environments, as well as establishing other ballast water management practices for monitoring and environmental protection.

ii. U.S. Federal and State Regulations

The Act to Prevent Pollution from Ships implements several MARPOL Annexes in the U.S. and imposes numerous requirements on our ships, as discussed above. Administrative, civil and criminal penalties may be assessed for violations.

The Oil Pollution Act of 1990 (“OPA 90”) established a comprehensive federal liability regime, as well as prevention and response requirements, relating to discharges of oil in U.S. waters. The major requirements include demonstrating financial responsibility up to the liability limits set by OPA 90 and having oil spill response plans in place. We have Certificates of Financial Responsibility (“COFR”) that demonstrate our ability to meet the liability limits of OPA 90 based on the gross tonnage of our ships for removal costs and damages, such as from an oil spill. The COFR also covers releases of hazardous substances. It is possible, however, for our liability limits to be broken, which could expose us to unlimited liability. Under OPA 90, owners or operators of vessels operating in U.S. waters must file Vessel Response Plans with the U.S. Coast Guard (“USCG”) and must operate and conduct any response action in compliance with these plans. As OPA 90 expressly allows coastal states to impose liabilities and requirements beyond those imposed under federal law, many U.S. states have enacted laws more stringent than OPA 90. Some of these state laws impose unlimited liability for oil spills and contain more stringent financial responsibility and contingency planning requirements. Most coastal states have also enacted environmental regulations that impose strict liability for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance, similar to OPA 90.

The Clean Water Act (“CWA”) provides the U.S. Environmental Protection Agency (“EPA”) with the authority to regulate incidental discharges from commercial vessels, including discharges of ballast water, bilge water, gray water, anti-fouling paints and other substances during normal operations within the U.S. three mile territorial sea and inland waters. Pursuant to the CWA authority, the U.S. National Pollutant Discharge Elimination System was designed to minimize pollution within U.S. territorial waters. For our affected ships, the incidental discharge requirements are set forth in EPA’s Vessel General Permit (“VGP”) for discharges incidental to the normal operations of vessels. The VGP establishes effluent limits for 27 specific discharges incidental to the normal operation of a vessel, many of which apply to our cruise ships. In addition to the requirements associated with these discharges and more stringent vessel-specific requirements, the VGP includes requirements for inspections, monitoring, reporting and record-keeping. In 2018, the Vessel Incidental Discharge Act (“VIDA”) was signed into law and was intended to clarify and streamline discharge requirements for the incidental discharges covered by the VGP and certain USCG regulations for ballast water. More specifically, a new section was added to the CWA called “Uniform National Standards for Discharges Incidental to Normal Operation of Vessels.” Once fully implemented, VIDA will replace the VGP; however, while the standards and regulations are being developed, which is expected to take at least until the end of 2022, the 2013 VGP has been administratively extended and will remain in effect. VIDA requires the standards and regulations to be at least as stringent as the existing requirements in the 2013 VGP and USCG regulations, unless information becomes available that was not reasonably available when the initial standard of performance was issued, and that information would have justified a less stringent standard. In October 2020, the EPA posted its notice of proposed rulemaking to set standards for 20 types of vessel discharges incidental to normal operations. The discharge standards are organized into three categories: (1) general operation and maintenance; (2) biofouling management; and (3) oil management. These standards mandate overall minimization of discharges and prescribe associated best management practices. No training or education requirements are

included, as these will be set by the USCG in its rulemaking once EPA's standards are finalized. Notably, EPA incorporated discharge standards applicable to exhaust gas cleaning system discharges based substantially on applicable IMO guidelines, which better harmonizes the VGP and IMO requirements. While the proposed rule provides clarity into the likely structure of VIDA, there is uncertainty over the mechanism through which state-specific standards may be implemented.

We are subject to the requirements of the U.S. Resource Conservation and Recovery Act for the disposal of both hazardous and non-hazardous solid wastes that are generated by our ships. In general, vessel owners are required to determine if their wastes are hazardous and, when landing waste ashore, comply with certain standards for the proper management of hazardous wastes, including the use of hazardous waste manifests for shipments to approved disposal facilities.

The U.S. National Invasive Species Act ("NISA") was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. waters through ballast water taken on by vessels in foreign waters. The USCG adopted regulations under NISA that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. Depending on a vessel's compliance date for installation of a USCG type-approved ballast water management system, these requirements may now be met by performing mid-ocean ballast exchange, by retaining ballast water onboard the vessel or by using a ballast water management system authorized or approved by the USCG. In the near future, ballast exchange will no longer be permissible. These USCG regulations, however, will ultimately be replaced with the new regulatory regime being developed under VIDA, which is expected to contain similar requirements.

The state of Alaska has enacted legislation that prohibits certain discharges in designated Alaskan waters and sets effluent limits on others, which are applicable to cruise ships. Further, the state of Alaska requires that certain discharges be reported and monitored to verify compliance with the standards established by the legislation. Environmental regimes in Alaska are more stringent than the U.S. federal requirements with regard to discharges from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters. The state of California also has environmental requirements significantly more stringent than federal requirements for water discharges and air emissions.

iii. EU Regulations

The EU has adopted a broad range of substantial environmental measures aimed at improving the quality of the environment for European citizens. To support the implementation and enforcement of European environmental legislation, the EU has adopted directives on environmental liability and enforcement and a recommendation providing for minimum criteria for environmental inspections.

The European Commission's ("EC") strategy is to reduce emissions from ships. The EC strategy seeks to implement SOx Emission Control Areas set out in MARPOL, as discussed above.

The EC has also implemented regulations aimed at reducing GHG emissions from maritime shipping through a Monitoring, Reporting and Verification regulation, which involves collecting emissions data from ships over 5,000 gross tons to monitor and report carbon emissions on all voyages to, from and between European Union ports.

5. Maritime Health Regulations

We are committed to providing a healthy environment for all of our guests and crew. We collaborate with public health inspection programs throughout the world, such as the CDC in the U.S. and the SHIPSAN Project in the EU as well as CLIA's Public Health and Medical Policy to ensure that development of these programs leads to enhanced health and hygiene onboard our ships. Through our collaborative efforts, we work with the authorities to develop and revise guidelines, review plans and conduct on-site inspections for all newbuilds and significant ship renovations. In addition, we continue to maintain our ships by meeting, and often exceeding, applicable public health guidelines and requirements, complying with inspections, reporting communicable illnesses and conducting regular crew training and guest education programs.

Refer to "Recent Developments" for additional discussion regarding health and safety protocols in light of COVID-19.

6. Maritime Labor Regulations

The International Labor Organization develops and oversees international labor standards and includes a broad range of requirements, such as the definition of a seafarer, minimum age of seafarers, medical certificates, recruitment practices, training, repatriation, food, recreational facilities, health and welfare, hours of work and rest, accommodations, wages and entitlements.

The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, as amended, establishes additional minimum standards relating to training, including security training, certification and watchkeeping for our seafarers.

b. Other Governmental Regulations

In most major countries where we source our guests, we are required to establish financial responsibility, such as obtaining a guarantee from stable financial institutions and insurance companies, to satisfy liability in cases of our non-performance of obligations to our guests. The amount of financial responsibility varies by jurisdiction based on the amount mandated by the applicable local regulatory agencies or association.

In Australia and most of Europe, we may be obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we receive these payments.

We are also subject to many other laws and regulations which require our compliance, including those addressing antitrust, anti-money laundering, data privacy, securities, sanctions, bribery and corruption, as well as human resources related matters.

XVII. Taxation

A summary of our principal taxes and exemptions in the jurisdictions where our significant operations are located is as follows:

a. U.S. Income Tax

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

Our North American cruise ship businesses and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on its itinerary, any particular ship may generate income from sources within the U.S. We believe that our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income and branch profit taxes.

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

1. Application of Section 883 of the Internal Revenue Code

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. in respect of each category of shipping income for which an exemption is being claimed under Section 883 (an "equivalent exemption jurisdiction") and (ii) the foreign corporation meets a defined publicly-traded corporation stock ownership test (the "publicly-traded test"). Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and that Carnival Corporation currently satisfies the publicly-traded test under the regulations. Accordingly, substantially all of Carnival Corporation's income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list certain activities that the Internal Revenue Service ("IRS") does not consider to be incidental to the international operation of ships and, therefore, the income attributable to such activities, to the extent such income is U.S. source, does not qualify for the Section 883 exemption. Among the activities identified as not incidental are income from the

sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

2. Exemption Under Applicable Income Tax Treaties

We believe that the U.S. source transportation income earned by Carnival plc and its subsidiaries currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

3. U.S. State Income Tax

Carnival Corporation and Carnival plc and certain of their subsidiaries are subject to various U.S. state income taxes generally imposed on each state's portion of the U.S. source income subject to U.S. federal income taxes. However, the state of Alaska imposes an income tax on its allocated portion of the total income of our companies doing business in Alaska and certain of their subsidiaries.

b. UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax under a rolling ten-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the cruise segment of the Australian vacation region are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

c. Italian and German Income Tax

In 2015, Costa and AIDA re-elected to enter the Italian tonnage tax regime through 2024 and can reapply for an additional ten-year period beginning in early 2025. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings that are not eligible for taxation under the Italian tonnage tax regime will be taxed at an effective tax rate of 4.8% in 2020 and 2019.

Substantially all of AIDA's earnings are exempt from German income taxes by virtue of the Germany/Italy income tax treaty.

d. Asian Countries Income and Other Taxes

Substantially all of our brands' income from their international operations in Asian countries is exempt from income tax by virtue of relevant income tax treaties. In addition, the income is exempt from indirect taxes in China under relevant income tax treaties and other circulars.

e. Other

In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure.

XVIII. Trademarks and Other Intellectual Property

We own, use and/or have registered or licensed numerous trademarks, patents and patent pending designs and technology, copyrights and domain names, which have considerable value and some of which are widely recognized throughout the world. These intangible assets enable us to distinguish our cruise products and services, ships and programs from those of our competitors. We own or license the trademarks for the trade names of our cruise brands, each of which we believe is a widely-recognized brand in the cruise industry, as well as our ship names and a wide variety of cruise products and services.

XIX. Competition

We compete with land-based vacation alternatives throughout the world, such as hotels, resorts (including all-inclusive resorts), theme parks, organized tours, casinos, vacation ownership properties, and other internet-based alternative lodging sites. Based on the 2019 G.P. Wild Cruise Industry Statistical Review, we, along with our principal cruise competitors Royal Caribbean Group, Norwegian Cruise Line Holdings, Ltd. and MSC Cruises, carried approximately 83% of all global cruise guests.

D. Website Access to Carnival Corporation & plc SEC Reports

We use our websites as channels of distribution of company information. Our Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, joint Proxy Statement related to our annual shareholders meeting, Section 16 filings and all amendments to those reports are available free of charge at www.carnivalcorp.com and www.carnivalplc.com and on the SEC's website at www.sec.gov as soon as reasonably practicable after we have electronically filed or furnished these reports with the SEC. In addition, you may automatically receive email alerts and other information when you enroll your email address by visiting the Investor Services section of our websites. The content of any website referred to in this document is not incorporated by reference into this document.

E. Industry and Market Data

This document includes market share and industry data and forecasts that we obtained from industry publications, third-party surveys and internal company surveys. Industry publications, including those from CLIA, G.P. Wild, and surveys and forecasts, generally state that the information contained therein has been obtained from sources believed to be reliable. CLIA is a non-profit marketing and training organization formed in 1975 to promote cruising and offer support and training for the travel agent community in North America. CLIA participates in the regulatory and policy development process while supporting measures that foster a safe, secure and healthy cruise ship environment. In addition, CLIA facilitates strategic relationships between cruise industry suppliers and organizations, cruise lines, ports and shipyards and provides a forum for interaction with governmental agencies. All CLIA information, obtained from the CLIA website www.cruising.org, relates to the CLIA member cruise lines. In 2019, CLIA represented over 50 cruise brands that operated more than 95% of cruise industry capacity. In 2020, CLIA continues to represent the cruise industry. G.P Wild is an authoritative source of cruise industry statistics and publishes a number of reports and industry reviews. All G.P. Wild information is obtained from their annual Cruise Industry Statistical Review. All other references to third party information are publicly available at nominal or no cost. We use the most currently available industry and market data to support statements as to our market positions. Although we believe that the industry publications and third-party sources are reliable, we have not independently verified any of the data. Similarly, while we believe our internal estimates with respect to our industry are reliable, they have not been verified by any independent sources. While we are not aware of any misstatements regarding any industry data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Part I, Item 1A. Risk Factors and [Exhibit 13](#), Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Form 10-K.

Item 1A. Risk Factors.

You should carefully consider the following discussion of material factors, events and uncertainties that make an investment in the Company's securities risky and provide important information for the understanding of the "forward-looking" statements discussed in this Form 10-K and elsewhere. These risk factors should be read in conjunction with other information in this Form 10-K.

The events and consequences discussed in these risk factors could have a material adverse effect on the Company's business, financial condition, operating results and stock price. These risk factors do not identify all risks that the Company faces; operations could also be affected by factors, events, or uncertainties that are not presently known to the Company or that the Company currently does not consider to present material risks to its operations. In addition, the current global economic climate amplifies many of these risks. Some of the statements in this item and elsewhere in this document are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

The ordering and lettering of the risk factors set forth below is not intended to reflect any Company indication of priority or likelihood.

COVID-19 and Liquidity/Debt Related Risk Factors

a. COVID-19 has had, and is expected to continue to have, a significant impact on our financial condition and operations, which impacts our ability to obtain acceptable financing to fund resulting reductions in cash from operations. The current, and uncertain future, impact of the COVID-19 outbreak, including its effect on the ability or desire of people to travel (including on cruises), is expected to continue to impact our results, operations, outlooks, plans, goals, reputation, litigation, cash flows, liquidity, and stock price.

The COVID-19 global pandemic is having material negative impacts on all aspects of our business. We implemented a pause of our guest cruise operations in mid-March 2020 across all brands. Although we began the resumption of limited guest operations in September 2020 with cruises by Costa and in October 2020 with cruises by AIDA, as of January 14, 2021, none of our ships were operating with guests onboard. The pause with respect to these and other brands and ships may be prolonged. In addition, we have been, and will continue to be negatively impacted by related developments, including heightened governmental regulations, travel bans and travel advisories and restrictions and recommendations by the U.S. Department of State, the CDC and other governmental authorities.

We incurred significant costs as we paused our guest cruise operations, provided air transportation to return our passengers to their home destinations, repatriated shipboard team members and assisted some of our crew that were unable to return home with food and housing. We will continue to incur COVID-19 related costs as we implement additional hygiene-related protocols to our ships, as well as prepare for the continued resumption of guest operations. In addition, the industry is subject to and may be further subject to enhanced health and hygiene requirements in attempts to counteract future outbreaks, and these requirements may be costly and take a significant amount of time to implement across our global cruise operations. In October 2020, the CDC announced a framework for a phased resumption of cruise ship passenger operations in U.S. waters. The current framework consists of several initial requirements that cruise ship operators such as us would need to follow prior to resuming guest operations, including those relating to testing and additional safeguards for crew members and the development of laboratory capacity needed to test future passengers. We are in the process of evaluating the CDC's current framework and believe there are a significant number of requirements that must be evaluated in the context of our plans to resume operations. Further, the current framework is subject to additional technical instructions and orders from the CDC (including in connection with subsequent phases for resumption, which are expected to include simulated voyages and certification requirements) that are currently uncertain and will require further evaluation as we seek to resume operations. Implementing these initial and subsequent requirements may result in an increase in cost and take time before the resumption of our guest operations.

Due to the outbreak of COVID-19 on some of our ships, and the resulting illness and loss of life in certain instances, we have been the subject of negative publicity, which could have a long term impact on the appeal of our brands, which would diminish demand for vacations on our vessels. We cannot predict how long the negative impact of media attention on our brands will last, or the level of investment that will be required to address the concerns of potential travelers through marketing and pricing actions.

We have received, and may continue to receive, lawsuits, other governmental investigations and other actions stemming from COVID-19. We cannot predict the quantum or outcome of any such proceedings, some of which could result in the imposition of civil and criminal penalties in the future, and the impact that they will have on our financial results, but any such impact may

be material. We also remain subject to extensive, complex, and closely monitored obligations under the court-ordered environmental compliance plan supervised by the U.S. District Court for the Southern District of Florida, as a result of the previously disclosed settlement agreement relating to the violation of probation conditions for a plea agreement entered into by Princess Cruises and the U.S. Department of Justice in 2016. We remain fully committed to satisfying those obligations.

We have insurance coverage for certain liabilities, costs and expenses related to COVID-19 through our participation in Protection and Indemnity (“P&I”) clubs, including coverage for direct and incremental costs including, but not limited to, certain quarantine expenses and for certain liabilities to passengers and crew. P&I clubs are mutual indemnity associations owned by members. There is a \$10 million deductible per occurrence (meaning per outbreak on a particular ship). We cannot assure you that we will receive insurance proceeds that will compensate us fully for our liabilities, costs and expenses that exceed the \$10 million deductible under these policies. We have no insurance coverage for loss of revenues or earnings from our ships or other operations.

In connection with our capacity optimization strategy, we have accelerated the removal of ships from our fleet in 2020 which were previously expected to be sold over the ensuing years. We have sold, expect to sell or have agreements for the disposal of various vessels. Some of these agreements for the disposal of vessels are for recycling. When we choose to dispose of a ship, there can be no assurance that there will be a viable buyer to purchase it at a price that exceeds our net book value, which could result in ship impairment charges and losses on ship disposals.

The effects of COVID-19 on the operations of shipyards where our ships are under construction will result in a delay in ship deliveries.

We cannot predict the timing of our complete return to service and when various ports will reopen to our ships. If we are delayed in recommencing guest cruise operations or there is a further pause in the resumption of limited guest operations, it could further negatively impact our liquidity. As our business is seasonal, the impact of a delay or further pause in the resumption of guest cruise operations will be heightened if such delay or pause occurs during the Northern Hemisphere summer months. Moreover, even as travel advisories and restrictions are lifted, demand for cruises may remain weak for a significant length of time and we cannot predict if and when each brand will return to pre-outbreak demand or fare pricing. In particular, our bookings may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth resulting from the impact of COVID-19. In addition, we cannot predict the impact COVID-19 will have on our partners, such as travel agencies, suppliers and other vendors, counterparties and joint ventures. We may be adversely impacted as a result of the adverse impact our partners, counterparties and joint ventures suffer.

We have never previously experienced a complete cessation of our guest cruise operations, and as a consequence, our ability to be predictive regarding the impact of such a cessation on our brands and future prospects is uncertain. In particular, we cannot predict the impact on our financial performance and cash flows (including as required for cash refunds of deposits) as a result of the current pause in our guest cruise operations, which may be prolonged, and the public’s concern regarding the health and safety of travel, especially by cruise ship, and related decreases in demand for travel and cruising. Moreover, our ability to attract and retain guests and our ability to hire and the amounts we must pay our crew depends, in part, upon the perception and reputation of our company and our brands and the public’s concerns regarding the health and safety of travel generally, as well as regarding the cruising industry and our ships specifically.

As a result of all of the foregoing, we have raised significant capital and expect to further raise additional capital, including equity. Our access to and cost of financing depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. As a result of COVID-19’s effects on our operations, Moody’s and S&P Global have downgraded our credit ratings to be non investment grade. If we are delayed in recommencing guest cruise operations or there is a further pause in the resumption of limited guest operations, our credit ratings were to be further downgraded, or general market conditions were to ascribe higher risk to our rating levels, our industry, or us, our access to capital and the cost of any debt or equity financing will be further negatively impacted. In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental collateral, which may further restrict our business operations or be unavailable due to our covenant restrictions then in effect. There is no guarantee that debt or equity financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations. Additionally, the impact of COVID-19 on the financial markets may adversely impact our ability to raise funds.

In addition, the COVID-19 outbreak has significantly increased economic and demand uncertainty. The current outbreak and continued spread of COVID-19 has caused a global recession, which could have a further adverse impact on our financial condition and operations. In past recessions, demand for our cruise vacations has been significantly negatively impacted which has resulted in lower occupancy rates and adverse pricing, with a corresponding increase in the use of credits and other means

to attract travelers. Significant increases in unemployment in the U.S. and other regions due to the adoption of physical distancing and other policies to slow the spread of the virus have had, and are likely to continue to have, a negative impact on booking demand for our guest cruise operations, and these impacts could exist for an extensive period of time.

The extent of the effects of the outbreak on our business and the cruising industry at large is highly uncertain and will ultimately depend on future developments, including, but not limited to, the duration and severity of the outbreak, the length of time it takes for demand and pricing to return and normal economic and operating conditions to resume. To the extent COVID-19 adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many other risks.

b. Our substantial debt could adversely affect our financial health and operating flexibility.

We have a substantial amount of debt and significant debt service obligations. Our substantial debt could have important negative consequences for us. Our substantial debt could:

- require us to dedicate a large portion of our cash flow from operations to service debt and fund repayments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- make us more vulnerable to downturns in our business, the economy or the industry in which we operate;
- limit our ability to raise additional debt or equity capital in the future to satisfy our requirements relating to working capital, capital expenditures, development projects, strategic initiatives or other purposes;
- restrict us from making strategic acquisitions, introducing new technologies or exploiting business opportunities;
- make it difficult for us to satisfy our obligations with respect to our debt; and
- expose us to the risk of increased interest rates as certain of our borrowings are (and may be in the future) at a variable rate of interest.

c. Despite our leverage, we may incur more debt, which could adversely affect our business and prevent us from fulfilling our obligations with respect to our debt.

We may be able to incur substantial additional debt in the future. Although the instruments governing our existing indebtedness contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial and a portion of such debt currently is, and may in the future be, secured. The instruments governing our existing indebtedness do not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined therein. If new debt is added to our existing debt levels, our business could be adversely affected, which may prevent us from fulfilling our obligations with respect to our debt.

d. We are subject to restrictive debt covenants that may limit our ability to finance future operations and capital needs and to pursue business opportunities and activities. In addition, if we fail to comply with any of these restrictions, it could have a material adverse effect on the company.

Certain of our debt instruments limit our flexibility in operating our business. For example, some of our debt instruments limit the ability of Carnival Corporation, Carnival plc and certain of their respective subsidiaries to, among other things:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on, or redeem or repurchase capital stock and make other restricted payments;
- make certain investments;
- consummate certain asset sales;
- engage in certain transactions with affiliates;
- grant or assume certain liens; and
- consolidate, merge or transfer all or substantially all of our assets.

All of these limitations are subject to significant exceptions and qualifications. Despite these exceptions and qualifications, we cannot assure you that the operating and financial restrictions and covenants in certain of our debt instruments will not adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. Any future indebtedness may include similar or other restrictive terms.

In addition, many of our debt agreements contain one or more financial covenants that require us to maintain a minimum debt service coverage, maintain minimum shareholders equity and/or limit our debt to capital percentage. Our ability to comply with our debt covenants, including the financial maintenance covenants described above, and restrictions may be affected by events beyond our control, including prevailing economic, financial and industry conditions, such as the continued resumption of our guest cruise operations and our ability to issue additional equity. If we breach any of these covenants or restrictions, we could be in default under the terms of certain of our debt facilities and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral, if any, securing that debt. If the debt under certain of our debt instruments that we enter into were to be accelerated, our assets may be insufficient to repay in full our debt. Borrowings under other debt instruments that contain cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full our indebtedness then outstanding.

e. We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate cash required to service our debt.

Our ability to meet our debt service obligations or refinance our debt depends on our future operating and financial performance and ability to generate cash. This will be affected by our ability to successfully implement our business strategy, as well as general economic, financial, competitive, regulatory and other factors beyond our control, such as the disruption caused by the COVID-19 pandemic. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, obtain additional financing, delay planned capital expenditures or sell assets. We cannot assure you that we will be able to generate sufficient cash through any of the foregoing. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt. Refer to "Liquidity, Financial Condition and Capital Resources".

f. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under certain of our facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

In addition, in July 2017, the United Kingdom's Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that it will no longer persuade or compel banks to submit LIBOR rates after 2021. It is unclear whether or not, at that time, a satisfactory replacement rate will be developed or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of, among other entities, large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index that measures the cost of borrowing cash overnight, backed by U.S. Treasury securities ("SOFR"). SOFR is observed and backward-looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Whether or not SOFR or any other potential alternative reference rate attains market traction as a LIBOR replacement rate remains in question. The consequences of these developments with respect to LIBOR cannot be entirely predicted but may result in the level of interest payments on the portion of our indebtedness that bears interest at variable rates to be affected, which may adversely impact the amount of our interest payments under such debt.

We have entered into, and in the future we will continue to enter into, interest rate swaps that involve the exchange of floating for fixed-rate interest payments to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any such swaps may not fully mitigate our interest rate risk, may prove disadvantageous, or may create additional risks.

g. As a result of the COVID-19 outbreak, we may be out of compliance with one or more maintenance covenants in certain of our debt facilities, for which we currently have amendments for the period through November 30, 2021 with the next testing date of February 28, 2022.

Under the terms of certain of our debt facilities, we are required to maintain a minimum debt service coverage ratio (EBITDA to consolidated net interest charges for the most recently ended four fiscal quarters) of not less than 3.0 to 1.0 at the end of each fiscal quarter (the "Financial Covenant"). We have entered into supplemental agreements to amend our bank loans to extend

existing amendments with respect to compliance with the Financial Covenant and to amend the Revolving Facility to include the Financial Covenant, in each case through the November 30, 2022 testing date and reduce the applicable covenant thresholds thereafter to 2.0 to 1.0 for the February 28, 2023 and May 31, 2023 testing dates, and 2.5 to 1.0 for the August 31, 2023 and November 30, 2023 testing dates, before reverting to 3.0 to 1.0 from the February 28, 2024 testing date onwards, or through their respective maturity dates. We are in the process of negotiating similar amendment extensions and threshold amendments under our funded export credit facilities (with aggregate indebtedness of \$7.3 billion as of November 30, 2020) and our unfunded export credit facilities (which had an aggregate principal amount of \$8.0 billion as of November 30, 2020) as the current amendments under such export credit facilities extend through November 30, 2021 or December 31, 2021, with the testing under such facilities recommencing on the February 28, 2022 testing date. Even though we expect to obtain further amendments under our export credit facilities with respect to the Financial Covenant (in particular in light of the additional debt holiday amendments that have been introduced by the European export credit agencies), if such amendments are not obtained we may not be in compliance with the Financial Covenant following November 30, 2021 with the next testing date of February 28, 2022 under our export credit facilities, or in future periods for certain agreements because of the pause and limited resummptions of our guest operations.

In addition, under the terms of certain of our debt facilities, we are required to ensure that our debt as a percentage of capital does not exceed 65% at the end of each fiscal quarter (the "Debt to Capital Covenant"). While we were in compliance with the Debt to Capital Covenant as of November 30, 2020, we have entered into agreements to amend the Revolving Facility and the agreements governing our bank loans to increase the Debt to Capital Covenant to 75% for each quarterly testing date from November 30, 2021 to May 31, 2023, and thereafter declining ratably to 65% for the May 31, 2024 testing date and thereafter. We are in the process of negotiating similar amendments to our funded export credit facilities (with aggregate indebtedness of \$7.3 billion as of November 30, 2020) and our unfunded export credit facilities (which had an aggregate principal amount of \$8.0 billion as of November 30, 2020) to obtain amendments under the Debt to Capital Covenant (compliance with which is currently waived through November 30, 2021 or December 31, 2021, as applicable, with the next testing date of February 28, 2022). Even though we expect to obtain amendments under our export credit facilities with respect to the Debt to Capital Covenant (in particular in light of the additional debt holiday amendments that have been introduced by the European export credit agencies), if such amendments are not obtained we may be required to take certain actions, such as issuing additional equity and/or reducing our indebtedness, failing which we may not be in compliance with the Debt to Capital Covenant as of the February 28, 2022 testing date under our export credit facilities, or as of future testing dates for certain agreements, because of the pause and limited resummptions of our guest operations.

The Financial Covenant and Debt to Capital Covenant amendments have led and may continue to lead to increased costs, increased interest rates, additional restrictive covenants and other lender protections that are, or may become, applicable to us under these debt facilities, and such increased costs, restrictions and modifications may vary among debt facilities. For example, in connection with the amendments to the Revolving Facility and agreements governing our bank loans described above, we have made certain changes to more closely align the financial covenants among the various facilities and agreements. In addition, we have agreed to additional restrictive covenants in such facilities and agreements with respect to debt incurrence, lien incurrence, restricted payments and investments that are substantially consistent with those contained in the indenture governing the 2026 Senior Unsecured Notes. Our ability to provide additional lender protections under these facilities, including the granting of security interests in certain collateral and the granting of guarantees with respect to certain outstanding debt, will be limited by the terms of such agreements as amended, and our other debt facilities.

There can be no assurance that we will be able to obtain amendments in a timely manner, on acceptable terms or at all. If we were not able to obtain the financial covenant amendments described above under any one or more of these debt facilities, we would be in default of any such agreement. As a consequence, we would need to refinance or repay the applicable debt facility or facilities, and would be required to raise additional debt or equity capital, or divest assets, to refinance or repay such facility or facilities. If we were to be unable to obtain financial covenant amendments as may be required under any one or more of these debt facilities, there can be no assurance that we would be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay such facility or facilities. With respect to each of the unfunded debt facilities, if we were unable to obtain amendments under such debt facilities, the relevant lender under such facility could terminate that facility. With respect to each of our funded debt facilities, if we were unable to obtain amendments or refinance or repay such debt facilities, it would lead to an event of default under such facilities, which could lead to an acceleration of the indebtedness under such debt facilities. In turn, this would lead to an event of default and potential acceleration of amounts due under all of our outstanding debt and derivative contract payables. As a result, the failure to obtain the financial covenant amendments described above would have a material adverse effect.

h. The covenants in certain of our debt facilities may require us to secure those facilities in the future.

Certain of our debt facilities contain provisions which may require that we provide a security interest in certain assets. In certain of our debt facilities, there is a requirement that if the credit rating of our senior indebtedness should fall below investment

grade (which occurred on June 24, 2020) and at such time we have granted liens or security interests in respect of indebtedness in an amount exceeding 25% of our total assets (excluding for these purposes the value of any intangible assets) as shown in our most recent Consolidated Balance Sheet, then we will be required to provide a first-priority security interest in certain designated assets. In addition, under our export credit facilities, there is a requirement that if a security interest or lien is granted in respect of a vessel to secure borrowed money under certain other debt facilities, then a first-priority security interest will be required to be provided over certain designated vessels.

If the events described above were to occur, we may be unable to comply with this requirement and expect to seek covenant amendments from the lenders under the relevant facilities. Any such amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable to us under these debt facilities, and such increased costs, restrictions and modifications may vary among debt facilities. Our ability to give additional lender protections under these facilities, including the granting of security interests in collateral, will be limited by the restrictions in our indebtedness and security interest we have already granted. If we were not able to obtain amendments, the occurrence of such events may result in an event of default under these facilities and other debt facilities that contain cross default provisions that would be triggered.

Operating Risk Factors

a. World events impacting the ability or desire of people to travel have and may continue to lead to a decline in demand for cruises.

We have been and may continue to be impacted by the public's concerns regarding the health, safety and security of travel, including government travel advisories and travel restrictions, political instability and civil unrest, terrorist attacks and other general concerns. Additionally, we have been and may continue to be impacted by heightened regulations around customs and border control, travel bans to and from certain geographical areas, government policies increasing the difficulty of travel and limitations on issuing international travel visas. We may also be impacted by adverse changes in the perceived or actual economic climate, such as global or regional recessions, higher unemployment and underemployment rates and declines in income levels. Furthermore, uncertainties resulting from the UK's exit from the EU may impact our business.

b. Incidents concerning our ships, guests or the cruise vacation industry as well as adverse weather conditions and other natural disasters have in the past and may, in the future, impact the satisfaction of our guests and crew and lead to reputational damage.

Our operations involve the risk of incidents and media coverage thereof. Such incidents include, but are not limited to, the improper operation or maintenance of ships, motorcoaches and trains; guest and crew illnesses; mechanical failures, fires and collisions; repair delays, groundings and navigational errors; oil spills and other maritime and environmental issues as well as other incidents at sea or while in port or on land which may cause guest and crew discomfort, injury, or death. Although our commitment to the safety and comfort of our guests and crew is paramount to the success of our business, our ships have been involved in outbreaks, accidents and other incidents in the past and we may experience similar or other incidents in the future. Our ability to attract and retain guests and our ability to hire and the amounts we must pay our crew depend, in part, upon the perception and reputation of our company and our brands and the public's concerns regarding the health and safety of travel generally, as well as regarding the cruising industry and our ships specifically.

Our cruise ships, hotels, land tours, port and related commercial facilities and shore excursions may be impacted by adverse weather patterns or other natural disasters, such as hurricanes, earthquakes, floods, fires, tornadoes, tsunamis, typhoons and volcanic eruptions. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises or tours due to these or other types of disruptions. Changes in climate may increase the frequency and intensity of adverse weather patterns, make certain destinations less desirable or impact our business in other ways. In addition, these and any other events which impact the travel industry more generally may negatively impact our guests' or crew's ability or desire to travel to or from our ships and/or interrupt the supply of critical goods and services.

c. Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection and tax have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties, and reputational damage.

We are subject to numerous international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited.

Implementing these and any subsequent requirements may be costly and take time to implement across our global cruise operations. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be, and have previously been, fined or otherwise sanctioned by regulators. In addition, there is increased global focus on climate change, which may lead to additional regulatory requirements. We are subject to a court-ordered environmental compliance plan supervised by the U.S. District Court for the Southern District of Florida, which is operative until April 2022 and subjects our operations to additional review and other obligations. Failure to comply with the requirements of this environmental compliance plan or other special conditions of probation could result in fines, which the court has imposed in the past, and restrictions on our operations.

We are subject to laws and requirements related to the treatment and protection of personal, sensitive and/or other regulated data in the jurisdictions where we operate. Various governments, agencies and regulatory organizations have enacted or are considering new rules and regulations. In the course of doing business, we collect guest, employee, company and other third-party data, including personally identifiable information and other sensitive data.

Our operations subject us to potential liability under anti-corruption laws and regulations. We may also be affected by economic sanctions, trade protection laws, policies and other regulatory requirements affecting trade and investment.

We are subject to compliance with tax laws, regulations and treaties in the jurisdictions in which we are incorporated or operate. These tax laws, regulations and treaties are subject to change at any time, which may result in substantially higher tax liabilities. Additionally, the relevant authorities' interpretation of tax laws, regulations and treaties could differ materially from ours.

d. Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks, including the recent ransomware incidents, and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage.

We have and may continue to be impacted by breaches in data security and lapses in data privacy, which occur from time to time. These can vary in scope and intent from motivated driven attacks to malicious attacks intended to disrupt or compromise our shoreside and shipboard operations by targeting our key operating systems. Breach or circumvention of our systems or the systems of third parties, including by ransomware or other attacks, results in disruptions to our business operations; unauthorized access to (or the loss of company access to) competitively sensitive, confidential or other critical data (including sensitive financial, medical or other personal or business information) or systems; loss of customers; financial losses; regulatory investigations, enforcement actions and fines; litigation and misuse or corruption of critical data and proprietary information, any of which could be material.

On August 15, 2020, we detected a ransomware attack and unauthorized access to our information technology systems. We engaged a major cybersecurity firm to investigate the matter and notified law enforcement and applicable regulators of the incident. The incident investigation and remediation phases are complete and we have moved to the communication and reporting phases. We determined that the unauthorized third-party gained access to certain personal information relating to some guests, employees and crew for some of our operations. There is currently no indication of any misuse of this information and we have no reason to believe that the information from this attack will be misused going forward.

On December 25, 2020, we detected a ransomware attack and unauthorized access to our information technology systems affecting two of our brands. We engaged a major cybersecurity firm to investigate the matter and notified law enforcement and applicable regulators of the incident. The incident investigation and remediation phases are in process, but at this time there is currently no indication of any misuse of information.

While at this time we do not believe that these incidents will have a material adverse effect on our business, operations or financial results, no assurances can be given and we may be subject to future attacks or incidents that could have such a material adverse effect.

Our principal offices, information technology operations, system networks and various remote work locations may be impacted by actual or threatened natural disasters (for example, hurricanes, earthquakes, floods, fires, tornadoes, tsunamis, typhoons and volcanic eruptions) or other disruptive events. Our maritime and/or shoreside operations, including our ability to manage our inventory of cabins held for sale and set pricing, control costs, and serve our guests, depends on the reliability of our information technology operations and system networks as well as our ability to refine and update to more advanced systems and technologies.

e. Ability to recruit, develop and retain qualified shipboard personnel who live away from home for extended periods of time may adversely impact our business operations, guest services and satisfaction.

We hire a significant number of qualified shipboard personnel each year and, thus, our ability to adequately recruit, develop and retain these individuals is critical to our success. Incidents involving cruise ships, including COVID-19 outbreaks on our ships, and the related adverse media publicity, adverse economic conditions that negatively affect our profitability and increasing demand as a result of the industry's projected growth could negatively impact our ability to recruit, develop and retain sufficient qualified shipboard personnel.

f. Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.

We may be impacted, and have been impacted in the past, by economic, market and political conditions around the world, such as fuel demand, regulatory requirements, supply disruptions and related infrastructure needs, which make it difficult to predict the future price and availability of fuel. Future increases in the global price of fuel would increase the cost of our cruise ship operations as well as some of our other expenses, such as crew travel, freight and commodity prices. Increases in airfares, which could result from increases in the price of fuel, would increase our guests' overall vacation costs as many of our guests depend on airlines to transport them to or from the airports near the ports where our cruises embark and disembark.

As a result of changes in regulations, we consumed a larger percentage of low sulfur fuel in 2020, which will likely increase our fuel costs upon resumption of guest cruise operations. Additionally, certain of our ships are designed to use LNG as their primary fuel source. At this time, the marine LNG distribution infrastructure is in the early stages of development with a limited number of suppliers.

g. Fluctuations in foreign currency exchange rates may adversely impact our financial results.

We earn revenues, pay expenses, purchase and own assets and incur liabilities in currencies other than the U.S. dollar. Additionally, our shipbuilding contracts are typically denominated in euros. Movements in foreign currency exchange rates will affect our financial results.

h. Overcapacity and competition in the cruise and land-based vacation industry may lead to a decline in our cruise sales, pricing and destination options.

We may be impacted by increases in capacity in the cruise and land-based vacation industry, which may result in capacity growth beyond demand, either globally or for a region, or for a particular itinerary. We face competition from other cruise brands on the basis of overall experience, destinations, types and sizes of ships and cabins, travel agent preferences and value. In addition, we compete with land-based vacation alternatives throughout the world on the basis of overall experience, destinations and value.

i. Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.

We may be impacted by unforeseen events, such as work stoppages, insolvencies, "force majeure" events or other financial difficulties experienced by shipyards, their subcontractors and our suppliers. This may result in less shipyard availability resulting in delays or preventing the delivery of our ships under construction and/or the completion of the repair, maintenance, or refurbishment of our existing ships. This may lead to potential delays or cancellations of cruises. In addition, the prices of various commodities that are used in the construction of ships and for repair, maintenance and refurbishment of existing ships, such as steel, are subject to volatility.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends,"

“expect,” “goal,” “anticipate,” “forecast,” “project,” “future,” “intend,” “plan,” “estimate,” “target,” “indicate,” “outlook,” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Pricing
- Booking levels
- Occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity and credit ratings
- Adjusted earnings per share
- Impact of the COVID-19 coronavirus global pandemic on our financial condition and results of operations

Certain of the risks we are exposed to are identified in this Item 1A. “Risk Factors.” This item contains important cautionary statements and a discussion of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of November 30, 2020, the Carnival Corporation and Carnival plc headquarters and our larger shoreside locations are as follows:

Location	Square Footage (in thousands)	Own/Lease	Principal Operations
Miami, FL, U.S.A.	463/61	Own/Lease	Carnival Corporation and Carnival Cruise Line
Genoa, Italy	246/66	Own/Lease	Costa and AIDA
Santa Clarita, CA, U.S.A.	311	Lease	Princess Cruises, Holland America Line and Seabourn
Almere, Netherlands	253	Own	Arison Maritime Center
Rostock, Germany	224	Own	Costa and AIDA
Seattle, WA, U.S.A.	175	Lease	Princess Cruises, Holland America Line and Seabourn
Southampton, England	150	Lease	Carnival plc, P&O Cruises (UK) and Cunard
Hamburg, Germany	171	Lease	Costa and AIDA
Sydney, NSW, Australia	37	Lease	Princess Cruises and P&O Cruises (Australia)
Shanghai, China	19	Lease	Costa

Information about our cruise ships, including the number each of our cruise brands operate, as well as information regarding our cruise ships under construction may be found under Part I. Item 1. Business. C. “Our Global Cruise Business.” In addition, we own, lease or have controlling interests in port destinations, private islands, hotels, and lodges.

Item 3. Legal Proceedings.

The following represents environmental legal proceedings with potential monetary sanctions of \$1 million or more.

As previously disclosed, on May 19, 2017, Holland America Line and Princess Cruises notified the National Oceanic and Atmospheric Administration (“NOAA”) regarding discharges made by certain vessels in the recently expanded area of the National Marine Sanctuary in the Farallones Island. On February 7, 2020, Carnival Corporation received an assessment for a civil penalty of \$1.4 million for these discharges. The parties are negotiating a final settlement.

In addition to the proceeding described above, the legal proceedings described in Note 7 – “Contingencies”, including those described under “COVID-19 Actions,” are shown in [Exhibit 13](#) and are incorporated by reference into this Form 10-K.

Item 4. Mine Safety Disclosures.

None.

PART II

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

A. Market Information

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

B. Holders

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

C. Dividends

On March 30, 2020, we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc.

D. Securities Authorized for Issuance under Equity Compensation Plans

The information required by Item 201(d) of Regulation S-K is incorporated by reference to Part III. Item 12 of this Form 10-K.

E. Performance Graph

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

F. Issuer Purchases of Equity Securities; Use of Proceeds from Registered Securities

I. Repurchase Program

Under a share repurchase program effective 2004, we had been authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the “Repurchase Program”). On June 15, 2020, to enhance our liquidity and comply with restrictions in our recent financing transactions, the Boards of Directors terminated the Repurchase Program.

During the three months ended November 30, 2020, no shares of Carnival Corporation common stock or Carnival plc ordinary shares were repurchased pursuant to the Repurchase Program. No shares of Carnival Corporation common stock or Carnival plc ordinary shares were purchased outside of publicly announced plans or programs.

II. Carnival plc Shareholder Approvals

Carnival plc ordinary share repurchases under the Repurchase Program require annual shareholder approval. The existing shareholder approval was limited to a maximum of 18.2 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2021 annual general meeting or October 5, 2021. To enhance our liquidity as well as comply with the restrictions in our recent financing transactions, we terminated the Repurchase Program.

Item 6. Selected Financial Data.

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

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

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

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

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

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP, dated January 26, 2021, and the Selected Quarterly Financial Data (Unaudited) are shown in [Exhibit 13](#) and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

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

Our President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2020, that they are effective as described above.

B. Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 Internal Control – Integrated Framework (the

“COSO Framework”). Based on this evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2020.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2020 as stated in their report, which is shown in [Exhibit 13](#) and is incorporated by reference into this Form 10-K.

C. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2020 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors

Information regarding our directors, as required by Item 10, is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2020 fiscal year.

Information About Our Executive Officers

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

	Age	Years of Service (a)	Title
Peter C. Anderson	57	1	Chief Ethics and Compliance Officer
Micky Arison	71	49	Chairman of the Boards of Directors
David Bernstein	63	22	Chief Financial Officer and Chief Accounting Officer
Arnold W. Donald	66	20	President and Chief Executive Officer and Director
Arnaldo Perez	60	28	General Counsel and Secretary
Michael Thamm	57	27	Group Chief Executive Officer of Costa Group and Carnival Asia

(a) Years of service with us or Carnival plc predecessor companies.

Business Experience of Executive Officers

Peter C. Anderson has been Chief Ethics and Compliance Officer since 2019. Prior to joining us, he was a Shareholder at the law firm of Beveridge & Diamond, PC from 2012 to 2019.

Micky Arison has been Chairman of the Boards of Directors since 1990 and a Director since 1987. He was Chief Executive Officer from 1979 to 2013.

David Bernstein has been Chief Financial Officer since 2007 and Chief Accounting Officer since 2016.

Arnold W. Donald has been President and Chief Executive Officer since 2013. He has been a Director since 2001.

Arnaldo Perez has been General Counsel and Secretary since 1995.

Michael Thamm has been Group Chief Executive Officer of Costa Group since 2012 and of Carnival Asia since 2017.

Corporate Governance

We have adopted a Code of Business Conduct and Ethics that applies to our President and Chief Executive Officer and senior financial officers, including the Chief Financial Officer and Chief Accounting Officer and other persons performing similar functions. Our Code of Business Conduct and Ethics applies to all our other employees and to our directors as well. This Code of Business Conduct and Ethics is posted on our website, which is located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 5.05 of the Form 8-K regarding any amendments to, or waivers from, provisions of this Code of Business Conduct and Ethics by posting such information on our website, at the addresses specified above.

The additional information required by Item 10 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2020 fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2020 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

A. Securities Authorized for Issuance under Equity Compensation Plans

I. Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2020.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of warrants and rights (in millions)</u> (1)	<u>Weighted-average exercise price of outstanding warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1)) (in millions)</u>
Equity compensation plans approved by security holders	7.5 (a)	-	8.5 (b)
Equity compensation plans not approved by security holders	—	-	—
	<u>7.5</u>	<u>-</u>	<u>8.5</u>

(a) Represents 7.5 million of restricted share units outstanding under the Carnival Corporation 2011 Stock Plan and Carnival Corporation 2020 Stock Plan.

(b) Includes Carnival Corporation common stock available for issuance as of November 30, 2020 as follows: \$1.7 million under the Carnival Corporation Employee Stock Purchase Plan, which includes 89,396 shares subject to purchase during the current purchase period and 7.5 million under the Carnival Corporation 2020 Stock Plan.

II. Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2020.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of warrants and rights (in millions)</u> (1)	<u>Weighted-average exercise price of outstanding warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1)) (in millions)</u>
Equity compensation plans approved by security holders	2.7 (a)	-	4.4
Equity compensation plans not approved by security holders	—	-	—
	<u>2.7</u>	<u>-</u>	<u>4.4</u>

(a) Represents 2.7 million restricted share units outstanding under the Carnival plc 2014 Employee Share Plan.

The additional information required by Item 12 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2020 fiscal year.

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

The information required by Items 13 and 14 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2020 fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

The financial statements shown in [Exhibit 13](#) are incorporated herein by reference into this Form 10-K.

(2) Financial Statement Schedules

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

(3) Exhibits

The exhibits listed below on the Index to Exhibits are filed or incorporated by reference as part of this Form 10-K.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
Instruments defining the rights of security holders, including indenture					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 18, 2021 to furnish certain debt instruments to the Securities and Exchange Commission.				X
4.2	Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Cruises Shareholders.	10-Q	4.1	10/15/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	10/15/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Carnival Corporation Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	
4.9	SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C.	8-K	4.3	4/17/03	

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amendment to Form F-6	99-a	4/15/03	
4.11	Specimen Carnival plc Ordinary Share Certificate.	S-3	4.1	7/2/09	
4.12	Description of Equity Securities Registered under Section 12 of the Exchange Act.	10-K	4.12	1/28/20	
4.13	Description of 1.625% Senior Notes Due 2021.	10-K	4.13	1/28/20	
4.14	Description of 1.875% Senior Notes Due 2022.	10-K	4.14	1/28/20	
4.15	Description of 1.000% Senior Notes Due 2029.	10-K	4.15	1/28/20	
Material contracts					
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	9/28/07	
10.2*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	6/27/08	
10.3*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	6/27/08	
10.4	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison (incorporated by reference to Exhibit 10.2 of Carnival Corporation's Quarterly Report on Form 10-Q for the period ended May 31, 2002).	10-Q	10.2	7/12/02	
10.5*	Amended and Restated Carnival Corporation 2011 Stock Plan.	10-K	10.23	1/30/17	
10.6*	Employment Agreement dated as of October 14, 2013 between Carnival Corporation, Carnival plc and Arnold W. Donald.	10-Q	10.2	10/3/14	
10.7*	Amended and Restated Carnival plc 2014 Employee Share Plan.	10-K	10.39	1/30/17	
10.8*	Carnival Corporation & plc Management Incentive Plan (adopted in 2015).	10-Q	10.3	7/1/15	

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
10.9*	<u>Amendment to Facilities Agreement dated May 18, 2016 among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Bank of America Merrill Lynch International Limited, as facilities agent, and KfW IPEX-Bank GmbH, Bayerische Landesbank, New York Branch and DZ BANK AG, Deutsche Zentral Genossenschaftsbank, Frankfurt am Main, New York Branch, as new lenders.</u>	10-Q	10.1	7/1/16	
10.10*	<u>Amendment dated October 18, 2016 to Employment Agreement dated October 14, 2016 between Carnival Corporation, Carnival plc and Arnold W. Donald.</u>	8-K	99.1	10/21/16	
10.11*	<u>Form of Management Incentive Plan Tied Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.1	3/30/17	
10.12*	<u>Form of Management Incentive Plan Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.</u>	10-Q	10.2	3/30/17	
10.13*	<u>Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.3	3/30/17	
10.14*	<u>Employment Contract dated April 21, 2017 between Carnival plc and Michael Olaf Thamm.</u>	8-K	10.1	4/27/17	
10.15*	<u>Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.2	6/30/17	
10.16*	<u>Form of Performance-Based Restricted Share Unit Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.3	6/30/17	
10.17*	<u>Form of Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.</u>	10-Q	10.4	6/30/17	
10.18*	<u>Form of Management Incentive Plan Tied Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.1	3/22/18	
10.19*	<u>Form of Management Incentive Plan Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.</u>	10-Q	10.2	3/22/18	
10.20*	<u>Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.</u>	10-Q	10.3	3/22/18	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
10.21*	Form of Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.	10-Q	10.4	3/22/18	
10.22*	Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	6/25/18	
10.23*	Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.2	6/25/18	
10.24*	Form of Management Incentive Plan Tied Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.1	4/9/19	
10.25*	Form of Management Incentive Plan Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.2	4/9/19	
10.26*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.3	4/9/19	
10.27*	Form of Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.4	4/9/19	
10.28*	Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.5	4/9/19	
10.29*	Amended and Restated Carnival Corporation 2011 Stock Plan	10-Q	10.1	6/24/19	
10.30*	Amended and Restated Carnival plc 2014 Employee Share Plan	10-Q	10.2	6/24/19	
10.31*	Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.3	6/24/19	
10.32*	Amendment and Restatement Agreement dated August 6, 2019 in respect of the Multicurrency Revolving Facilities Agreement dated May 18, 2011, among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Bank of America Merrill Lynch International Designated Activity Company as facilities agent and a syndicate of financial institutions	10-Q	10.1	9/26/19	
10.33*	Form of Management Incentive Tied Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.1	4/1/20	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
10.34*	Form of Management Incentive Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.2	4/1/20	
10.35*	Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan	10-Q	10.3	4/1/20	
10.36*	Form of Salary for Shares Restricted Stock Unit Agreement for the Carnival Corporation 2020 Stock Plan	10-Q	10.1	7/10/20	
10.37*	Form of Salary for Shares Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.2	7/10/20	
10.38*	Form of Non-Employee Director Annual Restricted Stock Award Agreement for the for the Carnival Corporation 2020 Stock Plan	10-Q	10.3	7/10/20	
10.39*	Form of Non-Employee Director Shares for Retainer Restricted Stock Grants Agreement for the for the Carnival Corporation 2020 Stock Plan	10-Q	10.4	7/10/20	
10.40*	Carnival Corporation 2020 Stock Plan	10-Q	10.5	7/10/20	
10.41***	Term Loan Agreement dated as of June 30, 2020 among Carnival Finance, LLC and Carnival Corporation, as borrowers, Carnival plc and the other Guarantors party hereto, the various financial institutions as are or shall become parties hereto, JPMorgan Chase Bank, N.A., as administrative agent for the lenders, and U.S. Bank National Association, as security agent	10-Q	10.6	7/10/20	
10.42	Amendment No. 1, dated as of December 3, 2020 to Term Loan Agreement dated as of June 30, 2020 among Carnival Finance, LLC and Carnival Corporation, as borrowers, Carnival plc and the other Guarantors party hereto, the various financial institutions as are or shall become parties hereto, JPMorgan Chase Bank, N.A., as administrative agent for the lenders, and U.S. Bank				X
10.43	Indenture, dated as of April 6, 2020, among Carnival Corporation, as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank National Association, as trustee, relating to the 5.75% Convertible Senior Notes due 2023	10-Q	10.7	7/10/20	
10.44	First Supplemental Indenture dated as of June 30, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.75% Convertible Senior Notes due 2023	10-Q	10.9	7/10/20	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
10.45	Second Supplemental Indenture dated as of July 8, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee, relating to the 5.75% Convertible Senior Notes due 2023	10-Q	10.1	10/8/20	
10.46***	Indenture, dated as of April 8, 2020, among Carnival Corporation, as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank National Association, as trustee, principal paying agent, transfer agent, registrar and security agent, relating to the 11.500% First-Priority Senior Secured Notes due 2023	10-Q	10.8	7/10/20	
10.47	First Supplemental Indenture dated as of November 18, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee and security agent, relating to the 11.500% First-Priority Senior Secured Notes due 2023				X
10.48***	Indenture dated as of July 20, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee, security agent, principal paying agent, transfer agent and registrar, relating to the U.S. dollar-denominated 10.500% Second-Priority Senior Secured Notes due 2026 and the Euro-denominated 10.125% Second-Priority Senior Secured Notes due 2026	10-Q	10.2	10/8/20	
10.49	First Supplemental Indenture dated as of November 18, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee and security agent, relating to the U.S. dollar-denominated 10.500% Second-Priority Senior Secured Notes due 2026 and the Euro-denominated 10.125% Second-Priority Senior Secured Notes due 2026				X
10.50***	Indenture dated as of August 18, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee, security agent, principal paying agent, transfer agent and registrar, relating to the 9.875% Second-Priority Senior Secured Notes due 2027	10-Q	10.3	10/8/20	
10.51	First Supplemental Indenture dated as of November 18, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee and security agent, relating to the 9.875% Second-Priority Senior Secured Notes due 2027				X

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
10.52	Indenture dated as of November 25, 2020 among Carnival Corporation as issuer, Carnival plc, the other Guarantors party thereto and U.S. Bank, National Association, as trustee, principal paying agent, transfer agent and registrar, relating to the U.S. dollar-denominated 7.625% Senior Unsecured Notes due 2026 and the Euro-denominated 7.625% Senior Unsecured Notes due 2026				X
10.53*	Form of Special Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2020 Stock Plan	10-Q	10.4	10/8/20	
10.54*	Form of Special Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.5	10/8/20	
10.55*	Form of Retention Time-Based Restricted Stock Unit Agreement for the Carnival Corporation 2020 Stock Plan	10-Q	10.6	10/8/20	
10.56*	Form of Retention Time-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan	10-Q	10.7	10/8/20	
10.57	Amendment Agreement dated December 31, 2020 to the Amendment and Restatement Agreement dated August 6, 2019 in respect of the Multicurrency Revolving Facilities Agreement originally dated May 18, 2011, as amended and restated on August 6, 2019, among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Bank of America Europe Designated Activity Company as facilities agent and a syndicate of financial institutions.	8-K	10.1	1/6/21	
Annual report to security holders					
13	Portions of the 2020 Annual Report.				X
Subsidiaries of the registrants					
21	Subsidiaries of Carnival Corporation and Carnival plc.				X
Consents of experts and counsel					
23	Consent of Independent Registered Public Accounting Firm.				X
Power of attorney					

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
24	<u>Power of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Arnold W. Donald, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2020 joint Annual Report on Form 10-K and any future amendments on their behalf.</u>				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	<u>Certification of President and Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
31.2	<u>Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
31.3	<u>Certification of President and Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
31.4	<u>Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
Section 1350 certifications					
32.1**	<u>Certification of President and Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
32.2**	<u>Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
32.3**	<u>Certification of President and Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
32.4**	<u>Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
Interactive data file					
101	The consolidated financial statements from Carnival Corporation & plc's Form 10-K for the year ended November 30, 2020, as filed with the SEC on January 26, 2021 formatted in Inline XBRL, are as follows:				

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
	(i) the Consolidated Statements of Income for the years ended November 30, 2020, 2019 and 2018;				X
	(ii) the Consolidated Statements of Comprehensive Income for the years ended November 30, 2020, 2019 and 2018;				X
	(iii) the Consolidated Balance Sheets at November 30, 2020 and 2019;				X
	(iv) the Consolidated Statements of Cash Flows for the years ended November 30, 2020, 2019 and 2018;				X
	(v) the Consolidated Statements of Shareholders' Equity for the years ended November 30, 2020, 2019 and 2018 and				X
	(vi) the notes to the consolidated financial statements, tagged in summary and detail.				X
104	The cover page from Carnival Corporation & plc's Form 10-K for the year ended November 30, 2020, as filed with the Securities and Exchange Commission on January 26, 2021, formatted in Inline XBRL (included as Exhibit 101)				

*Indicates a management contract or compensation plan or arrangement.

**These items are furnished and not filed.

***Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

CARNIVAL CORPORATION
/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and
Director
January 26, 2021

CARNIVAL PLC
/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and
Director
January 26, 2021

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

CARNIVAL CORPORATION
/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and
Director
January 26, 2021

CARNIVAL PLC
/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and
Director
January 26, 2021

/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer
January 26, 2021

/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer
January 26, 2021

/s/*Micky Arison
Micky Arison
Chairman of the Board of
Directors
January 26, 2021

/s/*Micky Arison
Micky Arison
Chairman of the Board of
Directors
January 26, 2021

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 26, 2021

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 26, 2021

/s/*Jason Glen Cahilly
Jason Glen Cahilly
Director
January 26, 2021

/s/*Jason Glen Cahilly
Jason Glen Cahilly
Director
January 26, 2021

/s/*Helen Deeble
Helen Deeble
Director
January 26, 2021

/s/*Helen Deeble
Helen Deeble
Director
January 26, 2021

/s/*Jeffrey J. Gearhart

/s/*Jeffrey J. Gearhart

Jeffrey J. Gearhart
Director
January 26, 2021

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 26, 2021

/s/*Katie Lahey
Katie Lahey
Director
January 26, 2021

/s/*Sir John Parker
Sir John Parker
Director
January 26, 2021

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 26, 2021

/s/*Laura Weil
Laura Weil
Director
January 26, 2021

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 26, 2021

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 26, 2021

Jeffrey J. Gearhart
Director
January 26, 2021

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 26, 2021

/s/*Katie Lahey
Katie Lahey
Director
January 26, 2021

/s/*Sir John Parker
Sir John Parker
Director
January 26, 2021

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 26, 2021

/s/*Laura Weil
Laura Weil
Director
January 26, 2021

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 26, 2021

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 26, 2021

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

	Years Ended November 30,		
	2020	2019	2018
Revenues			
Passenger ticket	\$ 3,684	\$ 14,104	\$ 13,930
Onboard and other	1,910	6,721	4,950
	5,595	20,825	18,881
Operating Costs and Expenses			
Commissions, transportation and other	1,139	2,720	2,590
Onboard and other	605	2,101	638
Payroll and related	1,780	2,249	2,190
Fuel	823	1,562	1,619
Food	413	1,083	1,066
Ship and other impairments	1,967	26	16
Other operating	1,518	3,167	2,971
	8,245	12,909	11,089
Selling and administrative	1,878	2,480	2,450
Depreciation and amortization	2,241	2,160	2,017
Goodwill impairments	2,096	—	—
	14,460	17,549	15,556
Operating Income (Loss)	(8,865)	3,276	3,325
Nonoperating Income (Expense)			
Interest income	18	23	14
Interest expense, net of capitalized interest	(895)	(206)	(194)
Gains on fuel derivatives, net	—	—	59
Other income (expense), net	(511)	(32)	3
	(1,388)	(215)	(118)
Income (Loss) Before Income Taxes	(10,253)	3,060	3,207
Income Tax Benefit (Expense), Net	17	(71)	(54)
Net Income (Loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Earnings Per Share			
Basic	\$ (13.20)	\$ 4.34	\$ 4.45
Diluted	\$ (13.20)	\$ 4.32	\$ 4.44

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Years Ended November 30,		
	2020	2019	2018
Net Income (Loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Items Included in Other Comprehensive Income (Loss)			
Change in foreign currency translation adjustment	578	(86)	(199)
Other	51	(31)	32
Other Comprehensive Income (Loss)	630	(117)	(167)
Total Comprehensive Income (Loss)	<u>\$ (9,606)</u>	<u>\$ 2,873</u>	<u>\$ 2,986</u>

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

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

	November 30,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,513	\$ 518
Trade and other receivables, net	273	444
Inventories	335	427
Prepaid expenses and other	443	671
Total current assets	<u>10,563</u>	<u>2,059</u>
Property and Equipment, Net	38,073	38,131
Operating Lease Right-of-Use Assets (a)	1,370	—
Goodwill	807	2,912
Other Intangibles	1,186	1,174
Other Assets	1,594	783
	<u>\$ 53,593</u>	<u>\$ 45,058</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 3,084	\$ 231
Current portion of long-term debt	1,742	1,596
Current portion of operating lease liabilities (a)	151	—
Accounts payable	624	756
Accrued liabilities and other	1,144	1,809
Customer deposits	1,940	4,735
Total current liabilities	<u>8,686</u>	<u>9,127</u>
Long-Term Debt	22,130	9,675
Long-Term Operating Lease Liabilities (a)	1,273	—
Other Long-Term Liabilities	949	890
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 1,060 shares at 2020 and 657 shares at 2019 issued	11	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2020 and 2019 issued	361	358
Additional paid-in capital	13,948	8,807
Retained earnings	16,075	26,653
Accumulated other comprehensive income (loss) ("AOCI")	(1,436)	(2,066)
Treasury stock, 130 shares at 2020 and 2019 of Carnival Corporation and 60 shares at 2020 and 2019 of Carnival plc, at cost	(8,404)	(8,394)
Total shareholders' equity	<u>20,555</u>	<u>25,365</u>
	<u>\$ 53,593</u>	<u>\$ 45,058</u>

(a) We adopted the provisions of *Leases* on December 1, 2019.

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

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

	Years Ended November 30,		
	2020	2019	2018
OPERATING ACTIVITIES			
Net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	2,241	2,160	2,017
Impairments	4,063	26	16
Gains on fuel derivatives, net	—	—	(59)
Loss on repurchases of Convertible Notes	464	—	—
Share-based compensation	105	46	65
Noncash lease expense	172	—	—
(Gain) loss on ship sales and other, net	78	43	(6)
	<u>(3,114)</u>	<u>5,265</u>	<u>5,186</u>
Changes in operating assets and liabilities			
Receivables	125	(114)	(58)
Inventories	77	79	(67)
Prepaid expenses and other	(209)	(254)	74
Accounts payable	(165)	34	(24)
Accrued liabilities and other	(311)	80	(100)
Customer deposits	(2,703)	387	539
Net cash provided by (used in) operating activities	<u>(6,301)</u>	<u>5,475</u>	<u>5,549</u>
INVESTING ACTIVITIES			
Purchases of property and equipment	(3,620)	(5,429)	(3,749)
Proceeds from sales of ships	334	26	389
Purchase of minority interest	(81)	—	(135)
Derivative settlements and other, net	127	126	(19)
Net cash provided by (used in) investing activities	<u>(3,240)</u>	<u>(5,277)</u>	<u>(3,514)</u>
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	2,852	(605)	417
Principal repayments of long-term debt	(1,621)	(1,651)	(1,556)
Proceeds from issuance of long-term debt	15,020	3,674	2,542
Dividends paid	(689)	(1,387)	(1,355)
Purchases of treasury stock	(12)	(603)	(1,468)
Issuance of common stock, net	3,249	4	3
Other, net	(150)	(86)	(42)
Net cash provided by (used in) financing activities	<u>18,650</u>	<u>(655)</u>	<u>(1,460)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	53	(9)	(1)
Net increase (decrease) in cash, cash equivalents and restricted cash	9,161	(465)	574
Cash, cash equivalents and restricted cash at beginning of year	530	996	422
Cash, cash equivalents and restricted cash at end of year	<u>\$ 9,692</u>	<u>\$ 530</u>	<u>\$ 996</u>

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	AOCI	Treasury stock	Total shareholders' equity
At November 30, 2017	\$ 7	\$ 358	\$ 8,690	\$ 23,292	\$ (1,782)	\$ (6,349)	\$ 24,216
Net income (loss)	—	—	—	3,152	—	—	3,152
Other comprehensive income (loss)	—	—	—	—	(167)	—	(167)
Cash dividends declared	—	—	—	(1,378)	—	—	(1,378)
Purchases of treasury stock under the Repurchase Program and other	—	—	66	—	—	(1,446)	(1,380)
At November 30, 2018	7	358	8,756	25,066	(1,949)	(7,795)	24,443
Change in accounting principle (a)	—	—	—	(24)	—	—	(24)
Net income (loss)	—	—	—	2,990	—	—	2,990
Other comprehensive income (loss)	—	—	—	—	(117)	—	(117)
Cash dividends declared	—	—	—	(1,379)	—	—	(1,379)
Purchases of treasury stock under the Repurchase Program and other	—	—	51	—	—	(599)	(548)
At November 30, 2019	7	358	8,807	26,653	(2,066)	(8,394)	25,365
Net income (loss)	—	—	—	(10,236)	—	—	(10,236)
Other comprehensive income (loss)	—	—	—	—	630	—	630
Cash dividends declared	—	—	—	(342)	—	—	(342)
Issuance of common stock	2	—	3,247	—	—	—	3,249
Issuance and repurchase of Convertible Notes (net settled through a registered direct offering)	2	—	1,798	—	—	—	1,799
Purchases of treasury stock under the Repurchase Program and other	—	2	97	—	—	(10)	89
At November 30, 2020	\$ 11	\$ 361	\$ 13,948	\$ 16,075	\$ (1,436)	\$ (8,404)	\$ 20,555

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

(a) We adopted the provisions of *Revenue from Contracts with Customers* and *Derivatives and Hedging* on December 1, 2018.

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – General

Description of Business

Carnival Corporation was incorporated in Panama in 1974 and Carnival plc was incorporated in England and Wales in 2000. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this 2020 Annual Report as “Carnival Corporation & plc,” “our,” “us” and “we.” The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries.

We are a leisure travel company with a portfolio of nine of the world’s leading cruise lines. With operations in North America, Australia, Europe and Asia, our portfolio features – Carnival Cruise Line, Princess Cruises, Holland America Line, P&O Cruises (Australia), Seabourn, Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard.

DLC Arrangement

Carnival Corporation and Carnival plc operate a dual listed company (“DLC”) arrangement, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and provisions in Carnival Corporation’s Articles of Incorporation and By-Laws and Carnival plc’s Articles of Association. The two companies operate as a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Each company’s shares are publicly traded on the New York Stock Exchange (“NYSE”) for Carnival Corporation and the London Stock Exchange for Carnival plc. The Carnival plc American Depositary Shares are traded on the NYSE.

The constitutional documents of each company provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. The Equalization and Governance Agreement between Carnival Corporation and Carnival plc provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC arrangement. Because the equalization ratio is 1 to 1, one share of Carnival Corporation common stock and one Carnival plc ordinary share are generally entitled to the same distributions.

Under deeds of guarantee executed in connection with the DLC arrangement, as well as stand-alone guarantees executed since that time, each of Carnival Corporation and Carnival plc have effectively cross guaranteed all indebtedness and certain other monetary obligations of each other. Once the written demand is made, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor.

Under the terms of the DLC arrangement, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. In addition, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

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

Liquidity and Management’s Plans

In the face of the global impact of COVID-19, we paused our guest cruise operations in mid-March 2020. In September 2020 we began the resumption of limited guest operations as part of our phased-in return to service. As of January 14, 2021, none of our ships were operating with guests onboard. Significant events affecting travel, including COVID-19 and our pause in guest cruise operations, have had an impact on booking patterns. The full extent of the impact will be determined by our gradual return to service and the length of time COVID-19 influences travel decisions. We believe that the ongoing effects of COVID-19 on our operations and global bookings have had, and will continue to have, a material negative impact on our financial results and liquidity.

The estimation of our future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- Expected continued gradual resumption of guest cruise operations
- Expected lower than comparable historical occupancy levels during the resumption of guest cruise operations
- Expected incremental expenses for the resumption of guest cruise operations, for the maintenance of additional public health protocols and procedures for additional regulations

In addition, we make certain assumptions about new ship deliveries, improvements and disposals, and consider the future export credit financings that are associated with the ship deliveries.

We are preparing to execute on the necessary steps to comply with the various heightened governmental regulations required to return to guest cruise operations. We are working with a number of world-leading public health, epidemiological and policy experts to support our ongoing efforts with enhanced protocols and procedures for the return of cruise vacations. These advisors will continue to provide guidance based on the latest scientific evidence and best practices for protection and mitigation. We also believe that there have been positive developments around the availability and widespread distribution and use of safe and effective COVID-19 vaccines, which we believe will be important to achieving historical occupancy levels over time.

We cannot make assurances that our assumptions used to estimate our liquidity requirements may not change because we have never previously experienced a complete cessation of our guest cruise operations, and as a consequence, our ability to be predictive is uncertain. In addition, the magnitude, duration and speed of the global pandemic are uncertain. We have made reasonable estimates and judgments of the impact of COVID-19 within our consolidated financial statements and there may be changes to those estimates in future periods. We expect a net loss on both a U.S. GAAP and adjusted basis for 2021. We have taken and continue to take actions to improve our liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from our fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital market transactions.

Based on these actions and assumptions regarding the impact of COVID-19, and considering our available liquidity including cash and cash equivalents of \$9.5 billion at November 30, 2020, we have concluded that we have sufficient liquidity to satisfy our obligations for at least the next twelve months. Beginning on February 28, 2022, one month beyond the twelve month assessment period, additional financial covenant amendments for our export credit facilities has been requested and will be needed in order to maintain covenant compliance.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a voting control of greater than 50% or for which we are the primary beneficiary, whereby we have the power to direct the most significant activities and the obligation to absorb significant losses or receive significant benefits from the entity. We do not separately present our noncontrolling interests in the consolidated financial statements since the amounts are immaterial. For affiliates we do not control but where significant influence over financial and operating policies exists, as typically evidenced by a voting control of 20% to 50%, the investment is accounted for using the equity method.

For 2019 and 2018, we reclassified \$390 million and \$272 million from tour and other revenues to onboard and other revenues as well as \$268 million and \$180 million from tour and other costs and expenses to other operating cost and expenses in order to conform to the current year presentation.

Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements. The full extent to which the effects of COVID-19 will directly or indirectly impact our business, operations, results of operations and financial condition, including our valuation of goodwill and trademarks, impairment of ships, collectability of trade and notes receivables as well as provisions for pending litigation, will depend on future developments that are highly uncertain. We believe that we have made reasonable estimates and judgments within our financial statements and there may be changes to those estimates in future periods. Actual results may differ from the estimates used in preparing our consolidated financial statements. All material intercompany balances and transactions are eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost and present insignificant risk of changes in value.

Inventories

Inventories consist substantially of food, beverages, hotel supplies, fuel and retail merchandise, which are all carried at the lower of cost or net realizable value. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment charges. Depreciation is computed using the straight-line method over our estimates of useful lives and residual values, as a percentage of original cost, as follows:

	Years	Residual Values
Ships	30	15%
Ship improvements	3-30	0%
Buildings and improvements	10-40	0% or 10%
Computer hardware and software	2-12	0% or 10%
Transportation equipment and other	3-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of the remaining lease term or related asset life (3-30)	0%

The cost of ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We account for ship improvement costs, including replacements of certain significant components and parts, by capitalizing those costs we believe add value to our ships and have a useful life greater than one year and depreciating those improvements over their estimated remaining useful life. We have a capital program for the improvement of our ships and for asset replacements in order to enhance the effectiveness and efficiency of our operations; to comply with, or exceed, all relevant legal and statutory requirements related to health, environment, safety, security and sustainability; and to gain strategic benefits or provide improved product innovations to our guests.

We capitalize interest as part of the cost of capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is also included in other operating expenses. Liquidated damages received from shipyards as a result of late ship delivery are recorded as reductions to the cost basis of the ship.

The costs of repairs and maintenance, including minor improvement costs and expenses related to dry-docks, are charged to expense as incurred and included in other operating expenses. Dry-dock expenses primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance.

We review our long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts of these assets may not be recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset from the asset's estimated undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level. A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment as of July 31 every year, or more frequently if events or circumstances dictate. All of our goodwill has been allocated to our reporting units. The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed

directly to the quantitative test for any reporting unit. When performing the quantitative test, if the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required. However, if the estimated fair value of the reporting unit is less than the carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its fair value, limited to the amount of goodwill allocated to the reporting unit.

Trademarks represent substantially all of our other intangibles. Trademarks are estimated to have an indefinite useful life and are not amortizable but are reviewed for impairment at least annually and as events or circumstances dictate. The impairment review for trademarks also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value.

A significant amount of judgment is required in estimating the fair values of our reporting units.

Derivatives and Other Financial Instruments

We utilize derivative and non-derivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates. We use interest rate swaps primarily to manage our interest rate exposure to achieve a desired proportion of fixed and floating rate debt. Our policy is to not use financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. If a derivative is designated as a cash flow hedge, then the change in the fair value of the derivative is recognized as a component of AOCI until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a non-derivative financial instrument is designated as a hedge of our net investment in a foreign operation, then changes in the effective portion of the fair value of the financial instrument are recognized as a component of AOCI to offset the change in the translated value of the designated portion of net investment being hedged until the investment is sold or substantially liquidated, while the impact attributable to components excluded from the assessment of hedge effectiveness is recorded in interest expense, net of capitalized interest, on a systematic and rational basis. For derivatives that do not qualify for hedge accounting treatment, the change in fair value is recognized in earnings.

We classify the fair value of all our derivative contracts as either current or long-term, depending on the maturity date of the derivative contract. The cash flows from derivatives treated as cash flow hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged. Our cash flows related to fuel derivatives are classified within investing activities.

Derivative valuations are based on observable inputs such as interest rates and commodity price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities, and cross currency basis spreads. We use the income approach to value derivatives for foreign currency options and forwards, interest rate swaps and cross currency swaps using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated but not compelled to transact.

Foreign Currency Translation and Transactions

Each foreign entity determines its functional currency by reference to its primary economic environment. We translate the assets and liabilities of our foreign entities that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign entities are translated at weighted-average exchange rates for the period. Equity is translated at historical rates and the resulting foreign currency translation adjustments are included as a component of AOCI, which is a separate component of shareholders' equity. Therefore, the U.S. dollar value of the non-equity translated items in our consolidated financial statements will fluctuate from period to period, depending on the changing value of the U.S. dollar versus these currencies.

We execute transactions in a number of different currencies. At the date that the transaction is recognized, each asset, liability, revenue, expense, gain or loss arising from the transaction is measured and recorded in the functional currency of the recording entity using the exchange rate in effect at that date. At each balance sheet date, recorded monetary balances denominated in a currency other than the functional currency are adjusted using the exchange rate at the balance sheet date, with gains or losses recorded in other income or other expense, unless such monetary balances have been designated as hedges of net investments in our foreign entities. The net gains or losses resulting from foreign currency transactions were not material in 2020, 2019 and

2018. In addition, the unrealized gains or losses on our long-term intercompany receivables and payables which are denominated in a non-functional currency and which are not expected to be repaid in the foreseeable future are recorded as foreign currency translation adjustments included as a component of AOCI.

Revenue and Expense Recognition

Guest cruise deposits are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages, with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not material. Certain of our product offerings are bundled and we allocate the value of the bundled services and goods between passenger ticket revenues and onboard and other revenues based upon the estimated standalone selling prices of those goods and services. Guest cancellation fees, when applicable, are recognized in passenger ticket revenues at the time of cancellation.

Our sales to guests of air and other transportation to and from airports near the home ports of our ships are included in passenger ticket revenues, and the related costs of purchasing these services are included in transportation costs. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. These fees, taxes and charges included in commissions, transportation and other costs were \$215 million in 2020, \$659 million in 2019 and \$615 million in 2018. The remaining portion of fees, taxes and charges are expensed in other operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed.

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. These amounts include refundable deposits. We have provided, and expect to continue to provide, flexibility to guests with bookings on sailings cancelled due to the pause in cruise operations by allowing guests to receive enhanced future cruise credits ("FCC") or to elect to receive refunds in cash. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of these cancelled cruises. The amount of cash refunds to be paid may depend on the level of guest acceptance of FCCs and future cruise cancellations. We record a liability for these FCCs only to the extent we have received cash from guests with bookings on cancelled sailings. We had customer deposits of \$2.2 billion and \$4.9 billion as of November 30, 2020 and 2019. The current portion of our customer deposits was \$1.9 billion and \$4.7 billion as of November 30, 2020 and 2019. These amounts include deposits related to cancelled cruises prior to the election of a cash refund by guests. Refunds payable to guests who have elected cash refunds are recorded in accounts payable. Due to the uncertainty associated with the duration and extent of COVID-19, we are unable to estimate the amount of the November 30, 2020 customer deposits that will be recognized in earnings compared to amounts that will be refunded to customers or issued as a credit for future travel. During 2020 and 2019, we recognized revenues of \$3.2 billion and \$4.3 billion related to our customer deposits as of November 30, 2019 and December 1, 2018. Historically, our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue, refunds of customer deposits and foreign currency translation.

Contract Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We also have receivables from credit card merchants for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net.

Contract Assets

Contract assets are amounts paid prior to the start of a voyage, which we record as an asset within prepaid expenses and other and which are subsequently recognized as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We have contract assets of an immaterial amount and \$154 million as of November 30, 2020 and November 30, 2019.

Insurance

We use a combination of insurance and self-insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damage to hull and machinery for each of our ships, war risks, workers' compensation, directors' and officers' liability, property damage and general liability for shoreside third-party claims. We recognize insurance recoverables from third-party insurers up to the amount of recorded losses at the time the recovery is probable and upon settlement for amounts in excess of the recorded losses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs, which are expensed upon the first airing of the advertisement. Selling expenses totaled \$348 million in 2020, \$728 million in 2019 and \$673 million in 2018. Administrative expenses represent the costs of our shoreside support, reservations and other administrative functions, and include salaries and related benefits, professional fees and building occupancy costs, which are typically expensed as incurred.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if earlier than the vesting period. For performance-based share awards, we estimate compensation cost based on the probability of the performance condition being achieved and recognize expense ratably using the straight-line attribution method over the expected vesting period. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognized compensation expense is reversed and future compensation expense is adjusted accordingly. For market-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market conditions are not expected to be met, compensation expense will still be recognized. We account for forfeitures as they occur.

Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed by dividing net income (loss) by the weighted-average number of shares and common stock equivalents outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights.

Accounting Pronouncements

On December 1, 2019, we adopted the Financial Accounting Standards Board (the "FASB") issued guidance, *Leases*, using the modified retrospective approach, which allows entities to either apply the new lease standard to the beginning of the earliest period presented or only to the consolidated financial statements in the period of adoption without restating prior periods. We have elected to apply the new guidance at the date of adoption without restating prior periods.

We have implemented changes to our internal controls to address the collection, recording, and accounting for leases in accordance with the new guidance. Upon adoption of the new guidance, the most material impact was the recognition of \$1.4 billion of right-of-use assets and lease liabilities relating to operating leases, reported within operating lease right-of-use assets and long-term operating lease liabilities, with the current portion of the liability reported within current portion of operating lease liabilities, in our Consolidated Balance Sheet as of December 1, 2019. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to our retained earnings upon adoption. This guidance had an immaterial impact on our Consolidated Statements of Income (Loss), Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows and the compliance with debt-covenants under our current agreements.

The FASB issued amended guidance, *Compensation - Retirement Benefits - Defined Benefit Plans - General*, which clarifies disclosure requirements for entities that sponsor defined benefit pension or other postretirement plans. This guidance eliminates requirements for certain disclosures that are no longer considered cost beneficial. Additionally, this guidance requires explanations of the reasons for material gains and losses related to changes in the defined benefit obligation for the period and any other material change in the benefit obligation or plan assets not otherwise apparent in disclosures. On November 30, 2020, we adopted this guidance using the retrospective method for each period presented. As a result, we are not required to present the amount in accumulated other comprehensive income that is expected to be recognized as components of net periodic benefit cost over the next fiscal year.

The FASB issued amended guidance, *Intangibles - Goodwill and Other - Internal-Use Software*, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance to determine which implementation costs to capitalize as assets or expense as incurred. The expense related to deferred implementation costs is required to be presented in the same line item within the Consolidated Statements of Income (Loss) as the related hosting fees. Additionally, the payments for deferred implementation costs are required to be presented in the same line item in the Consolidated Statements of Cash Flows as payments for the related hosting fees. This guidance is required to be adopted by us in the first quarter of 2021 and we have elected to apply the guidance using a prospective approach. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Financial Instruments - Credit Losses*, which requires an entity to present the net amount expected to be collected for certain financial assets, including trade receivables. On initial recognition and at each reporting period, this guidance will require an entity to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. This guidance is required to be adopted by us in the first quarter of 2021 and will be applied prospectively with a cumulative-effect adjustment to retained earnings. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The FASB issued guidance, *Debt - Debt with Conversion and Other Options* and *Derivative and Hedging - Contracts in Entity's Own Equity*, which simplifies the accounting for convertible instruments. This guidance eliminates certain models that require separate accounting for embedded conversion features, in certain cases. Additionally, among other changes, the guidance eliminates certain of the conditions for equity classification for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. This guidance is required to be adopted by us in the first quarter of 2023 and must be applied using either a modified or full retrospective approach. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

NOTE 3 – Property and Equipment

<i>(in millions)</i>	November 30,	
	2020	2019
Ships and ship improvements	\$ 49,803	\$ 50,446
Ships under construction	1,354	2,492
Other property and equipment	3,992	3,843
Total property and equipment	55,148	56,781
Less accumulated depreciation	(17,075)	(18,650)
	<u>\$ 38,073</u>	<u>\$ 38,131</u>

Capitalized interest amounted to \$66 million in 2020, \$39 million in 2019 and \$36 million in 2018.

Sales of Ships

We have sold 12 NAA segment ships and five EA segment ships, which represents a passenger-capacity reduction of 20,510 for our NAA segment and 9,740 for our EA segment. In addition, we expect to sell two NAA segment ships which represents a passenger-capacity reduction of 2,100.

Refer to Note 10 - "Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks, Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis, Impairment of Ships" for additional discussion.

NOTE 4 – Other Assets

We have a minority interest in Grand Bahama Shipyard Ltd. (“Grand Bahama”), a ship repair and maintenance facility. Grand Bahama provided services to us of \$38 million in 2020, \$62 million in 2019 and \$89 million in 2018. As of November 30, 2020, our investment in Grand Bahama was \$55 million, consisting of \$13 million in equity and a loan of \$42 million. As of November 30, 2019, our investment in Grand Bahama was \$54 million, consisting of \$15 million in equity and a loan of \$39 million.

We have a minority interest in the White Pass & Yukon Route (“White Pass”) that includes port, railroad and retail operations in Skagway, Alaska. Due to the impact of COVID-19 on the Alaska season, White Pass provided no services to us in 2020, and \$22 million in 2019. As of November 30, 2020, our investment in White Pass was \$94 million, consisting of \$75 million in equity and a loan of \$19 million. As of November 30, 2019, our investment in White Pass was \$102 million, consisting of \$84 million in equity and a loan of \$18 million.

We have a minority interest in CSSC Carnival Cruise Shipping Limited (“CSSC-Carnival”), a China-based cruise company which will operate its own fleet designed to serve the Chinese market. As of November 30, 2020 and 2019, our investment in CSSC-Carnival was \$140 million and \$48 million. In December 2019, we sold to CSSC-Carnival a controlling interest in an entity with full ownership of two EA segment ships and recognized a related gain of \$107 million, included in other operating expenses in our Consolidated Statements of Income (Loss). As of November 30, 2020, our investment in the minority interest of this entity was \$283 million.

NOTE 5 – Debt

<i>(in millions)</i>	Maturity	Rate (a)	November 30,	
			2020	2019
Secured Debt				
Notes				
Notes	Apr 2023	11.5%	\$ 4,000	\$ —
Notes	Feb 2026	10.5%	775	—
EUR Notes	Feb 2026	10.1%	508	—
Notes (c)	Jun 2027	7.9%	192	192
Notes	Aug 2027	9.9%	900	—
Bank Loans				
EUR fixed rate (c)	Jul 2024 - May 2025	5.5 - 6.2%	136	154
Floating rate	Jun 2025	LIBOR + 7.5%	1,855	—
EUR floating rate (c)	Jun 2025 - Oct 2026	EURIBOR + 2.7 - 7.5%	1,026	77
Total Secured Debt			9,393	423
Unsecured Debt				
Revolver				
Facility (expires Aug 2024)	(b)	LIBOR + 0.6%	3,083	—
Notes				
Notes	Oct 2020	4.0%	—	700
EUR Notes	Feb 2021	1.6%	429	550
EUR Notes	Nov 2022	1.9%	658	605
Convertible Notes	Apr 2023	5.8%	537	—
Notes	Oct 2023	7.2%	125	125
Notes	Mar 2026	7.6%	1,450	—
EUR Notes	Mar 2026	7.6%	598	—
Notes	Jan 2028	6.7%	200	200
EUR Notes	Oct 2029	1.0%	718	660
Bank Loans				

EUR fixed rate	Mar 2021 - Sep 2021	0.3 - 3.9%	32	221
EUR floating rate	Mar 2021 - Apr 2023	EURIBOR + 0.3 - 4.8%	1,860	1,596
Floating rate	Jul 2024 - Sep 2024	LIBOR + 3.8%	300	300
GBP floating rate	Aug 2021 - Feb 2025	GBP LIBOR + 0.8 - 0.9%	881	854
Export Credit Facilities				
EUR floating rate	Mar 2021 - Oct 2032	EURIBOR + 0.2 - 1.5%	1,891	963
EUR fixed rate	Feb 2031 - Sep 2032	1.1%	1,159	545
Fixed rate	Aug 2027 - Oct 2031	2.4 - 3.4%	3,131	3,485
Floating rate	Feb 2022 - Dec 2031	LIBOR + 0.5 - 1.5%	1,138	174
Commercial Paper				
EUR floating rate commercial paper	—	—%	—	231
Total Unsecured Debt			18,188	11,211
Total Debt			27,581	11,634
Less: unamortized debt issuance costs			(624)	(131)
Total Debt, net of unamortized debt issuance costs			26,957	11,503
Less: short-term borrowings			(3,084)	(231)
Less: current portion of long-term debt			(1,742)	(1,596)
Long-Term Debt			\$ 22,130	\$ 9,675

The scheduled maturities of our debt are as follows:

(in millions)	November 30, 2020	2021				2022	2023	2024	2025	Thereafter
	Rate (a)	1Q	2Q	3Q	4Q					
Secured Debt										
Notes										
Notes	11.5%	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,000	\$ —	\$ —	\$ —
Notes	10.5%	—	—	—	—	—	—	—	—	775
EUR Notes	10.1%	—	—	—	—	—	—	—	—	508
Notes (c)	7.9%	—	—	—	—	—	—	—	—	192
Notes	9.9%	—	—	—	—	—	—	—	—	900
Bank Loans										
EUR fixed rate (c)	5.5 - 6.2%	8	8	8	8	32	32	32	8	—
Floating rate	LIBOR + 7.5%	5	5	5	5	19	19	19	1,781	—
EUR floating rate (c)	EURIBOR + 2.7 - 7.5%	2	8	2	8	22	22	22	928	12
Total Secured Debt		15	21	15	21	72	4,072	72	2,717	2,387
Unsecured Debt										
Revolver										
Facility (expires Aug 2024)	LIBOR + 0.6%	—	—	—	—	—	—	3,083	—	—
Notes										
EUR Notes	1.6%	429	—	—	—	—	—	—	—	—
EUR Notes	1.9%	—	—	—	—	658	—	—	—	—
Convertible Notes	5.8%	—	—	—	—	—	537	—	—	—
Notes	7.2%	—	—	—	—	—	125	—	—	—
Notes	7.6%	—	—	—	—	—	—	—	—	1,450
EUR Notes	7.6%	—	—	—	—	—	—	—	—	598
Notes	6.7%	—	—	—	—	—	—	—	—	200
EUR Notes	1.0%	—	—	—	—	—	—	—	—	718
Bank Loans										
EUR fixed rate	0.3 - 3.9%	—	17	—	15	—	—	—	—	—
EUR floating rate	EURIBOR + 0.3 - 4.8%	—	179	—	—	1,053	628	—	—	—
Floating rate	LIBOR + 3.8%	—	—	—	—	—	—	300	—	—
GBP floating rate	GBP LIBOR + 0.8 - 0.9%	40	—	375	—	—	—	93	373	—
Export Credit Facilities										
EUR floating rate	EURIBOR + 0.2 - 1.5%	—	24	49	124	333	306	277	200	629
EUR fixed rate	1.1%	—	—	26	26	103	103	103	103	644
Fixed rate	2.4 - 3.4%	—	74	36	98	291	332	332	332	1,576
Floating rate	LIBOR + 0.5 - 1.5%	16	35	68	41	194	152	152	92	446
Total Unsecured Debt		485	330	553	304	2,631	2,183	4,340	1,100	6,261
Total Debt		\$ 500	\$ 351	\$ 568	\$ 325	\$ 2,703	\$ 6,255	\$ 4,412	\$ 3,818	\$ 8,648

- (a) Certain of the EURIBOR and LIBOR based loans have 0% or 1% floors, respectively.
- (b) As of November 30, 2020, we had a \$3.1 billion (\$1.7 billion, €1.0 billion and £150 million) multi-currency revolving credit facility (the “Revolving Facility”) that was drawn in March 2020 for an initial term of six months. The maturities for these borrowings were extended in September 2020 for an additional six months through March 2021. We may re-borrow such amounts through August 2024 subject to satisfaction of the conditions in the facility. The Revolving Facility also includes an emissions linked margin adjustment whereby, after the initial applicable margin is set per the margin pricing grid, the margin may be adjusted based on performance in achieving certain agreed annual carbon emissions goals. We are required to pay a commitment fee on any undrawn portion.
- (c) In 2019, these notes and bank loans were unsecured.

The above debt tables do not include the impact of our interest rate swaps. The interest rates on some of our debt, and in the case of our Revolving Facility, fluctuate based on the applicable rating of senior unsecured long-term securities of Carnival Corporation or Carnival plc. For the year ended November 30, 2020, we had borrowings of \$525 million and repayments of \$526 million of commercial paper with original maturities greater than three months. For the year ended November 30, 2019, we did not have borrowings or repayments of commercial paper with original maturities greater than three months. For the year ended November 30, 2018, we had borrowings of \$2 million and repayments of \$2 million of commercial paper with original maturities greater than three months.

Debt is recorded at initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs, and is subsequently stated at amortized cost. Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the debt. Debt issue discounts and premiums are generally amortized to interest expense using the effective interest rate method over the term of the debt.

Covenant Compliance

Many of our debt agreements contain one or more financial covenants that require us to:

- Maintain minimum debt service coverage (EBITDA to consolidated net interest charges for the most recently ended four fiscal quarters) of not less than 3.0 to 1.0 at the end of each fiscal quarter (the “Financial Covenant”)
- Maintain minimum shareholders’ equity of \$5.0 billion
- Limit our debt to capital percentage to 65% at the end of each fiscal quarter (the “Debt to Capital Covenant”)
- Limit the amounts of our secured assets as well as secured and other indebtedness

As of November 30, 2020, we had entered into supplemental agreements to amend our agreements with respect to the Financial Covenant to:

- Waive compliance for all of our export credit facilities through November 30, 2021 or December 31, 2021, as applicable, with aggregate indebtedness of \$7.3 billion as of November 30, 2020. We will be required to comply beginning with the next testing date of February 28, 2022.
- Waive compliance through November 30, 2021 for certain of our bank loans with aggregate indebtedness of \$2.1 billion as of November 30, 2020. The amendments were subsequently extended through November 30, 2022, with the applicable covenant threshold reduced beginning from the February 28, 2023 testing date before reverting to 3.0 to 1.0 from the February 28, 2024 testing date onwards.
- Waive compliance for the remaining applicable bank loans with aggregate indebtedness of \$479 million as of November 30, 2020, through their respective maturity dates.

At November 30, 2020, we were in compliance with the applicable debt covenants.

In December 2020, we entered into an amendment agreement to our Revolving Facility. The amendment increased the maximum percentage for our Debt to Capital Covenant from the testing date on November 30, 2021 through the testing date on February 28, 2024, introduced a new minimum liquidity covenant (from the testing date of February 28, 2021 to November 30, 2022), introduced the Financial Covenant (from the testing date of February 28, 2023 for the remainder of the term of the Revolving Facility), and introduced certain other restrictive covenants through November 30, 2024. The amendment also restricts the granting of guarantees and security interests for certain of our outstanding debt through November 30, 2024. In January 2021, we entered into amendments which resulted in similar changes to agreements governing our bank loans.

Generally, if an event of default under any debt agreement occurs, then, pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated. Any financial covenant amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable.

Credit Ratings Update

Since March 2020, Moody’s and S&P Global have downgraded our credit ratings to be non investment grade.

Newbuild Ship Financing

We have unsecured long-term unfunded export credit ship financings. These facilities, if drawn at the time of ship delivery, are generally repayable semi-annually over 12 years. We have the option to cancel each one at specified dates prior to the underlying ship's delivery date.

2023 First Lien Notes

In April 2020, we issued \$4.0 billion aggregate principal amount of 11.5% first-priority senior secured notes due in 2023 (the "2023 First Lien Notes"). The 2023 First Lien Notes mature on April 1, 2023 unless earlier redeemed or repurchased. Our obligations under the 2023 First Lien Notes are guaranteed by Carnival plc and certain of our subsidiaries that own or operate our vessels and material intellectual property, and are secured by collateral, which includes vessels and material intellectual property with a net book value of \$27.8 billion as of November 30, 2020 and certain other assets. Upon the occurrence of certain change of control events, we are required to offer to repurchase the 2023 First Lien Notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest to the purchase date.

The indenture governing the 2023 First Lien Notes contains covenants that limit our ability to, among other things: (i) incur additional indebtedness or issue certain preferred shares; (ii) make dividend payments on or make other distributions in respect of our capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) create liens on assets; (vi) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and (vii) enter into certain transactions with our affiliates. These covenants are subject to a number of important limitations and exceptions.

Convertible Notes

In April 2020, we issued \$2.0 billion aggregate principal amount of 5.75% convertible senior notes due 2023 (the "Convertible Notes"). The Convertible Notes mature on April 1, 2023, unless earlier repurchased or redeemed by us or earlier converted in accordance with their terms prior to the maturity date. The Convertible Notes are guaranteed on a senior unsecured basis by Carnival plc, Carnival Finance, LLC and our subsidiaries that guarantee the 2023 First Lien Notes.

The Convertible Notes are convertible by holders, subject to the conditions described below, into cash, shares of Carnival Corporation common stock, or a combination thereof, at our election. The Convertible Notes have an initial conversion rate of 100 shares of Carnival Corporation common stock per \$1,000 principal amount of the Convertible Notes, equivalent to an initial conversion price of \$10 per share of common stock. The initial conversion price is subject to certain anti-dilutive adjustments and may also increase if the Convertible Notes are converted in connection with a tax redemption or certain corporate events.

The Convertible Notes are convertible at any time prior to the close of business on the business day immediately preceding January 1, 2023, only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of common stock and the conversion rate on each such trading day;
- prior to the close of business on the second scheduled trading day immediately preceding any tax redemption date; or
- upon the occurrence of specified corporate events.

On or after January 1, 2023, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Convertible Notes at any time.

If we undergo certain corporate events (each, a "fundamental change"), subject to certain conditions, holders may require us to repurchase for cash all or any portion of their Convertible Notes at a price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to the fundamental change repurchase date.

We may redeem the Convertible Notes, in whole but not in part, at any time on or prior to December 31, 2022 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, if we or any guarantor would have to pay any additional amounts on the Convertible Notes due to a change in tax laws, regulations or rulings or a change in the official application, administration or interpretation thereof.

As of November 30, 2020, a condition allowing holders of the Convertible Notes to convert has been met and therefore the notes are convertible. The holders are entitled to convert all or any portion of their Convertible Notes at any time during the three months starting on December 1, 2020 and ending on February 28, 2021, at the conversion rate of 100 shares of Carnival Corporation common stock per \$1,000 principal amount of Convertible Notes.

In August 2020, we completed registered direct offering of 99.2 million shares of Carnival Corporation common stock at a price of \$14.02 per share to a limited number of holders of the Convertible Notes (the "August Registered Direct Offering"). We used the proceeds of the stock offerings to repurchase from such holders \$886 million aggregate principal amount of the Convertible Notes in privately negotiated transactions.

In November 2020, we completed two registered direct offerings of 57.4 million shares and 10.4 million shares of Carnival Corporation common stock at a price of \$18.05 and \$17.59 per share, respectively, to a limited number of holders of the Convertible Notes (the "November Registered Direct Offerings"). We used the proceeds from the stock offering to repurchase from such holders \$590 million aggregate principal amount of the Convertible Notes in privately negotiated transactions.

We recognized a \$464 million extinguishment loss as a result of the August and November Registered Direct Offerings in other income (expense), net.

We account for the Convertible Notes as separate liability and equity components. We determined the carrying amount of the liability component as the present value of its cash flows.

The carrying amount of the equity component representing the conversion option was \$286 million on the date of issuance and was calculated by deducting the carrying value of the liability component from the initial proceeds from the Convertible Notes. The excess of the principal amount of the Convertible Notes over the carrying amount of the liability component represents a debt discount that is amortized to interest expense over the term of the Convertible Notes under the effective interest rate method using an effective interest rate of 12.9%. The carrying amount of the equity component was reduced to zero in conjunction with the partial repurchase of Convertible Notes in August 2020 because at the time of repurchase, the fair value of the equity component for the portion of the Convertible Notes that was repurchased, exceeded the total amount of the equity component recorded at the time the Convertible Notes were issued.

The net carrying value of the liability component of the Convertible Notes was as follows:

<i>(in millions)</i>	November 30, 2020
Principal	\$ 537
Less: Unamortized debt discount and transaction costs	(76)
	<u>\$ 461</u>

The interest expense recognized related to the Convertible Notes was as follows:

<i>(in millions)</i>	Year Ended November 30, 2020
Contractual interest expense	\$ 58
Amortization of debt discount and transaction costs	\$ 50
	<u>\$ 109</u>

We had no Convertible Notes in 2019.

2025 Secured Term Loan

In June 2020, we borrowed an aggregate principal amount of \$2.8 billion in two tranches (\$1.9 billion and €800 million), under a first-priority senior secured term loan facility that matures on June 30, 2025 (the "2025 Secured Term Loan"). The U.S. dollar tranche bears interest at a rate per annum equal to adjusted LIBOR (with a 1% floor) plus 7.5%. The euro tranche bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus 7.5%. The 2025 Secured Term Loan is guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a first-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2026 Second Lien Notes and the 2027 Second Lien Notes. The

2025 Secured Term Loan contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2026 Second Lien Notes

In July 2020, we issued an aggregate principal amount of \$1.3 billion in two tranches (\$775 million and €425 million), under second-priority senior secured notes that mature on February 1, 2026 (the "2026 Second Lien Notes"). The U.S. dollar tranche bears interest at a rate of 10.5% per year. The euro tranche bears interest at a rate of 10.1% per year. The 2026 Second Lien Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a second-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2025 Secured Term Loan and the 2027 Second Lien Notes. The indenture governing the 2026 Second Lien Notes contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes and the 2027 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2027 Second Lien Notes

In August 2020, we issued an aggregate principal amount of \$900 million of second-priority senior secured notes that mature on August 1, 2027 (the "2027 Second Lien Notes"). The 2027 Second Lien Notes bear interest at a rate of 9.9% per year. The 2027 Second Lien Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a second-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2025 Secured Term Loan and the 2026 Second Lien Notes. The indenture governing the 2027 Second Lien Notes contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes and the 2026 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2026 Senior Unsecured Notes

In November 2020, we issued an aggregate principal amount of \$2.0 billion in two tranches (\$1.5 billion and €500 million) under senior unsecured notes that mature on March 1, 2026 (the "2026 Senior Unsecured Notes"). The U.S. dollar tranche bears interest at a rate of 7.6% per year. The euro tranche bears interest at a rate of 7.6% per year. The 2026 Senior Unsecured Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee the 2023 First Lien Notes, 2026 Second Lien Notes and the 2027 Second Lien Notes and are unsecured. The 2026 Senior Unsecured Notes contains covenants that are substantially similar to the covenants in the indentures governing the 2023 First Lien Notes, 2026 Second Lien Notes and the 2027 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

Modifications and Other

Certain export credit agencies have offered 12-month debt amortization and a financial covenant holiday ("Debt Holiday"). In 2020, we have entered into supplemental agreements or side letters for Debt Holiday amendments to defer certain principal repayments otherwise due through March 31, 2021, except for one export credit facility with a deferral period through April 30, 2021, through the creation of separate tranches of loans with repayments made over the following four years.

During the year-ended November 30, 2020, we recognized a gain on early extinguishment of debt of \$5 million that is included in other income (expense), net in the accompanying Consolidated Statements of Income (Loss).

NOTE 6 – Commitments

<i>(in millions)</i>	Fiscal						Total
	2021	2022	2023	2024	2025	Thereafter	
New ship growth capital	\$ 3,201	\$ 4,692	\$ 3,273	\$ 793	\$ 1,076	\$ —	\$ 13,036
Other long-term commitments	219	98	54	52	37	18	478
	<u>\$ 3,421</u>	<u>\$ 4,790</u>	<u>\$ 3,327</u>	<u>\$ 845</u>	<u>\$ 1,113</u>	<u>\$ 18</u>	<u>\$ 13,515</u>

NOTE 7 – Contingencies

Litigation

We are routinely involved in legal proceedings, claims, disputes, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below. Additionally, as a result of the impact of COVID-19, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury and loss of life, have been and may, in the future, be asserted against us. We expect many of these claims and actions, or any settlement of these claims and actions, to be covered by insurance and historically the maximum amount of our liability, net of any insurance recoverables, has been limited to our self-insurance retention levels.

We record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.

Legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations, financial position or liquidity.

As previously disclosed, on May 2, 2019, two lawsuits were filed against Carnival Corporation in the U.S. District Court for the Southern District of Florida under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act, claiming ownership of commercial waterfront real property we own and use at the Havana docks and seeking damages, including treble damages. On July 9, 2020, the court granted our motion for judgment on the pleadings in the action filed by Javier Garcia Bengochea, and dismissed the plaintiff's action with prejudice. On August 6, 2020, Bengochea filed a notice of appeal. On September 14, 2020, the court denied our motion to dismiss the amended action filed by Havana Docks Corporation. We filed an answer to the amended complaint on September 25, 2020. The plaintiff filed a second amended complaint on October 27, 2020, and we filed an answer on November 10, 2020. We continue to believe we have a meritorious defense to these actions and we believe that any liability which may arise as a result of these actions will not have a material impact on our consolidated financial statements.

Contingent Obligations – Indemnifications

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase the lender's costs. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses.

Other Contingencies

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request under certain circumstances that we provide a reserve fund in cash. Although the agreements vary, these requirements may generally be satisfied either through a withheld percentage of customer payments or providing cash funds directly to the card processor. As of November 30, 2020, we had \$377 million of customer deposits withheld to satisfy these requirements. We expect the funds withheld under these agreements will be approximately \$60 million per month up to a maximum of \$600 million. Additionally, during 2020, we placed \$166 million of cash collateral in escrow and provided \$46 million in reserve funds, these amounts are included within other assets.

COVID-19 Actions

We have been named in a number of actions related to COVID-19. The following purported class actions have been brought by former guests from *Ruby Princess*, *Diamond Princess*, *Grand Princess*, *Coral Princess*, *Costa Luminosa* or *Zaandam*. These actions seek compensation based on a variety of tort claims, including, but not limited to, negligence and failure to warn, physical injuries and severe emotional distress associated with being exposed and/or contracting COVID-19 onboard. Below are material updates to the previously disclosed class actions and individual actions.

Previously Disclosed Class Actions

As previously disclosed, on April 7, 2020, Paul Turner, a former guest from *Costa Luminosa*, filed a purported class action against Costa Crociere, S.p.A. (“Costa”) and Costa Cruise Line, Inc. in the U.S. District Court of the Southern District of Florida. On September 10, 2020, the court granted Costa’s motion to dismiss based upon forum non conveniens, and directed that the action be filed in Italy. The plaintiff has appealed the order, and the appeal is pending in the Court of Appeals for the 11th Circuit.

As previously disclosed, on April 8, 2020, numerous former guests from *Grand Princess* filed a purported class action against Carnival Corporation and Carnival plc and two of our subsidiaries, Princess Cruise Lines, Ltd. (“Princess Cruises”) and Fairline Shipping International Corporation, Ltd. The plaintiffs ultimately removed Fairline Shipping from the case. On September 22, 2020, the court granted our motions to dismiss the plaintiffs’ second amended complaint in part. The court granted our motion to dismiss the plaintiffs’ negligence-based claims without prejudice and with leave to amend and granted our motion to dismiss the plaintiffs’ request for injunctive relief without prejudice. The court denied our motion to dismiss plaintiffs’ claims for intentional infliction of emotional distress. On October 2, 2020, the plaintiffs filed a third amended complaint. On October 20, 2020, the court denied plaintiffs’ motion for class certification, and the plaintiffs filed a petition for leave to appeal this ruling to the Ninth Circuit Court of Appeals on November 3, 2020. The petition for leave to appeal is pending. On November 25, 2020, the court granted in part and denied in part our motion to dismiss, allowing the negligence claims of those individual plaintiffs who claim to have contracted COVID-19 or to have experienced COVID-19 symptoms to proceed against Carnival Corporation, Carnival plc and Princess Cruises and dismissing the claims of those plaintiffs who did not allege contracting COVID-19 with prejudice. The court also dismissed the plaintiffs’ claims for injunctive relief with prejudice. On December 9, 2020, we filed an answer to the plaintiffs’ third amended complaint. On December 28, 2020, the parties filed a request for private mediation.

As previously disclosed, on May 27, 2020, Service Lamp Corporation Profit Sharing Plan filed a purported class action against Carnival Corporation, Arnold W. Donald and David Bernstein on behalf of all purchasers of Carnival Corporation securities between January 28 and May 1, 2020. As previously disclosed, on June 3, 2020, John P. Elmensdorp filed a purported class action against the same defendants, and included Micky Arison as a defendant. This action is on behalf of all purchasers of Carnival Corporation securities between September 26, 2019 and April 30, 2020. These actions allege that the defendants violated Sections 10(b) and 20(a) of the U.S. Securities and Exchange Act of 1934 by making misrepresentations and omissions related to Carnival Corporation’s COVID-19 knowledge and response, and seek to recover unspecified damages and equitable relief for the alleged misstatements and omissions. On July 21, 2020, Abraham Atachbarian filed a purported class action against the same defendants as the Elmensdorp action. The Atachbarian action is on behalf of all purchasers of Carnival Corporation options between January 27 and May 1, 2020 and allege the same set of factual theories presented in the class actions described above. These three cases have been consolidated with a new lead plaintiff, the New England Carpenters Pension and Guaranteed Annuity Fund and the Massachusetts Laborers’ Pension and Annuity Fund, and a consolidated class action complaint was filed on December 15, 2020, which also removed Micky Arison and David Bernstein as defendants. A motion to dismiss was filed on January 18, 2021.

As previously disclosed, on June 4, 2020, another group of former guests from *Grand Princess* filed a purported class action against Carnival Corporation, Carnival plc, and Princess Cruises in the U.S. District Court for the Central District of California, seeking compensation based on largely the same factual theories presented in the class action described above. The action asserts claims for negligence, gross negligence, negligent infliction of emotional distress and intentional infliction of emotional distress. On November 23, 2020, a motion to dismiss plaintiff’s amended action was filed and the briefing is now complete.

As previously disclosed, on June 4, 2020, numerous former guests from *Ruby Princess* filed a purported class action against Princess Cruises. Princess Cruises filed a motion to dismiss, in response to which the plaintiffs amended their action to remove their class action allegations and seek recovery on behalf of two guests who allege that they contracted COVID-19 while on *Ruby Princess*. Princess Cruises filed a motion to dismiss the amended complaint. On October 12, 2020, plaintiffs filed a second amended complaint, to which Princess Cruises filed an answer on October 26, 2020.

As previously disclosed, on June 24, 2020, Leonard C. Lindsay and Carl E.W. Zehner, former guests from *Zaandam*, filed a purported class action against Carnival Corporation, Carnival plc and Holland America Line N.V. On September 11, 2020, the plaintiffs filed an amended class action on behalf of all persons in the U.S. who were guests from *Zaandam* who embarked on March 8, 2020. Carnival Corporation, Carnival plc and Holland America Line N.V. have filed a motion to dismiss on November 20, 2020. On December 11, 2020, plaintiffs filed their response, to which we filed our reply on December 24, 2020.

As previously disclosed, on July 13, 2020, Kathleen O’Neill, a former guest from *Coral Princess* filed a purported class action in the U.S. District Court for the Central District of California against Princess Cruises, Carnival Corporation, and Carnival plc. We have filed a motion to dismiss. This case is currently stayed and is pending resolution of the appeal by the plaintiffs in the *Grand Princess* class action of the court’s denial of the plaintiffs’ motion for class certification, Archer et al v. Carnival Corporation and plc et al.

As previously disclosed, on July 13, 2020, another group of former guests from *Grand Princess* filed a purported class action in the U.S. District Court for the Central District of California against Princess Cruises, Carnival Corporation and Carnival plc. On November 23, 2020, a motion to dismiss the plaintiff's amended action was filed and the briefing is now complete.

As previously disclosed, on July 23, 2020, Susan Karpik, a former guest from *Ruby Princess* filed a purported class action against Carnival plc and Princess Cruises in the Federal Court of Australia. On December 14, 2020, we filed an interlocutory appeal.

We believe that all the claims asserted in the above class actions are without merit and are taking proper actions to defend against them.

Individual Actions

Since March 9, 2020, more than 100 former U.S. guests who sailed onboard various vessels, including, but not limited to, *Diamond Princess*, *Grand Princess*, *Ruby Princess*, *Coral Princess* or *Zaandam*, filed individual actions against Princess Cruises and, in some actions, also against Carnival Corporation and/or Carnival plc, Costa and Holland America Line, including actions previously disclosed. Both the previously disclosed and newly filed actions include tort claims based on a variety of theories, including negligence and failure to warn. The plaintiffs in these actions allege a variety of injuries: some plaintiffs allege only emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of actions include wrongful death claims.

Previously Disclosed Individual Actions

Princess Cruises has filed motions to dismiss in all other matters in which a responsive pleading has been due. Several courts have granted the various motions to dismiss, with leave for the plaintiffs to amend.

As previously disclosed, between April 7 and July 7, 2020, former U.S. guests from *Costa Luminosa* filed individual actions against Costa in the U.S. District Court for the Southern District of Florida or the Circuit Court in and for the 11th Judicial Circuit in and for Miami-Dade County. These actions have been voluntarily dismissed with and without prejudice, respectively. The action brought in the U.S. District Court for the Southern District of Florida may be pursued in Italy.

As previously disclosed, on June 30, 2020, Kenneth and Nora Hook, former guests from *Zaandam*, filed an action against Holland America Line N.V. The court denied the plaintiff's motion for an expedited trial date and Holland America's motion to dismiss. The case is currently scheduled for a bench trial on November 15, 2021.

As previously disclosed, on July 16, 2020, Toyling Maa, individually and as personal representative of the estate of Wilson Maa, a former guest from *Coral Princess*, and the estate of Wilson Maa, filed an action in the U.S. District Court for the Central District of California against Carnival Corporation, Carnival plc and Princess Cruises seeking compensation for damages for Ms. Maa allegedly contracting COVID-19 and alleging wrongful death as a result of Mr. Maa contracting COVID-19. The action asserts claims for negligence. On September 21, 2020, the court denied the plaintiffs' motion to remand and granted defendants' motion to dismiss without prejudice and with leave to amend. On November 30, 2020, plaintiffs filed an amended complaint and the defendants filed a motion to dismiss on December 14, 2020.

As previously disclosed, on July 23, 2020, an action was filed on behalf of the estate of Carl Weidner, a former guest from *Grand Princess*, in the U.S. District Court for the Northern District of California against Carnival Corporation, Carnival plc and Princess Cruises seeking compensation based on a claim alleging wrongful death as a result of contracting COVID-19. The action asserts claims for negligence. The action also alleges that the forum selection clause in the guest's ticket contract that specifies venue in the Central District of California is unenforceable. Carnival Corporation, Carnival plc and Princess Cruises filed a motion to dismiss and a motion to transfer venue to the Central District of California on October 5, 2020. On January 8, 2021, the court granted the motion to transfer the case to the Central District of California.

Newly Filed Individual Actions

Costa has been named in several individual actions filed in France, Italy and Brazil. These actions are in their preliminary stages and potential damages are not yet known. We believe, however, that the claims asserted in these actions are without merit and are taking proper actions to defend against them.

All the above individual actions seek monetary and punitive damages but do not specify exact amounts. We are taking proper actions to defend against them.

Governmental Inquiries and Investigations

Federal and non-U.S. governmental agencies and officials are investigating or otherwise seeking information, testimony and/or documents, regarding COVID-19 incidents and related matters. We are investigating these matters internally and are cooperating with all requests. The investigations could result in the imposition of civil and criminal penalties in the future.

NOTE 8 – Taxation

A summary of our principal taxes and exemptions in the jurisdictions where our significant operations are located is as follows:

U.S. Income Tax

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

Our North American cruise ship businesses and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on its itinerary, any particular ship may generate income from sources within the U.S. We believe that our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income and branch profit taxes.

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

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. in respect of each category of shipping income for which an exemption is being claimed under Section 883 (an “equivalent exemption jurisdiction”) and (ii) the foreign corporation meets a defined publicly-traded corporation stock ownership test (the “publicly-traded test”). Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and that Carnival Corporation currently satisfies the publicly-traded test under the regulations. Accordingly, substantially all of Carnival Corporation’s income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list certain activities that the IRS does not consider to be incidental to the international operation of ships and, therefore, the income attributable to such activities, to the extent such income is U.S. source, does not qualify for the Section 883 exemption. Among the activities identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

We believe that the U.S. source transportation income earned by Carnival plc and its subsidiaries currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

Carnival Corporation and Carnival plc and certain of their subsidiaries are subject to various U.S. state income taxes generally imposed on each state’s portion of the U.S. source income subject to U.S. federal income taxes. However, the state of Alaska imposes an income tax on its allocated portion of the total income of our companies doing business in Alaska and certain of their subsidiaries.

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax under a rolling ten-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands’ relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the cruise segment of the Australian vacation region are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

Italian and German Income Tax

In 2015, Costa and AIDA re-elected to enter the Italian tonnage tax regime through 2024 and can reapply for an additional ten-year period beginning in early 2025. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings that are not eligible for taxation under the Italian tonnage tax regime will be taxed at an effective tax rate of 4.8% in 2020 and 2019.

Substantially all of AIDA's earnings are exempt from German income taxes by virtue of the Germany/Italy income tax treaty.

Asian Countries Income Taxes

Substantially all of our brands' income from their international operations in Asian countries is exempt from income tax by virtue of relevant income tax treaties.

Other

We recognize income tax provisions for uncertain tax positions, based solely on their technical merits, when it is more likely than not to be sustained upon examination by the relevant tax authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts and circumstances and current tax law, we believe that the total amount of our uncertain income tax position liabilities and related accrued interest are not material to our financial position. All interest expense related to income tax liabilities is included in income tax expense.

In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes, fees and other charges are included in commissions, transportation and other costs and other operating expenses.

NOTE 9 – Shareholders' Equity

Share Repurchase Program

Under a share repurchase program effective 2004, we had been authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On June 15, 2020, to enhance our liquidity and comply with restrictions in our recent financing transactions, the Boards of Directors terminated the Repurchase Program.

<i>(in millions)</i>	Carnival Corporation		Carnival plc	
	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased
2020	—	\$ —	0.2	\$ 10
2019	0.6	\$ 26	12.2	\$ 569
2018	7.8	\$ 476	16.3	\$ 985

Accumulated Other Comprehensive Income (Loss)

<i>(in millions)</i>	AOCI	
	November 30,	
	2020	2019
Cumulative foreign currency translation adjustments, net	\$ (1,382)	\$ (1,961)
Unrecognized pension expenses	(95)	(88)
Net losses on cash flow derivative hedges	41	(18)
	<u>\$ (1,436)</u>	<u>\$ (2,066)</u>

During 2020, 2019 and 2018, there were \$3 million, \$5 million and \$5 million of unrecognized pension expenses that were reclassified out of accumulated other comprehensive loss and were included within payroll and related expenses and selling and administrative expenses.

Dividends

To enhance our liquidity, as well as comply with the dividend restrictions contained in our debt agreements, we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc. We declared quarterly cash dividends on all of our common stock and ordinary shares as follows:

<i>(in millions, except per share data)</i>	Quarters Ended			
	February 28	May 31	August 31	November 30
2020				
Dividends declared per share	\$ 0.50	\$ —	\$ —	\$ —
Dividends declared	\$ 342	\$ —	\$ —	\$ —
2019				
Dividends declared per share	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Dividends declared	\$ 345	\$ 346	\$ 342	\$ 346
2018				
Dividends declared per share	\$ 0.45	\$ 0.50	\$ 0.50	\$ 0.50
Dividends declared	\$ 322	\$ 357	\$ 350	\$ 349

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2020 and 2019, no Carnival Corporation preferred stock or Carnival plc preference shares had been issued.

Public Equity Offerings

In April 2020, we completed a public offering of 71.9 million shares of Carnival Corporation's common stock at a price per share of \$8.00, resulting in net proceeds of \$556 million.

In October 2020, we completed our \$1.0 billion "at-the-market" ("ATM") equity offering program that was announced on September 15, 2020, pursuant to which we sold 67.1 million shares of Carnival Corporation common stock.

In November 2020, we completed our \$1.5 billion ATM equity offering program that was announced on November 10, 2020, pursuant to which we sold 94.5 million shares of Carnival Corporation common stock.

NOTE 10 – Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks
Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

(in millions)	November 30, 2020				November 30, 2019			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	\$ 45	\$ —	\$ 17	\$ 18	\$ 181	\$ —	\$ 31	\$ 149
Total	\$ 45	\$ —	\$ 17	\$ 18	\$ 181	\$ —	\$ 31	\$ 149
Liabilities								
Fixed rate debt (b)	\$ 15,547	\$ —	\$ 16,258	\$ —	\$ 7,438	\$ —	\$ 7,782	\$ —
Floating rate debt (b)	12,034	—	11,412	—	4,195	—	4,248	—
Total	\$ 27,581	\$ —	\$ 27,670	\$ —	\$ 11,634	\$ —	\$ 12,030	\$ —

- (a) Long-term other assets are comprised of notes receivable, which at November 30, 2019, included loans on ship sales. The fair values of our Level 2 notes receivable were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.
- (b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

(in millions)	November 30, 2020			November 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 9,513	\$ —	\$ —	\$ 518	\$ —	\$ —
Restricted cash	179	—	—	13	—	—
Derivative financial instruments	—	—	—	—	58	—
Total	\$ 9,692	\$ —	\$ —	\$ 530	\$ 58	\$ —
Liabilities						
Derivative financial instruments	\$ —	\$ 10	\$ —	\$ —	\$ 25	\$ —
Total	\$ —	\$ 10	\$ —	\$ —	\$ 25	\$ —

Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

Valuation of Goodwill and Trademarks

As a result of the effect of COVID-19 on our expected future operating cash flows, we performed interim discounted cash flow analyses for certain reporting units with goodwill as of February 29, 2020 and for all reporting units with goodwill or trademarks as of May 31, 2020 (i.e. prior to our annual test date of July 31, 2020). Consequently, we determined that the estimated fair values of two of our North America & Australia (“NAA”) segment reporting units and two of our Europe & Asia (“EA”) segment reporting units no longer exceeded their carrying values. We recognized goodwill impairment charges of \$2.1 billion and have no remaining goodwill for those reporting units. As of July 31, 2020, we performed our annual goodwill and trademark impairment reviews and we determined there was no incremental impairment for goodwill or trademarks at our annual test date. As a result of the extended pause in operations, we performed an additional quantitative goodwill impairment review for all remaining reporting units as of November 30, 2020 and we determined there was no incremental impairment for goodwill.

As of July 31, 2019 and 2018, we performed our annual goodwill and trademark impairment reviews and we determined there was no impairment for goodwill or trademarks.

As of November 30, 2019, we performed an additional goodwill impairment review for our Costa reporting unit, \$435 million of goodwill recorded, and we determined there was no impairment for goodwill.

The determination of the fair value of our reporting units’ and trademarks includes numerous assumptions that are subject to various risks and uncertainties. Our pause in guest cruise operations and the possibility of further extensions created some uncertainty in forecasting the operating results and future cash flows used in our impairment analyses. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- The timing of our return to service, changes in market conditions and port or other restrictions
- Forecasted revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues including credit and debit card fees
- The allocation of new ships and the timing of the transfer or sale of ships amongst brands, as well as the estimated proceeds from ship sales
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

We believe that we have made reasonable estimates and judgments. A change in the principal assumptions, which influences the determination of fair value, may result in a need to recognize an additional impairment charge. Refer to Note 2 - “Summary of Significant Accounting Policies, Preparation of Financial Statements” for additional discussion.

<i>(in millions)</i>	Goodwill		
	NAA Segment	EA Segment	Total
At November 30, 2018	\$ 1,898	\$ 1,027	\$ 2,925
Foreign currency translation adjustment	—	(13)	(13)
At November 30, 2019	1,898	1,014	2,912
Impairment charges	(1,319)	(777)	(2,096)
Foreign currency translation adjustment	—	(9)	(9)
At November 30, 2020	\$ 579	\$ 228	\$ 807

<i>(in millions)</i>	Trademarks		
	NAA Segment	EA Segment	Total
At November 30, 2018	\$ 927	\$ 242	\$ 1,169
Foreign currency translation adjustment	—	(2)	(2)
At November 30, 2019	927	240	1,167
Foreign currency translation adjustment	—	13	13
At November 30, 2020	\$ 927	\$ 253	\$ 1,180

Impairments of Ships

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the effect of COVID-19 on our expected future operating cash flows and our decisions to dispose of certain ships, we determined certain impairment triggers had occurred. Accordingly, we performed undiscounted cash flow analyses on certain ships in our fleet throughout 2020. Based on these undiscounted cash flow analyses, we determined that certain ships, specifically those being disposed of, had net carrying values that exceeded their estimated undiscounted future cash flows. We determined the fair values of these ships based on their estimated selling value. We then compared these estimated fair values to the net carrying values and, as a result, we recognized ship impairment charges of \$1.5 billion and \$0.3 billion in our NAA and EA segments, respectively, during 2020. We did not recognize ship impairment charges during 2019 and 2018. The principal assumptions, all of which are considered level 3 inputs, used in our cash flow analyses consisted of:

- Timing of the respective ship's return to service, changes in market conditions and port or other restrictions
- Forecasted ship revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees
- Timing of the sale of ships and estimated proceeds

Refer to Note 2 - "Summary of Significant Accounting Policies, Preparation of Financial Statements" for additional discussion.

Derivative Instruments and Hedging Activities

(in millions)	Balance Sheet Location	November 30,	
		2020	2019
Derivative assets			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Prepaid expenses and other	\$ —	\$ 32
	Other assets	—	25
Total derivative assets		<u>\$ —</u>	<u>\$ 58</u>
Derivative liabilities			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Accrued liabilities and other	\$ —	\$ 1
	Other long-term liabilities	—	9
Foreign currency zero cost collars (b)	Accrued liabilities and other	—	1
Interest rate swaps (c)	Accrued liabilities and other	5	6
	Other long-term liabilities	5	9
Total derivative liabilities		<u>\$ 10</u>	<u>\$ 25</u>

- (a) At November 30, 2020, we had no cross currency swaps. At November 30, 2019, we had cross currency swaps totaling \$1.9 billion that are designated as hedges of our net investments in foreign operations with a euro-denominated functional currency.
- (b) At November 30, 2020, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See "Newbuild Currency Risks" below for additional information regarding these derivatives.
- (c) We have interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$248 million at November 30, 2020 and \$300 million at November 30, 2019 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At November 30, 2020, these interest rate swaps settle through 2025.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties.

November 30, 2020					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 10	\$ —	\$ 10	\$ —	\$ 10

November 30, 2019					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ 58	\$ —	\$ 58	\$ (4)	\$ 54
Liabilities	\$ 25	\$ —	\$ 25	\$ (4)	\$ 21

The effect of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income (loss) and in income was as follows:

<i>(in millions)</i>	November 30,		
	2020	2019	2018
Gains (losses) recognized in AOCI:			
Cross currency swaps – net investment hedges - included component	\$ 131	\$ 43	\$ 18
Cross currency swaps – net investment hedges - excluded component	\$ (1)	\$ 1	\$ —
Foreign currency zero cost collars – cash flow hedges	\$ 1	\$ (1)	\$ (12)
Foreign currency forwards - cash flow hedges	\$ 53	\$ —	\$ —
Interest rate swaps – cash flow hedges	\$ 6	\$ 3	\$ 6
Gains (losses) reclassified from AOCI – cash flow hedges:			
Interest rate swaps – Interest expense, net of capitalized interest	\$ (6)	\$ (7)	\$ (10)
Foreign currency zero cost collars - Depreciation and amortization	\$ 1	\$ 1	\$ 1
Gains (losses) recognized on derivative instruments (amount excluded from effectiveness testing – net investment hedges)			
Cross currency swaps – Interest expense, net of capitalized interest	\$ 12	\$ 23	\$ —

The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not material.

Financial Risk

Fuel Price Risks

We manage our exposure to fuel price risk by managing our consumption of fuel. Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We manage fuel consumption through ship maintenance practices, modifying our itineraries and implementing innovative technologies.

<i>(in millions)</i>	November 30, 2018
Unrealized gains on fuel derivatives, net	\$ 94
Realized losses on fuel derivatives, net	(35)
Gains (losses) on fuel derivatives, net	\$ 59

There were no unrealized or realized gains or losses on fuel derivatives for the period ended November 30, 2020 and 2019.

Foreign Currency Exchange Rate Risks

Overall Strategy

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and non-derivative financial instruments. Our primary focus is to monitor our exposure to, and manage, the economic foreign currency exchange risks faced by our operations and realized if we exchange one currency for another. We currently only hedge certain of our ship commitments and net investments in foreign operations. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational Currency Risks

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies and of a long-term nature. We partially mitigate the currency exposure of our investments in foreign operations by designating a portion of our foreign currency debt and derivatives as hedges of these investments. As of November 30, 2020, we have designated \$881 million of our sterling-denominated debt as non-derivative hedges of our net investments in foreign operations. In 2020, we recognized \$27 million of losses on these non-derivative net investment hedges in the cumulative translation adjustment section of other comprehensive income (loss). We also have \$9.0 billion of euro-denominated debt, which provides an economic offset for our operations with euro functional currency.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts to manage foreign currency exchange rate risk for some of our ship construction payments. At November 30, 2020, for the following newbuild, we had foreign currency contracts for a portion of our euro-denominated shipyard payments. These contracts are designated as cash flow hedges.

Foreign currency zero cost collars	Entered Into	Matures In	Weighted-Average Floor Rate	Weighted- Average Ceiling Rate
<i>Mardi Gras</i>	2020	December 2020	\$ 1.12	\$ 1.28

If the spot rate is between the ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under the zero cost collars.

At November 30, 2020, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments to non-euro functional currency brands, which represent a total unhedged commitment of \$6.9 billion for newbuilds scheduled to be delivered from 2020 through 2025.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' will be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our decision to order new cruise ships.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps, issuance of new debt, amendment of existing debt, early retirement of existing debt or through the completion of various other capital transactions.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. We seek to manage these credit risk exposures, including counterparty nonperformance primarily associated with our cash equivalents, investments, notes receivables, future financing facilities, contingent obligations, derivative instruments, insurance contracts, long-term ship charters and new ship progress payment guarantees, by:

- Conducting business with well-established financial institutions, insurance companies and export credit agencies
- Diversifying our counterparties
- Having guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk
- Generally requiring collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards

At November 30, 2020, our exposures under derivative instruments were not material. We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe, which includes charter-hire agreements in Asia and credit and debit card providers to which we extend credit in the normal course of our business. Concentrations of credit risk associated with trade receivables and other receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. Normally, we have not required collateral or other security to support normal credit sales. Historically, we have not experienced significant credit losses, including counterparty nonperformance, however, because of the impact COVID-19 is having on economies, we have experienced, and expect to continue to experience, an increase in credit losses.

Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments.

NOTE 11 – Leases

Substantially all of our leases for which we are the lessee are operating leases of port facilities and real estate and are included within operating lease right-of-use assets, long-term operating lease liabilities and current portion of operating lease liabilities in our Consolidated Balance Sheet as of November 30, 2020.

We have port facilities and real estate lease agreements with lease and non-lease components, and in such cases, we account for the components as a single lease component.

We do not recognize lease assets and lease liabilities for any leases with an original term of less than one year. For some of our port facilities and real estate lease agreements, we have the option to extend our current lease term by 1 to 10 years. Generally, we do not include renewal options as a component of our present value calculation as we are not reasonably certain that we will exercise the options.

As most of our leases do not have a readily determinable implicit rate, we estimate the incremental borrowing rate ("IBR") to determine the present value of lease payments. We apply judgment in estimating the IBR including considering the term of the lease, the currency in which the lease is denominated, and the impact of collateral and our credit risk on the rate. For leases that were in place upon adoption of *Leases*, we used the remaining lease term as of December 1, 2019 in determining the IBR. For the initial measurement of the lease liabilities for leases commencing after the adoption, the IBR at the lease commencement date was applied.

We amortize our lease assets on a straight-line basis over the lease term. The components of expense were as follows:

<i>(in millions)</i>	Year Ended November 30, 2020	
Operating lease expense	\$	203
Variable lease expense (a) (b)	\$	(61)

- (a) Variable lease expense represents costs associated with our multi-year preferential berthing agreements which vary based on the number of passengers. These costs are recorded within commission, transportation and other in our Consolidated Statements of Income (Loss). Variable and short-term lease costs related to operating leases, other than the port facilities, were not material to our consolidated financial statements.
- (b) Several of our preferential berthing agreements have force majeure provisions. We have treated the concessions granted under such provisions as variable payment adjustments. If our interpretation of the force majeure provisions is disputed, we could be required to record and make additional guarantee payments.

We have multiple agreements, with a total undiscounted minimum commitment of approximately \$439 million, that have been executed but the lease term has not commenced as of November 30, 2020. These are substantially all related to our rights to use certain port facilities. The leases are expected to commence between 2021 and 2022.

During 2020, we obtained \$144 million of right-of-use assets in exchange for new operating lease liabilities. The cash outflow for leases was materially consistent with the lease expense recognized during 2020.

Weighted average of the remaining lease terms and weighted average discount rates are as follows:

	November 30, 2020
Weighted average remaining lease term - operating leases (in years)	13
Weighted average discount rate - operating leases	3.4 %

As of November 30, 2020, maturities of operating lease liabilities were as follows:

(in millions)

Year		
2021	\$	204
2022		176
2023		159
2024		147
2025		143
Thereafter		936
Total lease payments		1,765
Less: Present value discount		(341)
Present value of lease liabilities	\$	1,424

Under ASC 840, *Leases*, future minimum lease payments under non-cancelable operating leases of port facilities and other assets as of November 30, 2019 were as follows:

(in millions)

Year		
2020	\$	219
2021		196
2022		161
2023		173
2024		167
Thereafter		1,408
	\$	2,324

For time charter arrangements where we are the lessor and for transactions with cruise guests related to the use of cabins, we do not separate lease and non-lease components. As the non-lease components are the predominant components in the agreements, we account for these transactions under the Revenue Recognition guidance.

NOTE 12 – Segment Information

Our operating segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker (“CODM”), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. Our four reportable segments are comprised of (1) NAA cruise operations, (2) EA cruise operations, (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and EA reportable segments have been aggregated based on the similarity of their economic and other characteristics. Our Cruise Support segment includes our portfolio of leading port destinations and other services, all of which are operated for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

<i>(in millions)</i>	As of and for the years ended November 30,						
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
2020							
NAA	\$ 3,627	\$ 5,623	\$ 1,066	\$ 1,413	\$ (5,794) (a)	\$ 1,430	\$ 25,257
EA	1,790	2,548	523	672	(2,729) (b)	2,036	16,505
Cruise Support	68	(10)	262	128	(313)	144	11,135
Tour and Other	110	84	27	28	(29)	11	696
	<u>\$ 5,595</u>	<u>\$ 8,245</u>	<u>\$ 1,878</u>	<u>\$ 2,241</u>	<u>\$ (8,865)</u>	<u>\$ 3,620</u>	<u>\$ 53,593</u>
2019							
NAA	\$ 13,612	\$ 8,370	\$ 1,427	\$ 1,364	\$ 2,451	\$ 2,781	\$ 27,102
EA	6,650	4,146	744	645	1,115	2,462	15,473
Cruise Support	173	125	281	115	(347)	143	1,861
Tour and Other	390	268	28	36	56	43	623
	<u>\$ 20,825</u>	<u>\$ 12,909</u>	<u>\$ 2,480</u>	<u>\$ 2,160</u>	<u>\$ 3,276</u>	<u>\$ 5,429</u>	<u>\$ 45,058</u>
2018							
NAA	\$ 12,236	\$ 7,180	\$ 1,403	\$ 1,264	\$ 2,389	\$ 2,614	\$ 25,613
EA	6,243	3,676	751	611	1,205	945	13,825
Cruise Support	129	53	268	103	(296)	38	2,303
Tour and Other	272	180	28	39	26	152	660
	<u>\$ 18,881</u>	<u>\$ 11,089</u>	<u>\$ 2,450</u>	<u>\$ 2,017</u>	<u>\$ 3,325</u>	<u>\$ 3,749</u>	<u>\$ 42,401</u>

(a) Includes \$1.3 billion of goodwill impairment charges.

(b) Includes \$777 million of goodwill impairment charges.

Revenues by geographic areas, which are based on where our guests are sourced, were as follows:

<i>(in millions)</i>	Years Ended November 30,		
	2020	2019	2018
North America	\$ 3,084	\$ 11,502	\$ 10,066
Europe	1,643	6,318	5,957
Australia and Asia	687	2,632	2,530
Other	180	373	327
	<u>\$ 5,595</u>	<u>\$ 20,825</u>	<u>\$ 18,881</u>

Substantially all of our long-lived assets consist of our ships and move between geographic areas.

NOTE 13 – Compensation Plans and Post-Employment Benefits**Equity Plans**

We issue our share-based compensation awards, which at November 30, 2020 included time-based share awards (restricted stock awards and restricted stock units), performance-based share awards and market-based share awards (collectively “equity awards”), under the Carnival Corporation and Carnival plc stock plans. Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by the Compensation Committee which is made up of independent directors who determine which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. We had an aggregate of 11.1 million shares available for future grant at November 30, 2020. We fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Our equity awards generally vest over a three-year period, subject to earlier vesting under certain conditions.

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2017	2,949,968	\$ 51.82
Granted	951,906	\$ 66.68
Vested	(1,419,218)	\$ 45.45
Forfeited	(202,139)	\$ 56.57
Outstanding at November 30, 2018	2,280,517	\$ 61.57
Granted	1,357,177	\$ 52.17
Vested	(960,693)	\$ 53.49
Forfeited	(185,625)	\$ 56.13
Outstanding at November 30, 2019	2,491,376	\$ 59.97
Granted	9,971,331	\$ 20.72
Vested	(1,641,570)	\$ 30.68
Forfeited	(480,361)	\$ 50.96
Outstanding at November 30, 2020	<u>10,340,776</u>	\$ 26.61

As of November 30, 2020, there was \$129 million of total unrecognized compensation cost related to equity awards, which is expected to be recognized over a weighted-average period of 1.4 years.

Single-employer Defined Benefit Pension Plans

We maintain several single-employer defined benefit pension plans, which cover certain of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. The remaining defined benefit plans are primarily unfunded. These plans provide pension benefits primarily based on employee compensation and years of service.

<i>(in millions)</i>	UK Plan (a)		All Other Plans	
	2020	2019	2020	2019
Change in projected benefit obligation:				
Projected benefit obligation as of December 1	\$ 299	\$ 267	\$ 259	\$ 213
Past service cost	—	—	20	17
Interest cost	5	7	6	8
Benefits paid	(16)	(10)	(14)	(18)
Actuarial (gain) loss on plans' liabilities	14	35	13	34
Plan curtailments, settlements and other	—	—	(4)	—
Projected benefit obligation as of November 30	303	299	280	254
Change in plan assets:				
Fair value of plan assets as of December 1	312	278	18	18
Return on plans' assets	23	43	1	1
Employer contributions	6	2	14	18
Benefits paid	(16)	(10)	(14)	(19)
Plan settlements	—	—	(2)	—
Administrative expenses	(1)	—	—	—
Fair value of plan assets as of November 30	325	312	17	18
Funded status as of November 30	\$ 22	\$ 13	\$ (263)	\$ (236)

(a) The P&O Princess Cruises (UK) Pension Scheme ("UK Plan")

The amounts recognized the Consolidated Balance Sheets for these plans were as follows:

<i>(in millions)</i>	UK Plan		All Other Plans	
	November 30,		November 30,	
	2020	2019	2020	2019
Other assets	\$ 22	\$ 13	\$ —	\$ —
Accrued liabilities and other	\$ —	\$ —	\$ 32	\$ 25
Other long-term liabilities	\$ —	\$ —	\$ 231	\$ 210

The accumulated benefit obligation for all defined benefit pension plans was \$584 million and \$531 million at November 30, 2020 and 2019, respectively.

Amounts for pension plans with accumulated benefit obligations in excess of fair value of plan assets are as follows:

<i>(in millions)</i>	November 30,	
	2020	2019
Projected benefit obligation	\$ 280	\$ 254
Accumulated benefit obligation	\$ 272	\$ 247
Fair value of plan assets	\$ 17	\$ 18

The net benefit cost recognized in the Consolidated Statements of Income (Loss) were as follows:

<i>(in millions)</i>	UK Plan			All Other Plans		
	November 30,			November 30,		
	2020	2019	2018	2020	2019	2018
Service cost	\$ —	\$ —	\$ —	\$ 20	\$ 17	\$ 16
Interest cost	5	7	7	6	8	6
Expected return on plan assets	(8)	(11)	(12)	(1)	(1)	—
Amortization of prior service cost	—	—	—	—	—	—
Amortization of net loss (gain)	—	—	1	4	3	3
Settlement loss recognized	—	—	—	1	—	4
Net periodic benefit cost	\$ (3)	\$ (3)	\$ (2)	\$ 32	\$ 28	\$ 29

The components of net periodic benefit cost other than the service cost component are included in other income (expense), net in the Consolidated Statements of Income (Loss).

Weighted average assumptions used to determine the projected benefit obligation are as follows:

	UK Plan		All Other Plans	
	2020	2019	2020	2019
Discount rate	1.6 %	1.9 %	2.2 %	2.9 %
Rate of compensation increase	2.3 %	2.9 %	2.8 %	3.0 %

Weighted average assumptions used to determine net pension income are as follows:

	UK Plan			All Other Plans		
	2020	2019	2018	2020	2019	2018
Discount rate	1.9 %	3.0 %	2.6 %	2.9 %	3.5 %	3.3 %
Expected return on assets	3.0 %	4.2 %	4.0 %	3.0 %	3.0 %	3.0 %
Rate of compensation increase	2.9 %	3.4 %	3.2 %	2.7 %	3.0 %	3.0 %

The discount rate used to determine the UK Plan's projected benefit obligation was determined as the single equivalent rate based on applying a yield curve determined from AA credit rated bonds at the balance sheet date to the cash flows making up the pension plan's obligations. The discount rate used to determine the UK Plan's future net periodic benefit cost was determined as the equivalent rate based on applying each individual spot rate from a yield curve determined from AA credit rated bonds at the balance sheet date for each year's cash flow. The UK Plan's expected long-term return on plan assets is consistent with the long-term investment return target provided to the UK Plan's fiduciary manager (U.K. government fixed interest bonds (gilts) plus 1.0% to 1.8% per annum as of November 30, 2020).

Amounts recognized in AOCI are as follows:

	UK Plan		All Other Plans	
	November 30,		November 30,	
	2020	2019	2020	2019
Actuarial losses (gains) recognized in the current year	\$ 1	\$ 3	\$ 13	\$ 33
Amortization and settlements included in net periodic benefit cost	\$ —	\$ —	\$ (8)	\$ (3)

We anticipate making contributions of \$27 million to the plans during 2021. Estimated future benefit payments to be made during each of the next five fiscal years and in the aggregate during the succeeding five fiscal years are as follows:

<i>(in millions)</i>	UK Plan		All Other Plans	
2021	\$	6	\$	27
2022		6		25
2023		7		26
2024		7		27
2025		7		29
2026-2030		38		143
	\$	71	\$	277

Our investment strategy for our pension plan assets is to maintain a diversified portfolio of asset classes to produce a sufficient level of diversification and investment return over the long term. The investment policy for each plan specifies the type of investment vehicles appropriate for the plan, asset allocation guidelines, criteria for selection of investment managers and procedures to monitor overall investment performance, as well as investment manager performance. As of November 30, 2020 and 2019, respectively, the All Other Plans were all unfunded.

The fair values of the plan assets of the UK Plan by investment class are as follows:

	As of November 30,			
	2020		2019	
Equities	\$	55	\$	153
U.K. government fixed interest bonds (gilts)		270		159

Multiemployer Defined Benefit Pension Plans

We participate in two multiemployer defined benefit pension plans in the UK, the British Merchant Navy Officers Pension Fund (registration number 10005645) (“MNOFP”), which is divided into two sections, the “New Section” and the “Old Section” and the British Merchant Navy Ratings Pension Fund (registration number 10005646) (“MNRPF”). Collectively, we refer to these as “the multiemployer plans.” The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. The risks of participating in these multiemployer plans are different from single-employer plans, including:

- Contributions made by employers, including us, may be used to provide benefits to employees of other participating employers
- If any of the participating employers were to withdraw from the multiemployer plans or fail to make their required contributions, any unfunded obligations would be the responsibility of the remaining participating employers.

We are contractually obligated to make all required contributions as determined by the plans’ trustees. All of our multiemployer plans are closed to new membership and future benefit accrual. The MNOFP Old Section is fully funded.

We expense our portion of the MNOFP New Section deficit as amounts are invoiced by, and become due and payable to, the trustees. We accrue and expense our portion of the MNRPF deficit based on our estimated probable obligation from the most

recent actuarial review. Total expense for the multiemployer plans, was \$2 million in 2020, \$6 million in 2019 and \$8 million in 2018.

Based on the most recent valuation at March 31, 2018 of the MNOF New Section, it was determined that this plan was 98% funded. In 2020, 2019 and 2018, our contributions to the MNOF New Section did not exceed 5% of total contributions to the fund. Based on the most recent valuation at March 31, 2017 of the MNRPF, it was determined that this plan was 84% funded. In 2020, 2019 and 2018 our contributions to the MNRPF did not exceed 5% of total contributions to the fund. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future; however, such amounts are not expected to be material to our consolidated financial statements.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was \$24 million in 2020, \$41 million in 2019 and \$39 million in 2018.

NOTE 14 – Earnings Per Share

<i>(in millions, except per share data)</i>	Years Ended November 30,		
	2020	2019	2018
Net income (loss) for basic and diluted earnings per share	\$ (10,236)	\$ 2,990	\$ 3,152
Weighted-average shares outstanding	775	690	709
Dilutive effect of equity plans	—	2	2
Diluted weighted-average shares outstanding	775	692	710
Basic earnings per share	\$ (13.20)	\$ 4.34	\$ 4.45
Diluted earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44

Antidilutive shares excluded from diluted earnings per share computations were as follows:

<i>(in millions)</i>	November 30, 2020
Equity awards	1
Convertible Notes	103
Total antidilutive securities	104

There were no antidilutive shares excluded from our 2019 and 2018 diluted earnings per share computations.

NOTE 15 – Supplemental Cash Flow Information

<i>(in millions)</i>	November 30,	
	2020	2019
Cash and cash equivalents (Consolidated Balance Sheets)	\$ 9,513	\$ 518
Restricted cash included in prepaid expenses and other and other assets	179	13
Total cash, cash equivalents and restricted cash (Consolidated Statements of Cash Flows)	\$ 9,692	\$ 530

Cash paid for interest, net of capitalized interest, was \$610 million in 2020, \$171 million in 2019 and \$182 million in 2018. In addition, cash paid for income taxes, net was not material in 2020, \$46 million in 2019 and \$58 million in 2018.

In connection with the repurchase of the Convertible Notes as part of the August and November Registered Direct Offerings, as an administrative convenience, we permitted the purchasers of 151.2 million of Carnival Corporation common stock to offset the purchase price payable to us against our obligation to pay the purchase price for \$1.3 billion aggregate principal amount of the Convertible Notes held by them, which is reflected as a non-cash transaction for the year ended November 30, 2020.

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the “Company”) as of November 30, 2020 and 2019, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders’ equity and cash flows for each of the three years in the period ended November 30, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Notes 1 and 11 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the ongoing effects of COVID-19 on the Company’s operations and global bookings have had, and will continue to have, a material negative impact on the Company’s financial results and liquidity. Further, beginning on February 28, 2022, additional financial covenant amendments for the Company’s export credit facilities have been requested and will be needed in order to maintain covenant compliance. Management’s evaluation of these events and conditions and management’s plans to mitigate these matters are also described in Note 1.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Interim Impairment Assessment – Certain Reporting Units Within the North America & Australia (“NAA”) and Europe & Asia (“EA”) Reportable Segments

As described in Notes 2 and 10 to the consolidated financial statements, the Company's consolidated goodwill balance was \$807 million as of November 30, 2020. The goodwill associated with the NAA and EA reportable segments as of November 30, 2020 was \$579 million and \$228 million, respectively. Management reviews goodwill for impairment as of July 31 every year, or more frequently if events or circumstances dictate. The impairment review for goodwill allows management to first assess qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. Management performs the quantitative test if the qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount, or management may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. When performing the quantitative test, if the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required. However, if the estimated fair value of the reporting unit is less than the carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its fair value, limited to the amount of goodwill allocated to the reporting unit. As a result of the effect of COVID-19 on management's expected future operating cash flows, management performed interim discounted cash flow analyses for certain reporting units with goodwill as of February 29, 2020 and for all reporting units with goodwill as of May 31, 2020 (i.e., prior to the Company's annual test date of July 31, 2020). Consequently, management determined that the estimated fair values of two of the Company's NAA segment reporting units and two of the Company's EA segment reporting units no longer exceeded their carrying values. Management recognized goodwill impairment charges of \$1,319 million and \$777 million within the NAA and EA reportable segments, respectively and the Company has no remaining goodwill for those reporting units. As of July 31, 2020, management performed the annual goodwill impairment review and determined there was no incremental impairment for goodwill at the annual test date. As a result of the extended pause in operations, management performed an additional quantitative goodwill impairment review for all remaining reporting units as of November 30, 2020 and determined there was no incremental impairment for goodwill. The determination of the fair value of the Company's reporting units includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used in management's cash flow analyses consisted of the timing of the Company's return to service; changes in market conditions; and port or other restrictions; forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the allocation of new ships; the timing of the transfer or sale of ships amongst brands; and the estimated proceeds from ship sales; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate.

The principal considerations for our determination that performing procedures relating to the goodwill interim impairment assessment for certain reporting units within the NAA and EA reportable segments at May 31, 2020 is a critical audit matter are (i) the significant judgment by management in determining the fair value of the reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other

transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the timing of the transfer or sale of ships amongst brands; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Company's reporting units. These procedures also included, among others (i) testing management's process for determining the fair value estimates of certain reporting units within the NAA and EA reportable segments related to the interim impairment assessment; (ii) evaluating the appropriateness of the discounted cash flow analyses; (iii) testing the completeness and accuracy of underlying data used in the analyses; and (iv) evaluating the significant assumptions used by management related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the timing of the transfer or sale of ships amongst brands; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate. Evaluating management's assumptions related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the transfer or sale of ships amongst brands involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the discounted cash flow analyses and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate.

Certain Ship Impairment Assessments

As described in Notes 2, 3, and 10 to the consolidated financial statements, the Company's consolidated ship and ship improvements balance was \$49.8 billion as of November 30, 2020. Management reviews their long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the effect of COVID-19 on the Company's expected future operating cash flows and management's decision to dispose of certain ships, management determined certain impairment triggers occurred. Accordingly, management performed undiscounted cash flow analyses on certain ships in the Company's fleet throughout 2020. Based on these undiscounted cash flow analyses, management determined that certain ships, specifically those being disposed, had net carrying values that exceeded their estimated undiscounted future cash flows. Management determined the fair values of these ships based on their estimated selling value. Management then compared these estimated fair values to the net carrying values and, as a result, recognized ship impairment charges of \$1.5 billion and \$0.3 billion within the NAA and EA segments during 2020. The principal assumptions used in management's undiscounted cash flow analyses consisted of the timing of the respective ship's return to service; changes in market conditions; and port or other restrictions; forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; and the timing of the sale of ships and estimated proceeds.

The principal considerations for our determination that performing procedures relating to certain ship impairment assessments is a critical audit matter are (i) the significant judgment by management in developing the undiscounted cash flow analyses for the ships with triggering events; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and estimated proceeds.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's ship impairment assessments, including controls over the analysis of the Company's ships that were subject to undiscounted cash flow impairment analyses. These procedures also included, among others (i) testing management's process for developing the undiscounted cash flow estimates for ships with triggering events; (ii) evaluating the appropriateness of the undiscounted cash flow methods; (iii) testing the completeness and accuracy of underlying data used in the estimates; and (iv) evaluating the significant assumptions used by management related to forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and estimated proceeds. Evaluating management's assumptions related to the forecasted ship revenues net of the most significant variable costs, which are travel agent commissions costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and

estimated proceeds involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Company; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.

Liquidity - Impact of COVID-19

As described in Note 1 to the consolidated financial statements, in the face of the global pandemic, management paused its guest cruise operations in mid-March 2020. In September 2020, the Company resumed limited guest operations as part of its phased return to service. Management believes that the ongoing effects of COVID-19 on their operations have had, and will continue to have, a material negative impact on their financial results and liquidity. Management has taken and continues to take actions to improve the Company's liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from the Company's fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital market transactions. Based on these actions and considering the Company's available liquidity including cash and cash equivalents of \$9.5 billion at November 30, 2020, management concluded there is sufficient liquidity to satisfy the Company's obligations for at least the next twelve months. The principal assumptions used in management's cash flow analyses used to estimate future liquidity requirements consisted of the expected continued gradual resumption of guest cruise operations; the expected lower than comparable historical occupancy levels; the expected incremental expenses for the resumption of guest cruise operations for the maintenance of additional public health protocols and complying with additional regulations.

The principal considerations for our determination that performing procedures relating to the impact of COVID-19 on the Company's liquidity is a critical audit matter are (i) the significant judgment by management when evaluating the uncertainty related to the effects of the COVID-19 pandemic on the Company's financial results and liquidity, which impacts the Company's forecasted financial results and estimated liquidity requirements to satisfy obligations; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's liquidity assessment to satisfy obligations for at least the next twelve months.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of the Company's liquidity. These procedures also included, among others, (i) testing management's process for forecasting financial results and liquidity within one year after the date the financial statements are issued and (ii) testing the completeness and accuracy of underlying data used in the forecast; and (iii) evaluation of management's liquidity assessment and their disclosure in the consolidated financial statements regarding having sufficient liquidity to satisfy its obligations for at least the next twelve months.

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 26, 2021

We have served as the Company's auditors since 2003. Prior to that, we served as Carnival Corporation's auditors since at least 1986. We have not been able to determine the specific year we began serving as auditor of Carnival Corporation.

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “depends,” “expect,” “goal,” “anticipate,” “forecast,” “project,” “future,” “intend,” “plan,” “estimate,” “target,” “indicate,” “outlook,” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Pricing
- Booking levels
- Occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity and credit ratings
- Adjusted earnings per share
- Impact of the COVID-19 coronavirus global pandemic on our financial condition and results of operations

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- *COVID-19 has had, and is expected to continue to have, a significant impact on our financial condition and operations, which impacts our ability to obtain acceptable financing to fund resulting reductions in cash from operations. The current, and uncertain future, impact of the COVID-19 outbreak, including its effect on the ability or desire of people to travel (including on cruises), is expected to continue to impact our results, operations, outlooks, plans, goals, reputation, litigation, cash flows, liquidity, and stock price.*
- *As a result of the COVID-19 outbreak, we may be out of compliance with one or more maintenance covenants in certain of our debt facilities, for which we currently have amendments for the period through November 30, 2021 with the next testing date of February 28, 2022.*
- *World events impacting the ability or desire of people to travel have and may continue to lead to a decline in demand for cruises.*
- *Incidents concerning our ships, guests or the cruise vacation industry as well as adverse weather conditions and other natural disasters have in the past and may, in the future, impact the satisfaction of our guests and crew and lead to reputational damage.*
- *Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection and tax have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties, and reputational damage.*
- *Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks, including the recent ransomware incidents, and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage.*
- *Ability to recruit, develop and retain qualified shipboard personnel who live away from home for extended periods of time may adversely impact our business operations, guest services and satisfaction.*
- *Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.*
- *Fluctuations in foreign currency exchange rates may adversely impact our financial results.*
- *Overcapacity and competition in the cruise and land-based vacation industry may lead to a decline in our cruise sales,*

pricing and destination options.

- *Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.*

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

2020 Executive Overview

2020 was an unprecedented year with significant impacts on our business from the effects of COVID-19. In response to the global pandemic, we paused our guest cruise operations in mid-March 2020. We returned over 260,000 guests home, repatriated 90,000 crew members, processed billions of dollars of guest refunds and cruise credits, accelerated the exit of 19 vessels, negotiated the delay of 16 ships on order, moved our entire fleet into full pause status, developed new cruise protocols and are putting them to test as we resume limited cruise operations in both Italy and Germany. Additionally, we extended debt maturities and secured financial covenant amendments, while completing various financing transactions for a cumulative \$19 billion of new capital. We ended the year with \$9.5 billion in cash and believe we have the liquidity in place to sustain ourselves throughout 2021.

We executed a rationalization of our fleet reducing capacity by 13 percent. As a result, we expect to be less reliant on new guests due to our recurring base of repeat guests, which will be spread over a smaller fleet. Our capacity reduction is also expected to deliver a structurally lower cost base. As the 19 ships leaving the fleet are smaller and less efficient ships, we expect to benefit by a reduction in unit costs and a reduction in unit fuel consumption when we resume guest cruise operations. Our efforts to right size our shore side operations may reduce our costs further, as well as our continued focus on finding efficiencies across our ship operations. Over time, we believe we may achieve an additional structural benefit to unit costs as we deliver new, larger and more efficient ships. This includes the deliveries of Princess Cruises' *Enchanted Princess* and P&O UK's *Iona* in 2020 and the upcoming deliveries of *Costa Firenze*, *Mardi Gras* and *Rotterdam* in 2021. As a result of these and other actions, we expect to emerge from the pause a more efficient company.

We continue to work diligently to resume operations in the U.S., including ongoing discussions with the CDC. We are also working towards resuming operations in many other parts of the world, including Asia, Australia and the UK and we are working hard to do so in a way that serves the best interests of public health. Currently, the company is unable to predict when the entire fleet will return to normal operations. The pause in guest operations continues to have a material negative impact on all aspects of the company's business, including the company's liquidity, financial position and results of operations. We expect a net loss on both a U.S. GAAP and adjusted basis for the full year ending November 30, 2021.

Our highest responsibility and top priorities are to be in compliance everywhere we operate in the world, to protect the environment and the health, safety and well-being of our guests, the people in the communities we touch and our shipboard and shoreside employees.

We have continued to make advancements in our sustainability efforts, reducing food waste and accelerating the reduction in single use plastics amongst others. We have dealt with many types of viruses previously, and already have effective protocols in place onboard our ships including screening measures, medical centers and enhanced sanitation procedures which prevent and reduce spread once brought onboard from land. We have been working with leading medical and science experts around the globe, to develop new and enhanced protocols and procedures based on the best available science to specifically address the risks associated with COVID-19. We expect these protocols to continue to evolve as society's understanding of COVID-19 strengthens. We intend to initially resume operations with a small percentage of the fleet. For our initial voyages, we have chosen to sail with low occupancy levels, enabling us to gain experience with our enhanced safety protocols.

Maintaining a strong balance sheet has historically been a key strength for our company. While we raised capital mainly through debt, we strengthened our capital structure through equity, raising \$3.0 billion during 2020 and strengthened our balance sheet through the early conversion of convertible debt. All of these efforts are in line with our primary financial objective going forward, to maximize cash generation. As we return to full operations, our cash flow will be the primary driver in our efforts to return to investment grade credit over time, creating greater shareholder value. With the aggressive actions we have taken, managing the balance sheet and reducing capacity, we believe we are positioned to capitalize on pent up demand and to emerge a more efficient company.

New Accounting Pronouncements

Refer to our consolidated financial statements for further information on *Accounting Pronouncements*.

Critical Accounting Estimates

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

Liquidity and COVID-19

We make several critical accounting estimates with respect to our liquidity.

The effects of COVID-19 have had a significant impact on our operations and liquidity. Significant events affecting travel, including COVID-19 and our pause in guest cruise operations, have had an impact on booking patterns. The full extent of the impact will be determined by our gradual return to service and the length of time COVID-19 influences travel decisions. We believe that the ongoing effects of COVID-19 on our operations and global bookings will continue to have a material negative impact on our financial results and liquidity.

The estimation of our future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- Expected continued gradual resumption of guest cruise operations
- Expected lower than comparable historical occupancy levels during the resumption of guest cruise operations
- Expected incremental expenses for the resumption of guest cruise operations, for the maintenance of additional public health protocols and procedures for additional regulations

We cannot make assurances that our assumptions used to estimate liquidity requirements may not change because we have never previously experienced a complete cessation of guest cruise operations, and as a consequence, our ability to be predictive is uncertain. In addition, the magnitude, duration and speed of the global pandemic are uncertain. We have made reasonable estimates and judgments of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods. We have taken and will continue to take actions to improve liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from the fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital transactions.

Ship Accounting

We make several critical accounting estimates with respect to our ship accounting.

We account for ship improvement costs, including replacements of certain significant components and parts, by capitalizing those costs we believe add value to our ships and have a useful life greater than one year and depreciating those improvements over their estimated remaining useful life. The costs of repairs and maintenance, including minor improvement costs and expenses related to dry-docks, are charged to expense as incurred. If we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs.

In order to compute our ships' depreciation expense, we apply judgment to determine their useful lives as well as their residual values. We estimate the useful life of our ships and ship improvements based on the expected period over which the assets will be of economic benefit to us, including the impact of marketing and technical obsolescence, competition, physical deterioration, historical useful lives of similarly-built ships, regulatory constraints and maintenance requirements. In addition, we consider estimates of the weighted-average useful lives of the ships' major component systems, such as the hull, cabins, main electric, superstructure and engines. Taking all of this into consideration, we have estimated our new ships' useful lives at 30 years.

We determine the residual value of our ships based on our long-term estimates of their resale value at the end of their useful life to us but before the end of their physical and economic lives to others, historical resale values of our and other cruise ships and viability of the secondary cruise ship market. We have estimated our residual values at 15% of our original ship cost.

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. Our 2020 ship depreciation expense would have increased by approximately \$46 million assuming we had reduced our estimated 30-year ship useful life estimate by one year at the time we took delivery or acquired each of our ships. In addition, our 2020 ship depreciation expense would have increased by approximately \$232 million assuming we had estimated our ships to have no residual value.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which we use them.

Valuation of Ships

Impairment reviews of our ships require us to make significant estimates.

We evaluate ship asset impairments at the individual ship level which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We review our ships for impairment whenever events or circumstances indicate that the carrying value of a ship may not be recoverable. If estimated future cash flows are less than the carrying value of a ship, an impairment charge is recognized to the extent its carrying value exceeds fair value.

The estimation of a ship's fair value includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used in our ship impairment reviews consist of:

- Timing of the respective ship's return to service, changes in market conditions and port or other restrictions
- Forecasted ship revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees
- Timing of the sale of ships and estimated proceeds

Refer to our consolidated financial statements for additional discussion of our property and equipment policy, ship impairment reviews and ship impairment charges recognized during 2020.

We believe that we have made reasonable estimates and judgments.

Valuation of Goodwill

Impairment reviews of our goodwill require us to make significant estimates.

We review our goodwill for impairment at the reporting unit level as of July 31 every year, or more frequently if events or circumstances dictate. If the estimated fair value of any of our reporting units is less than the reporting unit's carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its estimated fair value, limited to the amount of goodwill allocated to the reporting unit.

The estimation of our reporting unit fair value includes numerous assumptions that are subject to various risks and uncertainties. Our pause in guest cruise operations and the possibility of further extensions created some uncertainty in forecasting the operating results and future cash flows used in our impairment analyses. The principal assumptions used in our goodwill impairment reviews consist of:

- The timing of our return to service, changes in market conditions and port or other restrictions
- Forecasted revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues including credit and debit card fees
- The allocation of new ships and the timing of the transfer or sale of ships amongst brands, as well as the estimated proceeds from ship sales

- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

Refer to our consolidated financial statements for additional discussion of our goodwill accounting policy, impairment reviews and goodwill impairment charges recognized during 2020.

We believe that we have made reasonable estimates and judgments.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory and guest and crew matters. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine the appropriate amounts to record in our consolidated financial statements.

We accrue a liability and establish a reserve when we believe a loss is probable and the amount of the loss can be reasonably estimated. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets where appropriate. Such accruals and reserves are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverage.

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

Refer to our consolidated financial statements for additional discussion of contingencies.

Results of Operations

We have historically earned substantially all of our cruise revenues from the following:

- Sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. We also collect fees, taxes and other charges from our guests. The cruise ticket price typically includes the following:

Accommodations

Most meals, including snacks at numerous venues

Access to amenities such as swimming pools, water slides, water parks, whirlpools, a health club and sun decks

Supervised youth programs

Entertainment, such as theatrical and comedy shows, live music and nightclubs

Visits to multiple destinations

- Sales of onboard goods and services not included in the cruise ticket price. This generally includes the following:
 - Beverage sales
 - Casino gaming
 - Shore excursions
 - Retail sales
 - Photo sales
 - Internet and communication services
 - Full service spas
 - Specialty restaurants
 - Art sales
 - Laundry and dry cleaning services

These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. Concession revenues do not have direct expenses because the costs and services incurred for concession revenues are borne by our concessionaires.

We earn our tour and other revenues from our hotel and transportation operations, long-term leasing of ships and other revenues.

We incur cruise operating costs and expenses for the following:

- The costs of passenger cruise bookings, which include travel agent commissions, cost of air and other transportation, port fees, taxes, and charges that directly vary with guest head counts and credit and debit card fees
- Onboard and other cruise costs, which include the costs of beverage sales, costs of shore excursions, costs of retail sales, communication costs, credit and debit card fees, other onboard costs, costs of cruise vacation protection programs and pre- and post-cruise land packages
- Payroll and related costs, which include the costs of officers and crew in bridge, engineering and hotel operations. Substantially all costs associated with our shoreside personnel are included in selling and administrative expenses
- Fuel costs, which include fuel delivery costs
- Food costs, which include both our guest and crew food costs
- Other ship operating expenses, which include port costs that do not vary with guest head counts; repairs and maintenance, including minor improvements and dry-dock expenses; hotel costs; entertainment; gains and losses on ship sales; ship impairments; freight and logistics; insurance premiums and all other ship operating expenses

We incur tour and other costs and expenses for our hotel and transportation operations, long-term leasing of ships and other expenses.

Statistical Information

	Years Ended November 30,		
	2020	2019	2018
ALBDs (in thousands) (b) (c)	(a)	87,424	83,872
Occupancy percentage (d)	(a)	106.8 %	106.9 %
Passengers carried (in thousands)	(a)	12,866	12,407
Fuel consumption in metric tons (in thousands)	1,915	3,312	3,296
Fuel cost per metric ton consumed	\$ 430	\$ 472	\$ 491
Currencies (USD to 1)			
AUD	\$ 0.68	\$ 0.70	\$ 0.75
CAD	\$ 0.74	\$ 0.75	\$ 0.78
EUR	\$ 1.13	\$ 1.12	\$ 1.18
GBP	\$ 1.28	\$ 1.27	\$ 1.34
RMB	\$ 0.14	\$ 0.14	\$ 0.15

We paused our guest operations in mid-March 2020 and have been in a pause for a majority of the fiscal year. The pause in guest operation had a material negative impact on all aspects of our business, including the above statistical information.

Notes to Statistical Information

- (a) Due to the impact of COVID-19 in 2020, current year data is not meaningful and is not included in the table.
- (b) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (c) In 2019 compared to 2018, we had a 4.2% capacity increase in ALBDs comprised of a 1.8% capacity increase in our NAA segment and an 8.6% capacity increase in our EA segment.

Our NAA segment's capacity increase was caused by:

- Partial period impact from one Carnival Cruise Line 3,960-passenger capacity ship that entered into service in April 2018
- Partial period impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018
- Partial period impact from one Holland America Line 2,670-passenger capacity ship that entered into service in December 2018
- Partial period impact from one Princess Cruises 3,660-passenger capacity ship that entered into service in October 2019

These increases were partially offset by:

- Partial period impact from one P&O Cruises (Australia) 1,680-passenger capacity ship removed in March 2019
- Partial period impact from one P&O Cruises (Australia) 1,260-passenger capacity ship removed in April 2019
- Partial period impact from one Holland America Line 840-passenger capacity ship removed in July 2019

Our EA segment's capacity increase was caused by:

- Partial period impact from one AIDA 5,230-passenger capacity ship that entered into service in December 2018
- Partial period impact from one Costa 4,200-passenger capacity ship that entered into service in March 2019

These increases were partially offset by:

- Partial period impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Partial period impact from one Costa 1,300-passenger capacity ship removed from service in April 2018.
- Partial period impact from one P&O Cruises (UK) 1,880-passenger capacity ship removed from service in August 2019

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

2020 Compared to 2019

Results of Operations

Consolidated

<i>(in millions)</i>	Years Ended November 30,		Change	% increase (decrease)
	2020	2019		
Revenues				
Passenger ticket	\$ 3,684	\$ 14,104	\$ (10,420)	(74)%
Onboard and other	1,910	6,721	(4,810)	(72)%
	5,595	20,825	(15,230)	(73)%
Operating Costs and Expenses				
Commissions, transportation and other	1,139	2,720	(1,582)	(58)%
Onboard and other	605	2,101	(1,496)	(71)%
Payroll and related	1,780	2,249	(469)	(21)%
Fuel	823	1,562	(739)	(47)%
Food	413	1,083	(671)	(62)%
Ship and other impairments	1,967	26	1,941	7542 %
Other operating	1,518	3,167	(1,649)	(52)%
	8,245	12,909	(4,664)	(36)%
Selling and administrative	1,878	2,480	(601)	(24)%
Depreciation and amortization	2,241	2,160	81	4 %
Goodwill impairment	2,096	—	2,096	100 %
	14,460	17,549	(3,089)	(18)%
Operating Income (Loss)	\$ (8,865)	\$ 3,276	\$ (12,141)	(371)%

NAA

<i>(in millions)</i>	Years Ended November 30,		Change	% increase (decrease)
	2020	2019		
Revenues				
Passenger ticket	\$ 2,334	\$ 8,992	\$ (6,658)	(74)%
Onboard and other	1,293	4,620	(3,327)	(72)%
	3,627	13,612	(9,985)	(73)%
Operating Costs and Expenses	5,623	8,370	(2,747)	(33)%
Selling and administrative	1,066	1,427	(361)	(25)%
Depreciation and amortization	1,413	1,364	49	4 %
Goodwill impairment	1,319	—	1,319	100 %
	9,422	11,161	(1,739)	(16)%
Operating Income (Loss)	\$ (5,794)	\$ 2,451	\$ (8,246)	(336)%

EA

(in millions)	Years Ended November 30,			% increase (decrease)
	2020	2019	Change	
Revenues				
Passenger ticket	\$ 1,388	\$ 5,207	\$ (3,820)	(73)%
Onboard and other	402	1,442	(1,040)	(72)%
	1,790	6,650	(4,860)	(73)%
Operating Costs and Expenses	2,548	4,146	(1,599)	(39)%
Selling and administrative	523	744	(221)	(30)%
Depreciation and amortization	672	645	27	4 %
Goodwill impairment	777	—	777	100 %
	4,519	5,534	(1,016)	(18)%
Operating Income (Loss)	\$ (2,729)	\$ 1,115	\$ (3,845)	(345)%

We paused our guest operations in mid-March 2020. We resumed limited guest cruise operations in September 2020 as part of our phased return to service. As of January 14, 2021, none of our ships were operating with guests onboard. The pause in guest operations is continuing to have material negative impacts on all aspects of our business. The longer the pause in guest operations continues, the greater the impact on our liquidity and financial position.

During 2020, as a result of the pause in our guest cruise operations, we have experienced meaningfully lower revenues compared to the prior year. This has resulted in an operating loss for the current period. We are unable to predict when the entire fleet will return to normal operations, and as a result, unable to provide an earnings forecast. The pause in guest operations continues to have a material negative impact on all aspects of our business, including our liquidity, financial position and results of operations. We expect a net loss on both a U.S. GAAP and adjusted basis for the full year ending November 30, 2021.

While maintaining compliance, environmental protection and safety, we significantly reduced ship operating expenses, including cruise payroll and related expenses, food, fuel, insurance and port charges by transitioning ships into paused status, either at anchor or in port and staffed at a safe manning level. We continue to seek ways to further reduce our ongoing ship operating expenses.

In addition, during the year we incurred incremental COVID-19 related costs associated with repatriating guests and crew members, enhancing health protocols and sanitizing our ships, restructuring costs and defending lawsuits.

As a result of the effects of COVID-19 on our expected future operating cash flows, we recognized goodwill impairment charges of \$2.1 billion and ship impairment charges of \$1.8 billion during 2020.

Key Performance Non-GAAP Financial Indicators

The table below reconciles Adjusted net income (loss) and Adjusted EBITDA to Net Income (loss) and Adjusted earnings per share to Earnings per share for the periods presented:

<i>(dollars in millions, except per share data)</i>	Years Ended November 30,		
	2020	2019	2018
Net income (loss)			
U.S. GAAP net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Unrealized (gains) losses on fuel derivatives, net	—	—	(94)
(Gains) losses on ship sales and impairments	3,934	(6)	(38)
Restructuring expenses	47	10	1
Other	462	47	8
Adjusted net income (loss)	\$ (5,793)	\$ 3,041	\$ 3,029
Interest expense, net of capitalized interest	895	206	194
Interest income	(18)	(23)	(14)
Income tax expense, net	(17)	71	54
Depreciation and amortization	2,241	2,160	2,017
Adjusted EBITDA	\$ (2,692)	\$ 5,455	\$ 5,280
Weighted-average shares outstanding	775	692	710
Earnings per share			
U.S. GAAP earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44
Unrealized (gains) losses on fuel derivatives, net	—	—	(0.13)
(Gains) losses on ship sales and impairments	5.08	(0.01)	(0.05)
Restructuring expenses	0.06	0.01	—
Other	0.60	0.07	0.01
Adjusted earnings per share	\$ (7.47)	\$ 4.40	\$ 4.26

Explanations of Non-GAAP Financial Measures

We use adjusted net income (loss) and adjusted earnings per share as non-GAAP financial measures of our cruise segments' and the company's financial performance. These non-GAAP financial measures are provided along with U.S. GAAP net income (loss) and U.S. GAAP diluted earnings per share.

We believe that gains and losses on ship sales, impairment charges, restructuring costs and other gains and losses are not part of our core operating business and are not an indication of our future earnings performance. Therefore, we believe it is more meaningful for these items to be excluded from our net income (loss) and earnings per share and, accordingly, we present adjusted net income (loss) and adjusted earnings per share excluding these items.

Adjusted EBITDA is a non-GAAP measure, and we believe that the presentation of Adjusted EBITDA provides additional information to investors about our operating profitability adjusted for certain non-cash items and other gains and expenses that we believe are not part of our core operating business and are not an indication of our future earnings performance. Further, we believe that the presentation of Adjusted EBITDA provides additional information to investors about our ability to operate our business in compliance with the restrictions set forth in our debt agreements. We define Adjusted EBITDA as adjusted net income (loss) adjusted for (i) interest, (ii) taxes and, (iii) depreciation and amortization. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items that directly affect our net income (loss). These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income (loss) as calculated in accordance with U.S. GAAP.

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures

may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

2019 Compared to 2018

Revenues

Consolidated

Cruise passenger ticket revenues made up 68% of our 2019 total revenues. Cruise passenger ticket revenues increased by \$174 million, or 1.2%, to \$14.1 billion in 2019 from \$13.9 billion in 2018.

This increase was caused by:

- \$607 million - 4.2% capacity increase in ALBDs
- \$113 million - increase in air transportation revenues

These increases were partially offset by:

- \$305 million - net unfavorable foreign currency translational impact
- \$240 million - decrease in cruise ticket revenues, driven primarily by sourcing in Continental Europe, our Alaska programs and net unfavorable foreign currency transactional impact, partially offset by price improvements in the Caribbean program.

Onboard and other cruise revenues made up 30% of our 2019 total revenues. Onboard and other cruise revenues increased by \$1.7 billion, or 35%, to \$6.3 billion in 2019 from \$4.7 billion in 2018.

This increase was caused by:

- \$1.4 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$200 million - 4.2% capacity increase in ALBDs
- \$124 million - higher onboard spending by our guests

These increases were partially offset by net unfavorable foreign currency translational impact of \$89 million.

Tour and other revenues made up 1.9% of our 2019 total revenues. Tour and other revenues increased by \$118 million, or 43%, to \$390 million in 2019 from \$272 million in 2018.

This increase was driven by the sale of Advanced Air Quality Systems to third parties, which accounted for \$117 million.

Concession revenues, which are included in onboard and other revenues, increased by \$24 million, or 2.1%, to \$1.2 billion in 2019 from \$1.1 billion in 2018.

NAA Segment

Cruise passenger ticket revenues made up 66% of our NAA segment's 2019 total revenues. Cruise passenger ticket revenues increased by \$159 million, or 1.8% to \$9.0 billion in 2019 from \$8.8 billion in 2018.

This increase was caused by:

- \$152 million - 1.8% capacity increase in ALBDs
- \$57 million - increase in air transportation revenues

These increases were partially offset by net unfavorable foreign currency translational impact of \$20 million.

The remaining 34% of our NAA segment's 2019 total revenues were comprised of onboard and other cruise revenues, which increased by \$1.2 billion, or 36%, to \$4.6 billion in 2019 from \$3.4 billion in 2018.

This increase was caused by:

- \$1.1 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$58 million - 1.8% capacity increase in ALBDs
- \$39 million - higher onboard spending by our guests

Concession revenues, which are included in onboard and other revenues, increased by \$14 million, or 1.7%, to \$821 million in 2019 from \$807 million in 2018.

EA Segment

Cruise passenger ticket revenues made up 78% of our EA segment's 2019 total revenues. Cruise passenger ticket revenues increased by \$68 million, or 1.3%, to \$5.2 billion in 2019 from \$5.1 billion in 2018.

This increase was caused by:

- \$451 million - 8.6% capacity increase in ALBDs
- \$50 million - increase in air transportation revenues

These increases were partially offset by

- \$285 million - net unfavorable foreign currency translational impact
- \$159 million - decrease in cruise ticket revenues, driven primarily by sourcing in Continental Europe

The remaining 22% of our EA segment's 2019 total revenues were comprised of onboard and other cruise revenues, which increased by \$339 million, or 31%, to \$1.4 billion in 2019 from \$1.1 billion in 2018.

This increase was caused by:

- \$268 million - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$96 million - 8.6% capacity increase in ALBDs
- \$51 million - higher onboard spending by our guests

These increases were partially offset by net unfavorable foreign currency translational impact of \$79 million.

Concession revenues, which are included in onboard and other revenues, increased by \$10 million, or 3.0%, to \$337 million in 2019 from \$328 million in 2018.

Costs and Expenses

Consolidated

Operating costs and expenses increased by \$1.8 billion or 16%, to \$12.9 billion in 2019 from \$11.1 billion in 2018.

This increase was caused by:

- \$1.4 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$464 million - 4.2% capacity increase in ALBDs
- \$88 million - increase in tour and other costs
- \$87 million - higher commissions, transportation and other expenses
- \$67 million - increase in various other ship operating costs
- \$35 million - gains on ship sales in 2018, net of gains on ship sales in 2019

These increases were partially offset by:

- \$221 million - net favorable foreign currency translational impact
- \$63 million - lower fuel prices
- \$62 million - improved fuel consumption per ALBD
- \$46 million - lower dry-dock expenses and repair and maintenance expenses

Selling and administrative expenses increased by \$30 million, or 1.2%, to \$2.5 billion in 2019 compared to \$2.5 billion in 2018.

Depreciation and amortization expenses increased by \$143 million, or 7.1%, to \$2.2 billion in 2019 from \$2.0 billion in 2018.

NAA Segment

Operating costs and expenses increased by \$1.2 billion, or 17%, to \$8.4 billion in 2019 from \$7.2 billion in 2018.

This increase was caused by:

- \$1.1 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$124 million - 1.8% capacity increase in ALBDs
- \$59 million - higher commissions, transportation and other

These increases were partially offset by:

- \$58 million - lower fuel prices
- \$40 million - lower cruise payroll and related expenses

Selling and administrative expenses increased by \$24 million, or 1.7%, to \$1.4 billion in 2019 compared to \$1.4 billion in 2018.

Depreciation and amortization expenses increased by \$100 million, or 7.9%, to \$1.4 billion in 2019 from \$1.3 billion in 2018.

EA Segment

Operating costs and expenses increased by \$470 million, or 13%, to \$4.1 billion in 2019 from 3.7 billion in 2018.

This increase was caused by:

- \$307 million - 8.6% capacity increase in ALBDs
- \$268 million - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$46 million - gains on ship sales in 2018, net of gains on ship sales in 2019
- \$39 million - increase in various other ship operating costs
- \$36 million - higher commissions, transportation and other
- \$28 million - higher cruise payroll and related expenses

These increases were partially offset by:

- \$203 million - net favorable foreign currency translational impact
- \$38 million - improved fuel consumption per ALBD
- \$21 million - lower dry-dock expenses and repair and maintenance expenses

Selling and administrative expenses decreased by \$7 million, or 1.0%, to \$744 million in 2019 from \$751 million in 2018.

Depreciation and amortization expenses increased by \$34 million, or 5.5%, to \$645 million in 2019 from \$611 million in 2018.

Operating Income

Our consolidated operating income decreased by \$49 million, or 1.5%, to \$3.3 billion in 2019 compared to \$3.3 billion in 2018. Our NAA segment's operating income increased by \$62 million, or 2.6%, to \$2.5 billion in 2019 from \$2.4 billion in 2018, and our EA segment's operating income decreased by \$90 million, or 7.5%, to \$1.1 billion in 2019 from \$1.2 billion in 2018. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

<i>(in millions)</i>	Year Ended November 30, 2018	
Unrealized gains on fuel derivatives, net	\$	94
Realized losses on fuel derivatives, net		(35)
Gains on fuel derivatives, net	\$	59

There were no unrealized or realized gains or losses on fuel derivatives in 2019.

Liquidity, Financial Condition and Capital Resources

We have taken, and continue to take, significant actions to preserve cash and obtain additional financing to increase our liquidity. Since March 2020, we have raised \$19 billion through a series of transactions. We have completed the following transactions:

- In March 2020, we fully drew down our \$3.0 billion Revolving Facility.
- In March 2020, we settled outstanding derivatives resulting in proceeds of \$220 million.
- In April 2020, we completed (i) a public offering of 71,875,000 shares of Carnival Corporation's common stock at a price per share of \$8.00, resulting in net proceeds of \$556 million and (ii) a private offering of \$2.0 billion aggregate principal amount of 5.75% Convertible Notes.
- In April 2020, we completed a private offering of \$4.0 billion aggregate principal amount of 11.5% 2023 First Lien Notes that mature on April 1, 2023.
- In April 2020, we extended a \$166 million euro-denominated bank loan, originally maturing in 2020, to March 2021.
- Certain of the counterparties to our export credit facilities have offered the Debt Holiday. We have entered into supplemental agreements or side letters for the Debt Holiday amendments to defer certain principal repayments otherwise due through March 31, 2021 through the creation of separate tranches of loans with repayments made over the following four years. We have also entered into supplemental agreements or side letters to waive the Financial Covenant for our export credit facilities through November 30, 2021 or December 31, 2021, as applicable. We will be required to comply with the Financial Covenant beginning with the next testing date of February 28, 2022.
- We obtained amendments to waive compliance with the Financial Covenant for certain of our bank loans through November 30, 2022. We will be required to comply with the covenant (at various thresholds) beginning with the next testing date of February 28, 2023. We have also obtained covenant amendments for the remaining applicable bank loans through their respective maturity dates.
- To further enhance our liquidity, as well as comply with the dividend restrictions contained in our recent debt agreements, we have suspended the payment of dividends on, and the repurchase of, the common stock of Carnival Corporation and the ordinary shares of Carnival plc.
- In June 2020, we borrowed an aggregate principal amount of \$2.8 billion in two tranches (\$1.9 billion and €800 million), under the 2025 Secured Term Loan that matures on June 30, 2025. The U.S. dollar tranche bears interest at a rate per annum equal to adjusted LIBOR (with a 1% floor) plus 7.5%. The euro tranche bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus 7.5%.
- In July 2020, we extended a \$337 million euro-denominated floating rate bank loan originally maturing in 2021 to 2022.
- In July 2020, we issued an aggregate principal amount of \$1.3 billion in two tranches (\$775 million and €425 million), under 2026 Second Lien Notes, that mature on February 1, 2026. The U.S. dollar tranche bears interest at a rate of 10.5% per year. The euro tranche bears interest at a rate of 10.1% per year.
- In August 2020, we completed a registered direct offering of 99.2 million shares of Carnival Corporation's common stock at a price per share of \$14.02 to a limited number of holders of the Convertible Notes as part of the August Registered Direct Offering. We used the proceeds from the August Registered Direct Offering to repurchase \$886 million aggregate principal amount of the Convertible Notes and pay accrued interest thereon in privately negotiated transactions.
- In August 2020, we issued an aggregate principal amount of \$900 million of second-priority senior secured notes that mature on August 1, 2027. The 2027 Second Lien Notes bear interest at a rate of 9.9% per year.
- In October 2020, we completed our \$1.0 billion ATM equity offering program that was announced on September 15, 2020, under which we sold 67.1 million shares of Carnival Corporation common stock.
- In September 2020, we borrowed \$610 million under an export credit facility due in semi-annual installments through 2032.
- In October 2020, we borrowed \$889 million under an export credit facility due in semi-annual installments through 2032.
- In November 2020, we completed the sale of 94.5 million shares of Carnival Corporation common stock under our \$1.5 billion ATM equity offering program that was announced on November 10, 2020.
- In November 2020, we completed two registered direct offerings of 57.4 million shares and 10.4 million shares of Carnival Corporation common stock at a price per share of \$18.05 and \$17.59, respectively, to a limited number of holders of the Convertible Notes as part of the November Registered Direct Offerings. We used the proceeds from the November Registered Direct Offerings to repurchase \$590 million aggregate principal amount of the Convertible Notes and pay accrued interest thereon in privately negotiated transactions.
- In November 2020, we issued an aggregate principal amount of \$2.0 billion in two tranches (\$1.5 billion and €500 million) under the 2026 Senior Unsecured Notes that mature on March 1, 2026. The U.S. dollar tranche bears interest at a rate of 7.6% per year. The euro tranche bears interest at a rate of 7.6% per year.
- In December 2020, we borrowed \$1.5 billion under export credit facilities due in semi-annual installments through 2032.
- In December 2020 and January 2021, we entered into agreements to amend the Revolving Facility and the agreements governing our bank loans, respectively, for relief under the Debt to Capital Covenant. We are in the process of negotiating similar amendments to our funded export credit facilities and our unfunded export credit facilities to obtain amendments under the Debt to Capital Covenant (compliance with which is currently waived through November 30, 2021 or December 31, 2021, as applicable, with the next testing date of February 28, 2022).

We have raised significant capital and expect to further raise additional capital, including equity. Our access to and cost of financing depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. In addition, certain of our debt instruments contain provisions that may limit our ability to incur or guarantee additional indebtedness.

As of November 30, 2020, we have a total of \$9.5 billion of cash and cash equivalents. During fiscal 2021, the company expects to enter into financial transactions to optimize its capital structure which may include opportunistically enhancing liquidity.

The company's monthly average cash burn rate for the fourth quarter 2020 was \$500 million, which was slightly better than expected due to the timing of capital expenditures. The company expects the monthly average cash burn rate for the first quarter 2021 to be approximately \$600 million. This rate includes ongoing ship operating and administrative expenses, working capital changes (excluding changes in customer deposits), interest expense and capital expenditures (net of unfunded export credit facilities) and also excludes scheduled debt maturities as well as other cash collateral to be provided (which may increase in the future). The company continues to explore opportunities to further reduce its monthly cash burn rate.

Since March 2020, Moody's and S&P Global have downgraded our credit ratings. As of November 30, 2020 all of our ratings are non investment grade.

We had working capital of \$1.9 billion as of November 30, 2020 compared to a working capital deficit of \$7.1 billion as of November 30, 2019. The change from a working capital deficit to a working capital surplus was caused by an increase in cash and cash equivalents and a decrease in customer deposits, partially offset by increases in short-term borrowings. Historically, we operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts generally remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, make long-term investments or any other use of cash. Included within our working capital are \$1.9 billion and \$4.7 billion of customer deposits as of November 30, 2020 and 2019, respectively. We have provided and expect to continue to provide flexibility to guests with bookings on sailings cancelled due to the pause by allowing guests to receive enhanced FCCs or elect to receive refunds in cash. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of these cancelled cruises. The amount of cash refunds to be paid may depend on the level of guest acceptance of FCCs and future cruise cancellations. We record a liability for these FCCs only to the extent we have received cash from guests with bookings on cancelled sailings. As of November 30, 2020, approximately 55% of guests affected have requested cash refunds. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We expect that we will continue to have working capital deficits in the future.

Sources and Uses of Cash

Operating Activities

Our business used \$6.3 billion of net cash in operations during 2020, a decrease of \$11.8 billion, compared to \$5.5 billion provided in 2019. This decrease was due to the pause of our guest cruise operations during the year. During 2019, our business provided \$5.5 billion of net cash from operations, a decrease of \$73 million, or 1.3%, compared to \$5.5 billion in 2018.

Investing Activities

During 2020, net cash used in investing activities was \$3.2 billion. This was caused by:

- Capital expenditures of \$2.8 billion for our ongoing new shipbuilding program
- Capital expenditures of \$868 million for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$334 million
- Proceeds of \$220 million from the settlement of outstanding derivatives

During 2019, net cash used in investing activities was \$5.3 billion. This was caused by:

- Capital expenditures of \$3.8 billion for our ongoing new shipbuilding program
- Capital expenditures of \$1.7 billion for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$26 million

During 2018, net cash used in investing activities was \$3.5 billion. This was caused by:

- Capital expenditures of \$2.1 billion for our ongoing new shipbuilding program

- Capital expenditures of \$1.7 billion for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$389 million
- Purchase of minority interest of \$135 million

Financing Activities

During 2020, net cash provided by financing activities of \$18.6 billion was caused by the following:

- Net proceeds from short-term borrowings of \$2.9 billion in connection with our availability of, and needs for, cash at various times throughout the period, including proceeds of \$3.1 billion from the Revolving Facility
- Repayments of \$1.6 billion of long-term debt
- Issuances of \$15.0 billion of long-term debt
- Payments of cash dividends of \$689 million
- Net proceeds of \$3.0 billion from our public offerings of Carnival Corporation common stock
- Net proceeds of \$222 million from a registered direct offering of Carnival Corporation common stock used to repurchase a portion of the Convertible Notes

During 2019, net cash used in financing activities of \$655 million was substantially all due to the following:

- Net repayments from short-term borrowings of \$605 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$1.7 billion of long-term debt
- Issuances of \$3.7 billion of long-term debt
- Payments of cash dividends of \$1.4 billion
- Purchases of \$603 million of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

During 2018, net cash used in financing activities of \$1.5 billion was substantially all due to the following:

- Net proceeds of short-term borrowings of \$417 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$1.6 billion of long-term debt
- Issuances of \$2.5 billion of long-term debt
- Payments of cash dividends of \$1.4 billion
- Purchases of \$1.5 billion of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

Future Commitments

<i>(in millions)</i>	Payments Due by						Total
	2021	2022	2023	2024	2025	Thereafter	
Debt (a)	\$ 6,180	\$ 4,035	\$ 7,275	\$ 2,076	\$ 4,438	\$ 9,264	\$ 33,268
Port facilities and other operating leases	204	176	159	147	143	936	1,765
Other long-term liabilities reflected on the balance sheet (b)	7	225	88	71	57	243	690
New ship growth capital	3,201	4,692	3,273	793	1,076	—	13,036
Other long-term commitments	219	98	54	52	37	18	478
Short-term purchase obligations	249	—	—	—	—	—	249
Total Contractual Cash Obligations	\$ 10,061	\$ 9,225	\$ 10,849	\$ 3,139	\$ 5,751	\$ 10,461	\$ 49,487

(a) Includes principal as well as estimated interest payments. Excludes repayments of undrawn export credits.

(b) Represents cash outflows for certain of our long-term liabilities which can be reasonably estimated. The primary outflows are for estimates of our compensation plans' obligations, crew and guest claims and certain deferred income taxes. Customer deposits and certain other deferred income taxes have been excluded from the table because they do not require a cash settlement in the future.

Capital Expenditure Forecast

Our annual capital expenditure forecast consists of new ship growth capital and estimated capital improvements.

<i>(in billions)</i>	2021	2022	2023	2024	2025
Annual capital expenditure forecast	\$ 4.2	\$ 6.2	\$ 4.8	\$ 2.8	\$ 3.1

Funding Sources

As of November 30, 2020, we had \$9.5 billion of cash and cash equivalents. In addition, we had \$8.0 billion of export credit facilities to fund ship deliveries planned through 2024.

<i>(in billions)</i>	2021	2022	2023	2024
Future export credit facilities at November 30, 2020 (a)	\$ 2.1	\$ 3.4	\$ 1.9	\$ 0.6

- (a) Under the terms of these export credit facilities, we are required to comply with the Financial Covenant and the Debt to Capital Covenant, among others. We have entered into supplemental agreements or side letters to amend our agreements with respect to the Financial Covenant and the Debt to Capital Covenant for our unfunded export credit facilities to waive compliance through November 30, 2021 (with the next testing date of February 28, 2022) for an aggregate principal amount of \$5.2 billion, and through December 31, 2021 (with the next testing date of February 28, 2022) for an aggregate principal amount of \$2.8 billion.

Many of our debt agreements contain various other financial covenants as described in the consolidated financial statements. At November 30, 2020, we were in compliance with the applicable debt covenants.

Share Repurchase Program

Under a share repurchase program effective 2004, we had been authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On June 15, 2020, to enhance our liquidity and comply with restrictions in our recent financing transactions, the Boards of Directors terminated the Repurchase Program.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities that either have, or are reasonably likely to have, a current or future material effect on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our hedging strategies and market risks, see the discussion below and the consolidated financial statements.

Fuel Price Risks

Substantially all our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have been installing Advanced Air Quality Systems on our ships, which are aiding in partially mitigating the financial impact from the ECAs and global 0.5% sulfur requirements.

Foreign Currency Exchange Rate Risks**Operational Currency Risks**

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

Investment Currency Risks

The foreign currency exchange rates were as follows:

USD to 1:	November 30,	
	2020	2019
AUD	\$ 0.74	\$ 0.68
CAD	\$ 0.77	\$ 0.75
EUR	\$ 1.20	\$ 1.10
GBP	\$ 1.33	\$ 1.29
RMB	\$ 0.15	\$ 0.14

If the November 30, 2019 currency exchange rates had been used to translate our November 30, 2020 non-U.S. dollar functional currency operations' assets and liabilities (instead of the November 30, 2020 U.S. dollar exchange rates), our total assets would have been lower by \$1.2 billion and our total liabilities would have been lower by \$869 million.

Newbuild Currency Risks

At November 30, 2020, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of \$6.9 billion and relates to newbuilds scheduled to be delivered from 2020 through 2025 to non-euro functional currency brands. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the unhedged payments are made under the shipbuilding contract. We may enter into additional foreign currency derivatives to mitigate some of this foreign currency exchange rate risk. Based on a 10% change in euro to U.S. dollar exchange rates as of November 30, 2020, the remaining unhedged cost of these ships would have a corresponding change of \$695 million.

Interest Rate Risks

The composition of our debt, including the effect of interest rate swaps, was as follows:

	November 30, 2020
Fixed rate	41 %
EUR fixed rate	16 %
Floating rate	23 %
EUR floating rate	16 %
GBP floating rate	3 %

At November 30, 2020, we had interest rate swaps that have effectively changed \$248 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% change in the November 30, 2020 market interest rates, our 2020 interest expense on floating rate debt, including the effect of our interest rate swaps, would have changed by an insignificant amount.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2016 through 2020 and as of the end of each such year, except for the statistical data, are derived from our consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

<i>(in millions, except per share, per ton and currency data)</i>	Years Ended November 30,				
	2020	2019	2018	2017	2016
Statements of Income Data					
Revenues	\$ 5,595	\$ 20,825	\$ 18,881	\$ 17,510	\$ 16,389
Operating income (loss)	\$ (8,865)	\$ 3,276	\$ 3,325	\$ 2,809	\$ 3,071
Net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152	\$ 2,606	\$ 2,779
Earnings per share					
Basic	\$ (13.20)	\$ 4.34	\$ 4.45	\$ 3.61	\$ 3.73
Diluted	\$ (13.20)	\$ 4.32	\$ 4.44	\$ 3.59	\$ 3.72
Adjusted net income (loss)	\$ (5,793)	\$ 3,041	\$ 3,029	\$ 2,770	\$ 2,580
Adjusted earnings per share - diluted	\$ (7.47)	\$ 4.40	\$ 4.26	\$ 3.82	\$ 3.45
Dividends declared per share	\$ 0.50	\$ 2.00	\$ 1.95	\$ 1.60	\$ 1.35
Statistical Data					
ALBDs (in thousands)	(a)	87,424	83,872	82,303	80,002
Occupancy percentage	(a)	106.8 %	106.9 %	105.9 %	105.9 %
Passengers carried (in thousands)	(a)	12,866	12,407	12,130	11,520
Fuel consumption in metric tons (in thousands)	1,915	3,312	3,296	3,286	3,233
Fuel cost per metric ton consumed	\$ 430	\$ 472	\$ 491	\$ 378	\$ 283
Currencies (USD to 1)					
AUD	\$ 0.68	\$ 0.70	\$ 0.75	\$ 0.77	\$ 0.74
CAD	\$ 0.74	\$ 0.75	\$ 0.78	\$ 0.77	\$ 0.75
EUR	\$ 1.13	\$ 1.12	\$ 1.18	\$ 1.12	\$ 1.11
GBP	\$ 1.28	\$ 1.27	\$ 1.34	\$ 1.28	\$ 1.37
RMB	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.15	\$ 0.15
As of November 30,					
<i>(in millions)</i>	2020	2019	2018	2017	2016
Balance Sheet					
Total assets	\$ 53,593	\$ 45,058	\$ 42,401	\$ 40,778	\$ 38,881
Total debt	\$ 26,957	\$ 11,503	\$ 10,323	\$ 9,195	\$ 9,399

(a) Due to the impact of COVID-19 in 2020, current year data is not meaningful and is not included in the table.

<i>(in millions, except for per share data):</i>	Years Ended November 30,				
	2020	2019	2018	2017	2016
Net income (loss)					
U.S. GAAP net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152	\$ 2,606	\$ 2,779
Unrealized (gains) losses on fuel derivatives, net	—	—	(94)	(227)	(236)
(Gains) losses on ship sales and impairments	3,934	(6)	(38)	387	(2)
Restructuring expenses	47	10	1	3	2
Other	462	47	8	—	37
Adjusted net income (loss)	<u>\$ (5,793)</u>	<u>\$ 3,041</u>	<u>\$ 3,029</u>	<u>\$ 2,770</u>	<u>\$ 2,580</u>
Interest expense, net of capitalized interest	895	206	194	198	223
Interest income	(18)	(23)	(14)	(9)	(6)
Income tax expense, net	(17)	71	54	60	49
Depreciation and amortization	2,241	2,160	2,017	1,846	1,738
Adjusted EBITDA	<u>\$ (2,692)</u>	<u>\$ 5,455</u>	<u>\$ 5,280</u>	<u>\$ 4,865</u>	<u>\$ 4,584</u>
Weighted-average shares outstanding	<u>775</u>	<u>692</u>	<u>710</u>	<u>725</u>	<u>747</u>
Earnings per share					
U.S. GAAP earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44	\$ 3.59	\$ 3.72
Unrealized (gains) losses on fuel derivatives, net	—	—	(0.13)	(0.31)	(0.32)
(Gains) losses on ship sales and impairments	5.08	(0.01)	(0.05)	0.53	—
Restructuring expenses	0.06	0.01	—	—	—
Other	0.60	0.07	0.01	—	0.05
Adjusted earnings per share	<u>\$ (7.47)</u>	<u>\$ 4.40</u>	<u>\$ 4.26</u>	<u>\$ 3.82</u>	<u>\$ 3.45</u>

COMMON STOCK AND ORDINARY SHARES

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share of Carnival plc, is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's American Depositary Shares ("ADSs"), each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank, N.A.

As of January 14, 2021, there were 2,953 holders of record of Carnival Corporation common stock and 30,258 holders of record of Carnival plc ordinary shares and 382 holders of record of Carnival plc ADSs. The past performance of our share prices cannot be relied on as a guide to their future performance.

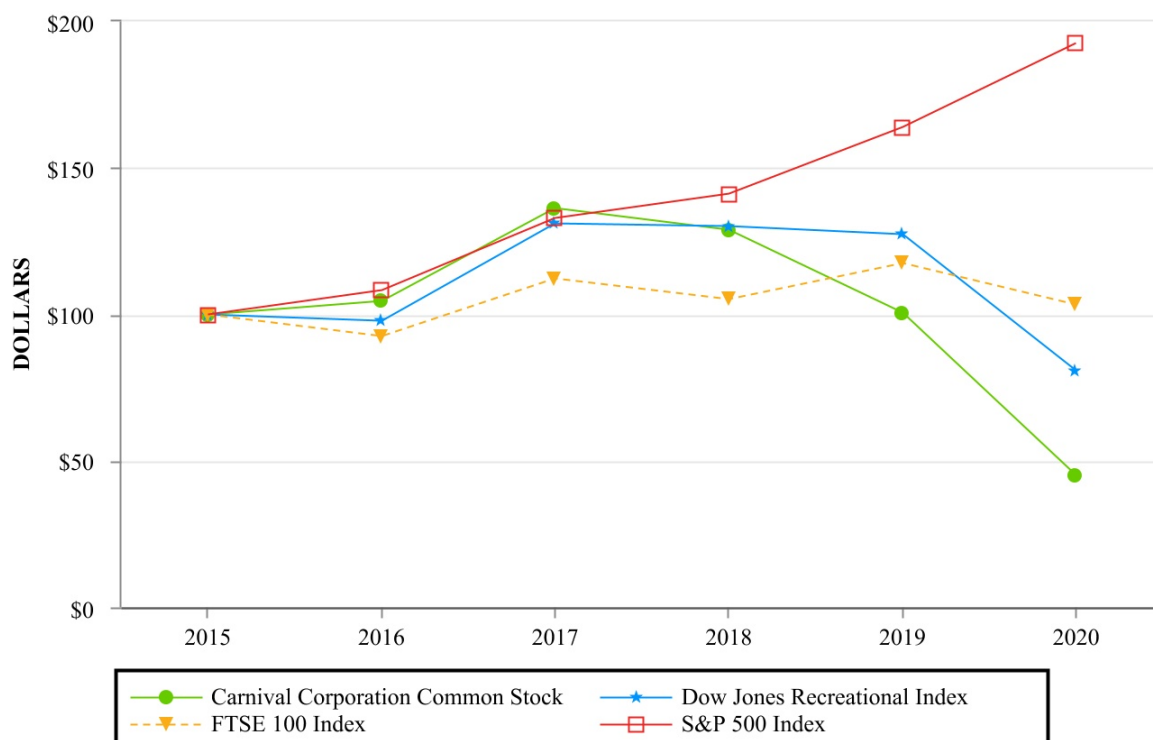
On March 30, 2020, we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc.

STOCK PERFORMANCE GRAPHS

Carnival Corporation

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

5-Year Cumulative Total Returns



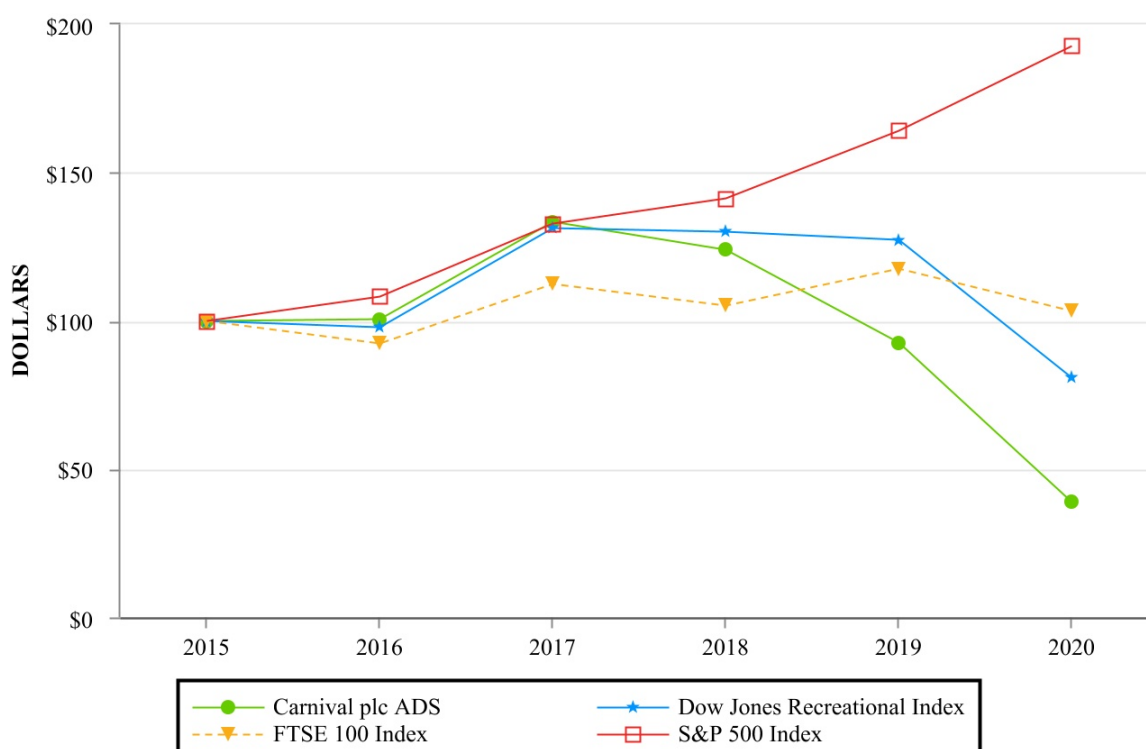
Assumes \$100 Invested on November 30, 2015
Assumes Dividends Reinvested
Years Ended November 30,

	2015	2016	2017	2018	2019	2020
Carnival Corporation Common Stock	\$ 100	\$ 105	\$ 136	\$ 129	\$ 100	\$ 45
Dow Jones Recreational Index	\$ 100	\$ 98	\$ 131	\$ 130	\$ 127	\$ 81
FTSE 100 Index	\$ 100	\$ 92	\$ 112	\$ 105	\$ 117	\$ 103
S&P 500 Index	\$ 100	\$ 108	\$ 133	\$ 141	\$ 164	\$ 192

Carnival plc

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

5-Year Cumulative Total Returns



Assumes \$100 Invested on November 30, 2015
Assumes Dividends Reinvested
Years Ended November 30,

	2015	2016	2017	2018	2019	2020
Carnival plc ADS	\$ 100	\$ 101	\$ 133	\$ 124	\$ 93	\$ 39
Dow Jones Recreational Index	\$ 100	\$ 98	\$ 131	\$ 130	\$ 127	\$ 81
FTSE 100 Index	\$ 100	\$ 92	\$ 112	\$ 105	\$ 117	\$ 103
S&P 500 Index	\$ 100	\$ 108	\$ 133	\$ 141	\$ 164	\$ 192

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Our passenger ticket revenues are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months, although 2020 was adversely impacted by COVID-19. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. This historical trend has been disrupted by the pause in our global cruise operations. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season. During 2020, the Alaska cruise season was adversely impacted by the effects of COVID-19. The quarterly data below, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods.

<i>(in millions, except per share data)</i>	2020 Quarters Ended			
	February 29	May 31	August 31	November 30
Revenues	\$ 4,789	\$ 740	\$ 31	\$ 34
Operating income (loss)	\$ (713)	\$ (4,177)	\$ (2,333)	\$ (1,642)
Net income (loss)	\$ (781)	\$ (4,374)	\$ (2,858)	\$ (2,222)
Earnings per share				
Basic	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
Diluted	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
Adjusted net income (loss) (a)	\$ 150	\$ (2,382)	\$ (1,699)	\$ (1,862)
Adjusted earnings per share - diluted (a)	\$ 0.22	\$ (3.30)	\$ (2.19)	\$ (2.02)
Dividends declared per share	\$ 0.50	\$ —	\$ —	\$ —

(a) Adjusted net income (loss) and adjusted fully diluted earnings per share were computed as follows:

<i>(in millions, except per share data)</i>	2020 Quarters Ended			
	February 29	May 31	August 31	November 30
Net income (loss)				
U.S. GAAP net income (loss)	\$ (781)	\$ (4,374)	\$ (2,858)	\$ (2,222)
(Gains) losses on ship sales and impairments	928	1,953	937	115
Restructuring expenses	—	39	3	5
Other	3	—	220	240
Adjusted net income (loss)	\$ 150	\$ (2,382)	\$ (1,699)	\$ (1,862)
Weighted-average shares outstanding	684	721	775	922
Earnings per share				
U.S. GAAP earnings per share	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
(Gains) losses on ship sales and impairments	1.36	2.71	1.21	0.12
Restructuring expenses	—	0.05	—	0.01
Other	0.01	—	0.28	0.26
Adjusted earnings per share	\$ 0.22	\$ (3.30)	\$ (2.19)	\$ (2.02)

<i>(in millions, except per share data)</i>	2019 Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	\$ 4,673	\$ 4,838	\$ 6,533	\$ 4,781
Operating income (loss)	\$ 386	\$ 515	\$ 1,890	\$ 484
Net income (loss)	\$ 336	\$ 451	\$ 1,780	\$ 423
Earnings per share				
Basic	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.62
Diluted	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.61
Adjusted net income (loss) (a)	\$ 338	\$ 457	\$ 1,819	\$ 427
Adjusted earnings per share - diluted (a)	\$ 0.49	\$ 0.66	\$ 2.63	\$ 0.62
Dividends declared per share	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50

(a) Adjusted net income (loss) and adjusted fully diluted earnings per share were computed as follows:

<i>(in millions, except per share data)</i>	2019 Quarters Ended			
	February 28	May 31	August 31	November 30
Net income (loss)				
U.S. GAAP net income (loss)	\$ 336	\$ 451	\$ 1,780	\$ 423
(Gains) losses on ship sales and impairments	2	(16)	14	(5)
Restructuring expenses	—	—	—	10
Other	—	22	25	—
Adjusted net income (loss)	<u>\$ 338</u>	<u>\$ 457</u>	<u>\$ 1,819</u>	<u>\$ 427</u>
Weighted-average shares outstanding	<u>695</u>	<u>693</u>	<u>691</u>	<u>688</u>
Earnings per share				
U.S. GAAP earnings per share	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.61
(Gains) losses on ship sales and impairments	—	(0.02)	0.02	(0.01)
Restructuring expenses	—	—	—	0.01
Other	—	0.03	0.04	—
Adjusted earnings per share	<u>\$ 0.49</u>	<u>\$ 0.66</u>	<u>\$ 2.63</u>	<u>\$ 0.62</u>

January 18, 2021

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Carnival Corporation, Commission File No. 001-9610, and
Carnival plc, Commission File No. 001-15136

Ladies and Gentlemen:

Pursuant to Item 601(b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the “Companies”) hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2020.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez
General Counsel and Secretary

AMENDMENT NO. 1 TO TERM LOAN AGREEMENT

This AMENDMENT NO. 1 TO TERM LOAN AGREEMENT (this “Amendment”), dated as of December 3, 2020, is by and among CARNIVAL CORPORATION, a Panamanian corporation (the “Lead Borrower”), CARNIVAL FINANCE, LLC, a Delaware limited liability company (the “Co-Borrower”), JPMORGAN CHASE BANK, N.A., as the Administrative Agent for the Lenders (in such capacity, the “Administrative Agent”), and the Lenders party hereto. Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Loan Agreement referred to below (as amended by this Amendment).

WITNESSETH:

WHEREAS, the Lead Borrower, the Co-Borrower, Carnival plc, a company incorporated under the laws of England and Wales (“Carnival plc”), the other Guarantors, the Administrative Agent, U.S. Bank National Association, as Security Agent, and the Lenders from time to time party thereto have entered into the Term Loan Agreement, dated as of June 30, 2020 (as amended, restated, supplemented or otherwise modified from time to time through the Effective Time referred to below, the “Loan Agreement”);

WHEREAS, in accordance with the provisions of Section 11.1 of the Loan Agreement, the provisions of the Loan Agreement may be amended as contemplated by this Amendment if this Amendment is executed by the Lead Borrower and the Required Lenders; and

WHEREAS, the undersigned Lenders constitute Required Lenders;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Amendments to Loan Agreement. Effective as of the Effective Time, Section 6.2.1(b)(v) of the Loan Agreement is hereby amended and restated in its entirety as follows:

“(v) the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued under this clause (v)) not exceeding the New Vessel

Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (v);”

SECTION 2. Fees and Expenses.

(a) The Lead Borrower will pay (or cause to be paid) to the Administrative Agent, for the benefit of each Lender consenting to this Amendment (collectively, “Consenting Lenders”), a fee in an amount equal to 0.025% of the aggregate principal amount of Advances held by such Lender at the Effective Time (collectively, the “Amendment Fee”). The entire amount of the Amendment Fee will be fully earned and will be due and payable in full in cash on the date hereof, and subject to the occurrence of the Effective Time.

(b) The Lead Borrower shall reimburse the Administrative Agent for its reasonable out of pocket expenses in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby in accordance with Section 11.3 of the Loan Agreement.

SECTION 3. Effectiveness. This Amendment shall become effective upon (a) receipt by the Administrative Agent of duly executed counterpart signature pages to this Amendment by the Borrowers, the Administrative Agent and Lenders constituting Required Lenders and (b) receipt by the Administrative Agent, for the benefit of the Consenting Lenders, of the Amendment Fee (the “Effective Time”).

SECTION 4. Loan Documents. This Amendment shall constitute a “Loan Document” for all purposes of the Loan Agreement and the other Loan Documents.

SECTION 5. Reference to and Effect on the Loan Agreement and the Loan Documents.

(a) From and after the Effective Time, each reference in the Loan Agreement to “this Agreement,” “hereunder,” “hereof” or words of like import referring to the Loan Agreement shall mean and be a reference to the Loan Agreement, as amended by this Amendment. The Loan Agreement, as amended by this Amendment, and each of the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 6. Governing Law. This Amendment shall be deemed to be a contract made under, and shall be governed by, the laws of the State of New York.

SECTION 7. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or electronic (i.e. “pdf” or “tif”) transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 9. Electronic Execution. Section 11.8(b) of the Loan agreement shall apply to the execution of this Amendment *mutatis mutandis*.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

CARNIVAL CORPORATION,

as the Lead Borrower

By: /s/ Darrell Campbell

Name: Darrell Campbell

Title: Treasurer

CARNIVAL FINANCE, LLC,

as the Co-Borrower

By: Carnival Corporation,

its Sole Member

By: /s/ Darrell Campbell

Name: Darrell Campbell

Title: Treasurer

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent and a Lender

By: /s/ Lance Buxkemper

Name: Lance Buxkemper

Title: Executive Director

CARNIVAL CORPORATION,

as Issuer

CARNIVAL PLC

AND THE OTHER GUARANTORS
NAMED ON THE SIGNATURE PAGES HERETO,
as Guarantors

AND

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Security Agent

FIRST SUPPLEMENTAL INDENTURE

Dated as of November 18, 2020

TO THE INDENTURE

Dated as of April 8, 2020

11.500% First-Priority Senior Secured Notes due 2023

THIS FIRST SUPPLEMENTAL INDENTURE is dated as of November 18, 2020, among Carnival Corporation, a corporation duly organized and existing under the laws of the Republic of Panama, as issuer (the “Issuer”), Carnival plc, a company incorporated and registered under the laws of England and Wales (“Carnival plc” and, together with the Issuer, the “Company”), the other Guarantors listed on the signature pages hereto and U.S. Bank National Association, a national banking association organized under the laws of the United States of America, as trustee and security agent (the “Trustee”).

RECITALS

First Supplemental Indenture

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee executed and delivered an Indenture, dated as of April 8, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “Indenture”), to provide for the issuance by the Company of its 11.500% First-Priority Senior Secured Notes due 2023 (the “Notes”);

WHEREAS, pursuant to Section 9.01(a) of the Indenture, the Company, the Subsidiary Guarantors and the Trustee are authorized to amend the Indenture without the consent of any Holders, among other things, (i) to cure any ambiguity, omission, error, defect or inconsistency or (ii) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of the section entitled “Description of Notes” in the Offering Memorandum (the “Description of Notes”) to the extent that such provision in the Description of Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;

WHEREAS, prior to the effectiveness hereof, Section 4.06(b)(5) of the Indenture (as in effect prior to the effectiveness hereof) contains an error that is not consistent with certain other provisions in the Indenture and the disclosures of the Company in the Offering Memorandum, and the parties wish to correct this error by amending such section as set forth herein;

WHEREAS, Section 10.03(2) of the Indenture (as in effect prior to the effectiveness hereof) does not conform to the text of the Description of Notes, and the parties wish to correct this inconsistency by amending such section as set forth herein;

WHEREAS, the entry into this First Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II

AMENDMENTS TO THE INDENTURE

First Supplemental Indenture

Section 2.1 Section 4.06(b)(5) of the Indenture is hereby amended and restated in its entirety as follows:

“the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued under this clause (5)) not exceeding the New Vessel Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (5);”

Section 2.2 Section 10.03(2) of the Indenture is hereby amended and restated as follows:

“(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate Section 4.09 and the Subsidiary Guarantor either (i) ceases to be a Restricted Subsidiary as a result of such sale or other disposition or (ii) would not be required to provide a Note Guarantee under Section 4.15”

ARTICLE III

MISCELLANEOUS

Section 3.1 Governing Law. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.2 Severability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter shall be bound hereby. The

First Supplemental Indenture

Trustee makes no representation or warranty as to the validity or sufficiency of this First Supplemental Indenture.

Section 3.4 Counterparts. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this First Supplemental Indenture. The exchange of copies of this First Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this First Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

Section 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein.

Section 3.7 Successors. All agreements of the Company and the Subsidiary Guarantors in this First Supplemental Indenture shall bind each of their successors, except as otherwise provided in this First Supplemental Indenture. All agreements of the Trustee in this First Supplemental Indenture shall bind its successors.

[Signature Page Follows]

First Supplemental Indenture

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed as of the date first written above.

CARNIVAL CORPORATION
as Issuer

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

CARNIVAL PLC
as Guarantor

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

GXI, LLC
as Guarantor

By: /s/ Arnaldo Perez
Name: Arnaldo Perez
Title: General Counsel & Secretary of
Carnival Corporation, its sole Member

HAL ANTILLEN N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

/s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

HOLLAND AMERICA LINE N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur

First Supplemental Indenture

Name: Iseline R. Gouverneur
Title: Managing Director

/s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

CRUISEPORT CURACAO C.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

By: /s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

PRINCESS CRUISE LINES, LTD.
as Guarantor

By: /s/ Janet Swartz
Name: Janet Swartz
Title: President

SEABOURN CRUISE LINE LIMITED
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

By: /s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

COSTA CROCIERE S.P.A.
as Guarantor

By: /s/ David Bernstein

[Signature Page to First Supplemental Indenture]

Name: David Bernstein
Title: Director

U.S. BANK NATIONAL
ASSOCIATION, as Trustee and
Security Agent

By: /s/ Benjamin J. Krueger

Name: Benjamin J. Krueger

Title: Vice President

[Signature Page to First Supplemental Indenture]

CARNIVAL CORPORATION,

as Issuer

CARNIVAL PLC

AND THE OTHER GUARANTORS
NAMED ON THE SIGNATURE PAGES HERETO,
as Guarantors

AND

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Security Agent

FIRST SUPPLEMENTAL INDENTURE

Dated as of November 18, 2020

TO THE INDENTURE

Dated as of July 20, 2020

10.500% Second-Priority Senior Secured Notes due 2026

10.125% Second-Priority Senior Secured Notes due 2026

THIS FIRST SUPPLEMENTAL INDENTURE is dated as of November 18, 2020, among Carnival Corporation, a corporation duly organized and existing under the laws of the Republic of Panama, as issuer (the “Issuer”), Carnival plc, a company incorporated and registered under the laws of England and Wales (“Carnival plc” and, together with the Issuer, the “Company”), the other Guarantors listed on the signature pages hereto and U.S. Bank National Association, a national banking association organized under the laws of the United States of America, as trustee and security agent (the “Trustee”).

RECITALS

First Supplemental Indenture

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee executed and delivered an Indenture, dated as of July 20, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “Indenture”), to provide for the issuance by the Company of its 10.500% Second-Priority Senior Secured Notes due 2026 and 10.125% Second-Priority Senior Secured Notes due 2026 (the “**Notes**”);

WHEREAS, pursuant to Section 9.01(a) of the Indenture, the Company, the Subsidiary Guarantors and the Trustee are authorized to amend the Indenture without the consent of any Holders, among other things, to cure any ambiguity, omission, error, defect or inconsistency;

WHEREAS, prior to the effectiveness hereof, Section 4.06(b)(5) of the Indenture (as in effect prior to the effectiveness hereof) contains an error that is not consistent with certain other provisions in the Indenture and the disclosures of the Company in the Offering Memorandum, and the parties wish to correct this error by amending such section as set forth herein;

WHEREAS, the entry into this First Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II

AMENDMENTS TO THE INDENTURE

Section 2.1 Section 4.06(b)(5) of the Indenture is hereby amended and restated in its entirety as follows:

“the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge

First Supplemental Indenture

any Indebtedness incurred or Disqualified Stock or preferred stock issued under this clause (5)) not exceeding the New Vessel Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (5);”

ARTICLE III

MISCELLANEOUS

Section 3.1 Governing Law. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.2 Severability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this First Supplemental Indenture.

Section 3.4 Counterparts. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this First Supplemental Indenture. The exchange of copies of this First Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this First Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

Section 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein.

Section 3.7 Successors. All agreements of the Company and the Subsidiary Guarantors in this First Supplemental Indenture shall bind each of their successors, except as

First Supplemental Indenture

otherwise provided in this First Supplemental Indenture. All agreements of the Trustee in this First Supplemental Indenture shall bind its successors.

[Signature Page Follows]

First Supplemental Indenture

Doc#: US1:14265588v4

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed as of the date first written above.

CARNIVAL CORPORATION
as Issuer

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

CARNIVAL PLC
as Guarantor

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

GXI, LLC
as Guarantor

By: /s/ Arnaldo Perez
Name: Arnaldo Perez
Title: General Counsel & Secretary of
Carnival Corporation, its sole Member

HAL ANTILLEN N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

/s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

HOLLAND AMERICA LINE N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

/s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

CRUISEPORT CURACAO C.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

By: /s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

PRINCESS CRUISE LINES, LTD.
as Guarantor

By: /s/ Janet Swartz
Name: Janet Swartz
Title: President

SEABOURN CRUISE LINE LIMITED
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

By: /s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

COSTA CROCIERE S.P.A.
as Guarantor

[Signature Page to First Supplemental Indenture]

By: /s/ David Bernstein
Name: David Bernstein
Title: Director

U.S. BANK NATIONAL
ASSOCIATION, as Trustee and
Security Agent

By: /s/ Benjamin J. Krueger
Name: Benjamin J. Krueger
Title: Vice President

[Signature Page to First Supplemental Indenture]

CARNIVAL CORPORATION,

as Issuer
CARNIVAL PLC

AND THE OTHER GUARANTORS
NAMED ON THE SIGNATURE PAGES HERETO,
as Guarantors

AND

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Security Agent

FIRST SUPPLEMENTAL INDENTURE

Dated as of November 18, 2020

TO THE INDENTURE

Dated as of August 18, 2020

9.875% Second-Priority Senior Secured Notes due 2027

THIS FIRST SUPPLEMENTAL INDENTURE is dated as of November 18, 2020, among Carnival Corporation, a corporation duly organized and existing under the laws of the Republic of Panama, as issuer (the “Issuer”), Carnival plc, a company incorporated and registered under the laws of England and Wales (“Carnival plc” and, together with the Issuer, the “Company”), the other Guarantors listed on the signature pages hereto and U.S. Bank National Association, a national banking association organized under the laws of the United States of America, as trustee and security agent (the “Trustee”).

RECITALS

First Supplemental Indenture

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee executed and delivered an Indenture, dated as of August 18, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “Indenture”), to provide for the issuance by the Company of its 9.875% Second-Priority Senior Secured Notes due 2027 (the “**Notes**”);

WHEREAS, pursuant to Section 9.01(a) of the Indenture, the Company, the Subsidiary Guarantors and the Trustee are authorized to amend the Indenture without the consent of any Holders, among other things, to cure any ambiguity, omission, error, defect or inconsistency;

WHEREAS, prior to the effectiveness hereof, Section 4.06(b)(5) of the Indenture (as in effect prior to the effectiveness hereof) contains an error that is not consistent with certain other provisions in the Indenture and the disclosures of the Company in the Offering Memorandum, and the parties wish to correct this error by amending such section as set forth herein;

WHEREAS, the entry into this First Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II

AMENDMENTS TO THE INDENTURE

Section 2.1 Section 4.06(b)(5) of the Indenture is hereby amended and restated in its entirety as follows:

“the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock

First Supplemental Indenture

issued under this clause (5)) not exceeding the New Vessel Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (5);”

ARTICLE III

MISCELLANEOUS

Section 3.1 Governing Law. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.2 Severability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this First Supplemental Indenture.

Section 3.4 Counterparts. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this First Supplemental Indenture. The exchange of copies of this First Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this First Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

Section 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein.

Section 3.7 Successors. All agreements of the Company and the Subsidiary Guarantors in this First Supplemental Indenture shall bind each of their successors, except as otherwise provided in this First Supplemental Indenture. All agreements of the Trustee in this First Supplemental Indenture shall bind its successors.

[Signature Page Follows]

First Supplemental Indenture

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed as of the date first written above.

CARNIVAL CORPORATION
as Issuer

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

CARNIVAL PLC
as Guarantor

By: /s/ Darrell Campbell
Name: Darrell Campbell
Title: Treasurer

GXI, LLC
as Guarantor

By: /s/ Arnaldo Perez
Name: Arnaldo Perez
Title: General Counsel & Secretary of
Carnival Corporation, its sole Member

HAL ANTILLEN N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

/s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

HOLLAND AMERICA LINE N.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

/s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

CRUISEPORT CURACAO C.V.
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

By: /s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

PRINCESS CRUISE LINES, LTD.
as Guarantor

By: /s/ Janet Swartz

Name: Janet Swartz

Title: President

[Signature Page to First Supplemental Indenture]

SEABOURN CRUISE LINE LIMITED
as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur
Name: Iseline R. Gouverneur
Title: Managing Director

By: /s/ Rhona M.P. Mendez
Name: Rhona M.P. Mendez
Title: Attorney-in-Fact

COSTA CROCIERE S.P.A.
as Guarantor

By: /s/ David Bernstein
Name: David Bernstein
Title: Director

U.S. BANK NATIONAL ASSOCIATION, as Trustee and Security Agent

By: /s/ Benjamin J. Krueger
Name: Benjamin J. Krueger
Title: Vice President

[Signature Page to First Supplemental Indenture]

CARNIVAL CORPORATION,
as Issuer,
U.S. BANK NATIONAL ASSOCIATION,
as Trustee,
U.S. BANK NATIONAL ASSOCIATION,

as Principal Paying Agent, Transfer Agent and Registrar for the USD Notes

INDENTURE

Dated as of November 25, 2020

USD 1,450,000,000 7.625% SENIOR UNSECURED NOTES DUE 2026

EUR 500,000,000 7.625% SENIOR UNSECURED NOTES DUE 2026

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Exhibit D – Form of Supplemental Indenture

INDENTURE, dated as of November 25, 2020, among Carnival Corporation, a Panamanian corporation (the “Issuer”), Carnival plc, a company incorporated and registered under the laws of England and Wales (“Carnival plc”), the other Guarantors party hereto and U.S. Bank National Association, as trustee (in such capacity, the “Trustee”), and as Principal Paying Agent, Transfer Agent and Registrar for the USD Notes.

RECITALS

The Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of its \$1,450,000,000 aggregate principal amount of 7.625% Senior Unsecured Notes due 2026 and €500,000,000 aggregate principal amount of 7.625% Senior Unsecured Notes due 2026, in each case issued on the date hereof (collectively, the “Original Notes”) and any additional USD Notes and Euro Notes (collectively, the “Additional Notes”) that may be issued after the Issue Date in compliance with this Indenture. The Original Notes and the Additional Notes together are referred to herein as the “Notes”. The Issuer has received good and valuable consideration for the execution and delivery of this Indenture. All necessary acts and things have been done to make (i) the Notes, when duly issued and executed by the Issuer and authenticated and delivered hereunder, the legal, valid and binding obligations of the Issuer and (ii) this Indenture a legal, valid and binding agreement of the Issuer in accordance with the terms of this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

“2023 First-Priority Secured Notes” means the 11.500% First-Priority Senior Secured Notes due 2023 of the Issuer (as in effect on the Issue Date, the “Issue Date 2023 First-Priority Secured Notes”), issued pursuant to an Indenture, dated as of April 8, 2020, among the Issuer, Carnival plc, the various guarantors party thereto and U.S. Bank, N.A., as trustee thereunder, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument shall constitute a “2023 First-Priority Secured Note” for purposes of the foregoing definition (other than the Issue Date 2023 First-Priority Secured Notes) unless such instrument is

designated to the Trustee in writing by the Issuer as constituting a “2023 First-Priority Secured Note.”

“2023 First-Priority Secured Notes Issue Date” means April 8, 2020.

“2026 Second-Priority Note Indenture” means the Indenture, dated as of July 20, 2020, among the Issuer, Carnival plc, the various guarantors party thereto and U.S. Bank National Association, as trustee thereunder.

“2026 Second-Priority Secured Notes” means the 10.500% Second-Priority Senior Secured Notes due 2026 and the 10.125% Second-Priority Senior Secured Notes due 2026 of the Issuer (together, as in effect on the Issue Date, the “Issue Date 2026 Second-Priority Secured Notes”), issued pursuant to the 2026 Second-Priority Note Indenture, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument shall constitute a “2026 Second-Priority Secured Note” for purposes of the foregoing definition (other than the Issue Date 2026 Second-Priority Secured Notes) unless such instrument is designated to the Trustee in writing by the Issuer as constituting a “2026 Second-Priority Secured Note.”

“2027 First-Priority Secured Notes” means the 7.875% Debentures due 2027 of the Issuer (as in effect on the Issue Date, the “Issue Date 2027 First-Priority Secured Notes”), issued pursuant to the Indenture, dated as of October 23, 2000 (as supplemented on July 15, 2003 with respect to the 2027 First-Priority Secured Notes, and as further supplemented on December 1, 2003), among the Issuer, as issuer, Carnival plc, as guarantor, and The Bank of New York, as trustee, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument shall constitute a “2027 First-Priority Secured Note” for purposes of the foregoing definition (other than the Issue Date 2027 First-Priority Secured Notes) unless such instrument is designated to the Trustee in writing by the Issuer as constituting a “2027 First-Priority Secured Note.”

“2027 Second-Priority Note Indenture” means the Indenture, dated as of August 18, 2020, among the Issuer, Carnival plc, the various guarantors party thereto and U.S. Bank National Association, as trustee thereunder.

“2027 Second-Priority Secured Notes” means the 9.875% Second-Priority Senior Secured Notes due 2027 of the Issuer (together, as in effect on the Issue Date, the “Issue Date 2027 Second-Priority Secured Notes”), issued pursuant to the 2027 Second-Priority Note Indenture, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument shall constitute a “2027 Second-Priority Secured Note” for purposes of the foregoing definition (other than the Issue Date 2027 Second-Priority Secured Notes) unless such instrument is designated to the Trustee in writing by the Issuer as constituting a “2027 Second-Priority Secured Note.”

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Applicable Denominations” means, (i) with respect to the USD Notes, a minimum denomination of \$2,000 and any integral multiples of \$1,000 in excess thereof and (ii) with respect to the Euro Notes, a minimum denomination of €100,000 and any integral multiples of €1,000 in excess thereof.

“Applicable Law” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“Asset Sale” means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its

Restricted Subsidiaries taken as a whole will be governed by Section 4.11 and/or Article Five and not by Section 4.09; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors' qualifying shares and shares to be held by third parties to meet the applicable legal requirements).

Notwithstanding the preceding provisions, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets or Equity Interests having a Fair Market Value of less than \$250.0 million;

(2) a sale, lease, conveyance or other disposition of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease, conveyance or other disposition of inventory, insurance proceeds or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) any transfer, assignment or other disposition deemed to occur in connection with the creation or granting of Liens not prohibited under Section 4.07;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate Section 4.08 or a Permitted Investment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

- (12) the sale of any property in a sale and leaseback transaction that is entered into within six months of the acquisition of such property or completion of the construction of the applicable Vessel;
- (13) time charters and other similar arrangements in the ordinary course of business; and
- (14) the sale of any Vessels Reserved for Disposition.

“Attributable Debt” means, with respect to any sale and leaseback transaction, at the time of determination, the present value (discounted at the interest rate reasonably determined in good faith by a responsible financial or accounting officer of the Issuer to be the interest rate implicit in the lease determined in accordance with GAAP, or, if not known, at the Company’s incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges; *provided, however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capital Lease Obligation.”

“Authority” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“Bankruptcy Law” means Title 11 of the United States Code, as amended, or any similar U.S. federal or state law or the laws of any other jurisdiction (or any political subdivision thereof) relating to bankruptcy, insolvency, voluntary or judicial liquidation, composition with creditors, reprieve from payment, controlled management, fraudulent conveyance, general settlement with creditors, reorganization or similar or equivalent laws affecting the rights of creditors generally, including, in the case of Italy, Royal Decree No. 267 of 16th March 1942, as amended and/or restated from time to time and/or Legislative Decree no. 14 of 12 January 2019. For the avoidance of doubt, the provisions of the UK Companies Act 2006 governing a solvent reorganisation or a voluntary liquidation thereunder shall not be deemed to be Bankruptcy Laws.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. For the avoidance of doubt, the terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“Book-Entry Interest” means a beneficial interest in a Global Note held through and shown on, and transferred only through, records maintained in book-entry form by DTC, Euroclear or Clearstream, as applicable, and its respective nominees and successors.

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions in New York or a place of payment under this Indenture are authorized or required by law, regulation or executive order to close.

“Capital Lease Obligation” means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a finance lease obligation under GAAP, and, for purposes of this Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with GAAP and the Stated Maturity thereof will be the date of last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Cash Equivalents” means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the European Union, the government of a member state of the European Union, the United States of America, the United Kingdom, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the European Union, the relevant member state of the European Union or the United States of America, the United Kingdom, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland, the United Kingdom, Australia or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of \$250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency; *provided, further*, that any cash held pursuant to clause (6) below not covered by the foregoing may be held through overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition issued by a bank or trust company organized and operating in the applicable jurisdiction;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition;

(5) money market funds or other mutual funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition; and

(6) cash in any currency in which the Company and its subsidiaries now or in the future operate, in such amounts as the Company determines to be necessary in the ordinary course of their business.

"Change of Control" means any "person" or "group" (as such terms are used for the purposes of Sections 13(d) and 14(d) of the U.S. Exchange Act), other than Permitted Holders (each, a "*Relevant Person*") is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 under the U.S. Exchange Act), directly or indirectly of such capital stock of the Issuer and Carnival plc, in each case as is entitled to exercise or direct the exercise of more than 50 percent

of the rights to vote to elect members of the boards of directors of each of the Issuer and Carnival plc; *provided* (i) such event shall not be deemed a Change of Control so long as one or more of the Permitted Holders have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the boards of directors of the Issuer or Carnival plc, (ii) for the avoidance of doubt, no Change of Control shall occur solely as a result of either the Issuer (or any subsidiary thereof) or Carnival plc (or any subsidiary thereof) acquiring or owning, at any time, any or all of the capital stock of each other, and (iii) no Change of Control shall be deemed to occur if all or substantially all of the holders of the capital stock of the Relevant Person immediately after the event which would otherwise have constituted a Change of Control were the holders of the capital stock of the Issuer and/or Carnival plc with the same (or substantially the same) pro rata economic interests in the share capital of the Relevant Person as such shareholders had in the Capital Stock of the Issuer and/or Carnival plc, respectively, immediately prior to such event. Any direct or indirect intermediate holding company whose only asset is the Issuer or Carnival plc stock shall be deemed not to be a “Relevant Person.”

“Change of Control Period” means, in respect of any Change of Control, the period commencing on the Relevant Announcement Date in respect of such Change of Control and ending 60 days after the occurrence of such Change of Control.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Downgrade.

“Clearing System” means DTC, Euroclear and Clearstream, as applicable.

“Clearstream” means Clearstream Banking, S.A., its nominees and successors.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission.

“Company” means Carnival plc and Carnival Corporation, or either of them, as the context may require, and not any of their Subsidiaries.

“Consolidated EBITDA” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (2) the Consolidated Interest Expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (3) depreciation, amortization (including amortization of intangibles and deferred financing fees but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash

charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(4) any expenses, charges or other costs related to any Equity Offering or issuance of Subordinated Shareholder Funding permitted by this Indenture or relating to the offering of the Notes, in each case, as determined in good faith by the Issuer; *plus*

(5) any expenses or charges (other than depreciation and amortization expenses) related to any issuance of Equity Interests or the making of any Investment, acquisition, disposition, recapitalization or the incurrence, modification or repayment of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the Transactions, the offering of the Notes or any Credit Facilities, and (ii) any amendment or other modification of the Notes or other Indebtedness; *plus*

(6) business optimization expenses and other restructuring charges, reserves or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory optimization programs, facility, branch, office or business unit closures, facility, branch, office or business unit consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges); *plus*

(7) the amount of any management, monitoring, consulting and advisory fees and related expenses paid in such period to consultants and advisors; *plus*

(8) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expense are funded with cash proceeds contributed to the capital of the Company or net cash proceeds of an issuance of Equity Interest of the Company (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in Section 4.08(a)(iii)(B); *plus*

(9) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(10) all adjustments of the nature used in connection with the calculation of “net income” as set forth in footnote (4) to the “Summary Historical Financial and Other Data” under “Summary” in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such period; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (16) of the definition of “Consolidated Net Income”), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

“Consolidated Interest Expense” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs);

(2) non-cash interest payments;

(3) the interest component of deferred payment obligations;

(4) the interest component of all payments associated with Capital Lease Obligations;

(5) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates;

(6) the consolidated interest expense of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period;

(7) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or is secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; and

(8) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include any payments on any operating leases.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (loss) attributable to such Person and its Subsidiaries which are Restricted Subsidiaries for such period determined on a consolidated basis (excluding the net

income (loss) of any Unrestricted Subsidiary), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; *provided that*:

(1) any goodwill or other intangible asset impairment, charge, amortization or write-off, including debt issuance costs, will be excluded;

(2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under Section 4.08(a)(iii) (A), any net income (loss) of any Restricted Subsidiary that is not a Guarantor will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released and (b) restrictions pursuant to the Notes, this Indenture, the Credit Facilities, the Convertible Notes, the 2023 First-Priority Secured Notes, the indenture governing the 2023 First-Priority Secured Notes, the 2026 Second-Priority Secured Notes, the 2026 Second-Priority Note Indenture, the 2027 Second-Priority Secured Notes, the 2027 Second-Priority Note Indenture, or the Existing Term Loan Facility); except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary that is not a Guarantor, to the limitation contained in this clause);

(4) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) or in connection with the sale or disposition of securities will be excluded;

(5) any net after-tax extraordinary, exceptional, nonrecurring or unusual gains or losses or income or expense or charge (less all fees and expenses relating thereto), any severance, relocation or other restructuring expenses, curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges (including, in each case, any cost or expense related to employment of terminated employees), any expenses related to any or any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses and fees, expenses or charges relating

to closing costs, rebranding costs, acquisition integration costs, opening costs, project start-up costs, business optimization costs, recruiting costs, signing, retention or completion bonuses, litigation and arbitration costs, charges, fees and expenses (including settlements), and expenses or charges related to any offering of Equity Interests or debt securities, Investment, acquisition, disposition, recapitalization or incurrence, issuance, repayment, repurchase, refinancing, amendment or modification of Indebtedness (in each case, whether or not successful), and any fees, expenses, charges or change in control payments related to the Transactions (including any costs relating to auditing prior periods, any transition-related expenses, and transaction expenses incurred before, on or after the Issue Date), in each case, shall be excluded;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;

(7) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness will be excluded;

(8) any one time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded; provided that any such gains or losses shall be included during the period in which they are realized;

(10) (x) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and (y) any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(11) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary will be excluded;

(12) to the extent covered by insurance and actually reimbursed, or so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable insurer in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any

amount so added back to the extent not so reimbursed within 365 days), losses with respect to liability or casualty events or business interruption;

(13) the cumulative effect of a change in accounting principles will be excluded;

(14) any non-cash interest expense resulting from the application of Accounting Standards Codification Topic 470-20 “Debt — Debt with Conversion Options — Recognition” will be excluded;

(15) any charges resulting from the application of Accounting Standards Codification Topic 805, “Business Combinations,” Accounting Standards Codification Topic 350, “Intangibles — Goodwill and Other,” Accounting Standards Codification Topic 360-10-35-15, “Impairment or Disposal of Long-Lived Assets,” Accounting Standards Codification Topic 480-10-25-4, “Distinguishing Liabilities from Equity — Overall — Recognition” or Accounting Standards Codification Topic 820, “Fair Value Measurements and Disclosures” will be excluded; and

(16) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding will be excluded.

“Consolidated Total Indebtedness” means, as of any date of determination, an amount equal to the sum (without duplication) of (1) the aggregate amount of all outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding any undrawn letters of credit) consisting of Capital Lease Obligations, bankers’ acceptances, Indebtedness for borrowed money and Indebtedness in respect of the deferred purchase price of property or services, *plus* (2) the aggregate amount of all outstanding Disqualified Stock of the Company and its Restricted Subsidiaries and all preferred stock of Restricted Subsidiaries of the Company, with the amount of such Disqualified Stock and preferred stock equal to the greater of their respective voluntary or involuntary liquidation preferences.

“Consolidated Total Leverage Ratio” means as of any date of determination, the ratio of Consolidated Total Indebtedness on such day to Consolidated EBITDA of the Company and its Restricted Subsidiaries as of and for the Company’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation; in each case, with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.”

“continuing” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“Convertible Notes” means the convertible notes issued under that certain indenture, dated as of April 6, 2020 (as in effect on the Issue Date, the “Issue Date Convertible Notes”), as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or

otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument (other than the Issue Date Convertible Notes) shall constitute a “Convertible Note” for purposes of this definition unless such instrument is designated to the Trustee in writing by the Issuer as constituting a “Convertible Note.”

“Credit Facilities” means one or more debt facilities, instruments or arrangements incurred by the Company or any Restricted Subsidiary (including but not limited to the Existing Revolving Facility and the Existing Term Loan Facility) with banks, other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Existing Revolving Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facilities” shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof. Notwithstanding the foregoing, no instrument shall constitute a “Credit Facility” for purposes of this definition unless such instrument is designated to the Trustee in writing by the Issuer as constituting a “Credit Facility.”

“Custodian” means any receiver, trustee, assignee, liquidator, custodian, administrator or similar official under any Bankruptcy Law.

“Customary Intercreditor Agreement” means an intercreditor agreement providing for payment subordination or lien priority, payment blockage and enforcement limitation terms with respect which are customary in the good faith judgment of the Company as evidenced in an Officer’s Certificate.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Definitive Registered Note” means, with respect to the Notes, a certificated Note registered in the name of the Holder thereof and transferred in accordance with Section 2.06 hereof, substantially in the form of Exhibit A attached hereto except that such Note shall not bear the legends applicable to Global Notes and shall not have the “Schedule of Principal Amount in the Global Note” attached thereto.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a “change of control” or an “asset sale” will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.08. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

“DTC” means The Depository Trust Company, its nominees and successors.

“EIB Facility” means the Finance Contract, dated as of June 5, 2009, between Costa Crociere S.p.A., as borrower, and the European Investment Bank, as lender, as amended on September 7, 2015 (such facility outstanding on the Issue Date, the “*Issue Date EIB Facility*”), and as further amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument (other than the Issue Date EIB Facility) shall constitute an “EIB Facility” for purposes of this definition unless such instrument is designated to the Trustee in writing by the Issuer as constituting an “EIB Facility.”

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Equity Offering” means a public or private sale either (a) of the Equity Interests (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form)

under the U.S. Securities Act or any similar offering in other jurisdictions) of the Company or (b) of the Equity Interests of a direct or indirect parent entity of the Company to the extent that the net proceeds therefrom are contributed as Subordinated Shareholder Funding or to the equity capital of the Company or any of its Restricted Subsidiaries.

“Euro Notes” means the 7.625% Senior Unsecured Notes due 2026 denominated in Euros.

“Euroclear” means Euroclear SA/NV, its nominees and successors.

“European Government Securities” means direct obligations of, or obligations guaranteed by, the European Union or a member state of the European Monetary Union as of the Issue Date, and the payment for which such member state of the European Monetary Union pledges its full faith and credit; provided that such member state has a long-term government debt rating of “A1” or higher by Moody’s or A+ or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

“Euros” means the single currency introduced at the third stage of the European Monetary Union pursuant to the Treaty establishing the European Community, as amended.

“Event of Loss” means the actual or constructive total loss, arranged or compromised total loss, destruction, condemnation, confiscation, requisition, seizure or forfeiture of, or other taking of title or use of, a Vessel.

“Existing First-Priority Secured Notes” means the 2023 First-Priority Secured Notes and the 2027 First-Priority Secured Notes.

“Existing Indebtedness” means all Indebtedness of the Company and its Restricted Subsidiaries in existence on the Issue Date.

“Existing Revolving Facility” means the Multicurrency Revolving Facilities Agreement, dated as of May 18, 2011, among the Issuer and Carnival plc, as guarantors, certain of the Company’s Subsidiaries, as borrowers, and certain financial institutions, as lenders, as amended and restated on June 16, 2014 and August 6, 2019 (such facility outstanding on the Issue Date, the “Issue Date Existing Revolving Facility”), and as further amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument (other than the Issue Date Existing Revolving Facility) shall constitute an “Existing Revolving Facility” for purposes of the foregoing definition unless such instrument is designated to the Trustee in writing by the Issuer as constituting an “Existing Revolving Facility.”

“Existing Second-Priority Secured Notes” means the 2026 Second-Priority Secured Notes and the 2027 Second-Priority Secured Notes.

“Existing Term Loan Facility” means the Term Loan Agreement, dated as of June 30, 2020, among the Issuer, as lead borrower, Carnival Finance, LLC, as co-borrower, and Carnival plc and the other Guarantors, as guarantors, and certain financial institutions, as lenders (such facility outstanding on the Issue Date, the “Issue Date Existing Term Loan Facility”), and as further amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (in each case subject to compliance with Section 4.06) or altering the maturity thereof. Notwithstanding the foregoing, no instrument (other than the Issue Date Existing Term Loan Facility) shall constitute an “Existing Term Loan Facility” for purposes of the foregoing definition unless such instrument is designated to the Trustee in writing by the Issuer as constituting an “Existing Term Loan Facility.”

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Issuer’s Chief Executive Officer or responsible accounting or financial officer of the Issuer.

“FATCA Withholding” means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

“Fixed Charge Calculation Date” has the meaning assigned to such term in the definition of “Fixed Charge Coverage Ratio.”

“Fixed Charge Coverage Ratio” means, with respect to any Person for any period, the ratio of Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, repays, repurchases or redeems any Indebtedness or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Fixed Charge Calculation Date”), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Permitted Debt incurred on the Fixed Charge Calculation Date or (ii) the discharge on the Fixed Charge Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, restructurings or reorganizations that the Company or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, restructuring or reorganization that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officer’s Certificate, to reflect operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event. Any calculation of the Fixed Charge Coverage Ratio may be made, at the option of the Issuer, either (i) at the time the Board of Directors of the Issuer approves the action necessitating the calculation of the Fixed Charge Coverage Ratio or (ii) at the completion of such action necessitating the calculation of the Fixed Charge Coverage Ratio.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on

any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating Consolidated EBITDA for the applicable period.

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period related to Indebtedness, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs), non-cash interest payments, the interest component of deferred payment obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Funding) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or is secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer.

Notwithstanding any of the foregoing, Fixed Charges shall not include (i) any payments on any operating leases, (ii) any non-cash interest expense resulting from the application of Accounting Standards Codification Topic 470-20 “Debt — Debt with Conversion Options — Recognition” or (iii) the interest component of all payments associated with Capital Lease Obligations.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute

of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on July 20, 2020. For the purposes of this Indenture, the term “consolidated” with respect to any Person shall mean such Person consolidated with its Restricted Subsidiaries, and shall not include any Unrestricted Subsidiary, but the interest of such Person in an Unrestricted Subsidiary will be accounted for as an Investment.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets, sureties or otherwise).

“Guarantors” means Carnival plc and any Restricted Subsidiary that guarantees the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“Holder” means the Person in whose name a Note is registered on the Registrar’s books.

“Immaterial Subsidiary” means any Subsidiary of the Company (a) the assets of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, constitute less than or equal to 5% of the total assets of the Company and its Subsidiaries on a consolidated basis, (b) the revenues of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, account for less than or equal to 5% of the total revenues of the Company and its Subsidiaries on a consolidated basis and (c) the Consolidated EBITDA of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, accounts for less than 5% of the Consolidated EBITDA of the Company.

“Indebtedness” means, with respect to any specified Person (excluding accrued expenses and trade payables), without duplication:

- (1) the principal amount of indebtedness of such Person in respect of borrowed money;

(2) the principal amount of obligations of such Person evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) Capital Lease Obligations of such Person;

(5) the principal component of all obligations of such Person to pay the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;

(6) net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time); and

(7) Attributable Debt of such Person;

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) anything accounted for as an operating lease in accordance with GAAP as at the Issue Date;

(2) contingent obligations in the ordinary course of business;

(3) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;

(4) deferred or prepaid revenues;

(5) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the applicable seller;

(6) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(7) Subordinated Shareholder Funding; or

(8) any Capital Stock.

“Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

“Interest Payment Date” means the Stated Maturity of an installment of interest on the Notes.

“Investment Grade Rating” means Baa3 by Moody's or BBB- by S&P, or equivalent, or better.

“Investments” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet prepared in accordance with GAAP. The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.08. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“Issue Date” means November 25, 2020.

“Issuer Order” means a written order signed in the name of the Issuer by any Person authorized by a resolution of the Board of Directors of the Issuer.

“Italian Guarantor” means Costa Crociere S.p.A.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

“Loan-to-Value Ratio” means, as of any date, the ratio of (1) Secured Indebtedness to (2) the aggregate Net Book Value of any collateral securing such Secured Indebtedness, with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.” At the Issuer’s option, the Loan-to-Value Ratio can be calculated either (i) at the time the Board of Directors of the Issuer approves the action with which the proceeds of the financing transaction necessitating the calculation of Loan-to-Value Ratio is to be financed or (ii) at the consummation of the financing necessitating the calculation of Loan-to-Value Ratio.

“Management Advances” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving (including tax equalization) related expenses incurred in the ordinary course of business;

(2) in respect of moving (including tax equalization) related expenses incurred in connection with any closing or consolidation of any office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding \$5.0 million in the aggregate outstanding at any time.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Book Value” means, with respect to any asset or property at any time, the net book value of such asset or property as reflected on the most recent balance sheet of the Company at such time, determined on a consolidated basis in accordance with GAAP.

“Net Proceeds” means with respect to any Asset Sale or Event of Loss, the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of such Asset Sale or Event of Loss (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), provided that with respect to any Asset Sale or Event of Loss, such amount shall be net of the direct costs relating to such Asset Sale or Event of Loss, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale or Event of Loss, taxes paid or payable as a result of the Asset Sale or Event of Loss, any charges, payments or expenses incurred in connection with an Asset Sale or Event of Loss (including, without limitation, (i) any exit or disposal costs, (ii) any repair, restoration or environmental remediation costs, charges or payments, (iii) any penalties or fines resulting from such Event of Loss, (iv) any severance costs resulting from such Event of Loss, (v) any costs related to salvage, scrapping or related activities and (vii) any fees, settlement payments or other charges related to any litigation or administrative proceeding resulting from such Event of Loss) and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP. To the extent the amounts that must be netted against any cash proceeds and Cash Equivalents cannot be reasonably determined by the Issuer with respect to any Asset

Sale or Event of Loss, such cash proceeds and Cash Equivalents shall not be deemed received until such amounts to be netted are known by the Issuer.

“New Vessel Aggregate Secured Debt Cap” means the sum of each of the New Vessel Secured Debt Caps (with such New Vessel Aggregate Secured Debt Cap to be expressed as the sum of the euro and U.S. dollar denominations of the New Vessel Secured Debt Caps reflected in the New Vessel Aggregate Secured Debt Cap).

“New Vessel Financing” means any financing arrangement (including but not limited to a sale and leaseback transaction or bareboat charter or lease or an arrangement whereby a Vessel under construction is pledged as collateral to secure the indebtedness of a shipbuilder), entered into by the Company or a Restricted Subsidiary for the purpose of financing or refinancing all or any part of the purchase price, cost of design or construction of a Vessel or Vessels or the acquisition of Capital Stock of entities owning or to own Vessels.

“New Vessel Secured Debt Cap” means, in respect of a New Vessel Financing, no more than 80% of the contract price for the acquisition, plus, as applicable, additional costs permitted to be financed under related export credit financing, and any other Ready for Sea Cost of the related Vessel (and 100% of any related export credit insurance premium), expressed in euros or U.S. dollars, as the case may be, being financed by such New Vessel Financing.

“Note Documents” means the Notes, any additional Notes, the Note Guarantees, this Indenture and any other agreements, documents or instruments related to any of the foregoing, as they may be amended, restated, modified, renewed, supplemented, refunded, replaced or refinanced, from time to time.

“Note Guarantee” means the Guarantee by each Guarantor of the Issuer’s obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the final offering memorandum in respect of the Original Notes dated November 20, 2020.

“Officer” means, with respect to any Person, the Chairman or Vice Chairman of the Board of Directors, the President, the Chief Executive Officer, the Chief Financial Officer, an Executive Vice President, a Vice President, the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary, an Assistant Secretary, or any individual designated by the Board of Directors of such Person.

“Officer’s Certificate” means a certificate signed on behalf of the Issuer by an Officer.

“Opinion of Counsel” means a written opinion from legal counsel, subject to customary exceptions and qualifications. The counsel may be an employee of or counsel to the Issuer.

“Parent Company” means each of the Issuer and Carnival plc.

“Parent Entity” means any Person of which the Issuer or Carnival plc, as applicable, is a Subsidiary (including any Person of which the Issuer or Carnival plc, as applicable, becomes a Subsidiary after the Issue Date in compliance with this Indenture) and any holding company established by one or more Permitted Holders for purposes of holding its investment in any Parent Entity.

“Permitted Business” means (a) in respect of the Company and its Restricted Subsidiaries, any businesses, services or activities engaged in by the Company or any of the Restricted Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“Permitted Holders” means (i) each of Marilyn B. Arison, Micky Arison, Shari Arison, Michael Arison or their spouses, the children or lineal descendants of Marilyn B. Arison, Micky Arison, Shari Arison, Michael Arison or their spouses, any trust established for the benefit of (or any charitable trust or non-profit entity established by) any Arison family member mentioned in this clause (i), or any trustee, protector or similar person of such trust or non-profit entity or any “person” (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any Permitted Holder mentioned in this clause (i), and (ii) any “group” (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) the members of which include any of the Permitted Holders specified in clause (i) above, and that (directly or indirectly) hold or acquire beneficial ownership of capital stock of the Issuer and/or Carnival plc (a “Permitted Holder Group”); provided that in the case of this clause (ii), the Permitted Holders specified in clause (i) collectively, directly or indirectly, beneficially own more than 50% on a fully diluted basis of the capital stock of the Issuer and Carnival plc held by such Permitted Holder Group. Any one or more persons or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture will thereafter, together with its (or their) affiliates, constitute an additional Permitted Holder or Permitted Holders, as applicable.

“Permitted Investments” means:

- (1) any Investment in the Company or a Restricted Subsidiary;
- (2) any Investment in cash in U.S. dollars, euros, Swiss francs, U.K. pounds sterling or Australian dollars, and Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.09 or any other disposition of assets not constituting an Asset Sale;

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted to be incurred under Section 4.06(b)(9);

(9) repurchases of the Notes, the 2023 First-Priority Secured Notes, the 2026 Second-Priority Secured Notes, the 2027 Second-Priority Secured Notes or loans under the Existing Term Loan Facility;

(10) any Guarantee of Indebtedness permitted to be incurred under Section 4.06 other than a guarantee of Indebtedness of an Affiliate of the Company that is not a Restricted Subsidiary;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under this Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by Article Five after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) Management Advances;

(14) Investments consisting of the licensing and contribution of intellectual property rights pursuant to joint marketing arrangements with other Persons in the ordinary course of business;

(15) Investments consisting of, or to finance the acquisition, purchase, charter or leasing or the construction, installation or the making of any improvement with respect to any asset (including Vessels) or purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights, licenses or leases of intellectual property rights (including prepaid expenses and advances to suppliers), in each case, in the ordinary course of business (including, for the avoidance of doubt any deposits made to secure the acquisition, purchase or construction of, or any options to acquire, any vessel);

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed the greater of \$300.0 million and 0.8% of Total Tangible Assets of the Company; provided that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.17, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(17) Investments in joint ventures or other Persons having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other investments made pursuant to this clause (17) that are at the time outstanding, not to exceed the greater of \$300.0 million and 0.8% of Total Tangible Assets of the Company; provided that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.17, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(18) additional Investments in joint ventures in which the Company or any of its Restricted Subsidiaries holds an Investment existing on the Issue Date, provided such Investments are made in the ordinary course of business;

(19) additional Investments in additional joint ventures held by the Company or any Subsidiary Guarantor, provided that the Equity Interests held by the Company or such Subsidiary Guarantor in such joint ventures are pledged to secure the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes and the Existing

Term Loan Facility, in each case, to the extent such pledge is required by each relevant instrument; and

(20) Loans and advances (and similar Investments) in the ordinary course of business to employees, other than executive officers and directors of the Company in an aggregate amount outstanding at any one time not to exceed \$100.0 million.

“Permitted Jurisdictions” means (i) any state of the United States of America, the District of Columbia or any territory of the United States of America, (ii) Panama, (iii) Bermuda, (iv) the Commonwealth of The Bahamas, (v) the Isle of Man, (vi) the Marshall Islands, (vii) Malta, (viii) the United Kingdom, (ix) Curaçao, (x) Barbados, (xi) Singapore, (xii) Hong Kong, (xiii) the People's Republic of China, (xiv) the Commonwealth of Australia and (xv) any member state of the European Economic Area as of the Issue Date and any states that may accede to the European Economic Area following the Issue Date.

“Permitted Liens” means:

(1) Liens in favor of the Company or any of the Subsidiary Guarantors;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person (or the Capital Stock of such Person) that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, insurance, surety, bid, performance, travel or appeal bonds, workers compensation obligations, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit or similar instruments issued to assure payment of such obligations or for the protection of customer deposits or credit card payments);

(4) Liens on any property or assets of the Company or any Restricted Subsidiary for the purpose of securing Capital Lease Obligations, purchase money obligations, mortgage financings or other Indebtedness, in each case, incurred pursuant to Section 4.06(b)(4) in connection with the financing of all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation, repair, replacement or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries; *provided* that any such Lien may not extend to any assets or property owned by the Company or any of its Restricted Subsidiaries at the time the Lien is incurred other than (i) the assets (including Vessels) and property acquired, improved, constructed, leased or financed and improvements, accessions, proceeds, products, dividends and distributions in respect thereof (*provided* that to the extent any such Capital Lease Obligations,

purchase money obligations, mortgage financings or other Indebtedness relate to multiple assets or properties, then all such assets and properties may secure any such Capital Lease Obligations, purchase money obligations, mortgage financings or other Indebtedness) and (ii) to the extent such Lien secures financing in connection with the purchase of a Vessel, Related Vessel Property;

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings that have the effect of preventing the forfeiture or sale of the property subject to any such Lien and for which adequate reserves are being maintained to the extent required by GAAP;

(7) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics', materialmen's, repairmen's, construction or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings and in respect of which, if applicable, the Company or any Restricted Subsidiary shall have set aside on its books reserves in accordance with GAAP; and with respect to Vessels: (i) Liens fully covered (in excess of customary deductibles) by valid policies of insurance and (ii) Liens for general average and salvage, including contract salvage; or Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens created for the benefit of (and to secure) the Notes (or the Note Guarantees) issued on the Issue Date;

(10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted to be incurred under Section 4.06(b)(9);

(11) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(12) Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

- (13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (15) Leases, licenses, subleases and sublicenses of assets in the ordinary course of business and Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (16) Liens securing Indebtedness permitted to be incurred under Section 4.06(b)(1);
- (17) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (18) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;
- (19) Liens on Unearned Customer Deposits (i) in favor of payment processors pursuant to agreements therewith consistent with industry practice or (ii) in favor of customers;
- (20) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;
- (21) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15.0% of the net proceeds of such disposal;
- (22) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary arising from Vessel chartering, dry-docking, maintenance, repair, refurbishment, the furnishing of supplies and bunkers to Vessels or masters', officers' or crews' wages and maritime Liens, in the case of each of the foregoing, which were not incurred or created to secure the payment of Indebtedness;

(23) Liens securing an aggregate principal amount of Indebtedness not to exceed the aggregate amount of Indebtedness permitted to be incurred pursuant to Section 4.06(b)(5); provided that such Lien extends only to (i) the assets (including Vessels), purchase price or cost of design, construction, installation or improvement of which is financed or refinanced thereby and any improvements, accessions, proceeds, products, dividends and distributions in respect thereof, (ii) any Related Vessel Property or (iii) the Capital Stock of a Vessel Holding Issuer;

(24) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(25) Liens incurred by the Company or any Restricted Subsidiary with respect to obligations that do not exceed the greater of \$300.0 million and 0.8% of Total Tangible Assets at any one time outstanding;

(26) Liens arising from financing statement filings (or similar filings in any applicable jurisdiction) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(27) any interest or title of a lessor under any Capital Lease Obligation or an operating lease;

(28) Liens on the Equity Interests of Unrestricted Subsidiaries;

(29) Liens on Vessels under construction securing Indebtedness of shipyard owners and operators;

(30) Liens securing Indebtedness permitted to be incurred under Section 4.06(b)(18); *provided* that after giving *pro forma* effect to such incurrence and the use of proceeds thereof, the Loan-to-Value Ratio does not exceed 33%; and

(31) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (30) (but excluding clause (25)); *provided* that (x) any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds, products or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of the outstanding principal amount or, if greater, committed amount of such Indebtedness at the time the original Lien became a Permitted Lien under this Indenture and an amount necessary to pay any fees and expenses, including premiums, related to such extension, renewal, refinancing or replacement.

“Permitted Refinancing Indebtedness” means any Indebtedness incurred by the Company or any of its Restricted Subsidiaries, any Disqualified Stock issued by the Company or any of its Restricted Subsidiaries and any preferred stock issued by any Restricted Subsidiary, in each case, in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness), including Permitted Refinancing Indebtedness; *provided that*:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price, or, if greater, committed amount (only to the extent the committed amount could have been incurred on the date of initial incurrence)) of such new Indebtedness, the liquidation preference of such new Disqualified Stock or the amount of such new preferred stock does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price or, if greater, committed amount (only to the extent the committed amount could have been incurred on the date of initial incurrence)) of the Indebtedness, the liquidation preference of the Disqualified Stock or the amount of the preferred stock (plus in each case the amount of accrued and unpaid interest or dividends on and the amount of all fees and expenses, including premiums, incurred in connection with the incurrence or issuance of, such Indebtedness, Disqualified Stock or preferred stock), renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if such Indebtedness is incurred either by the Company (if the Company was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged) or by the Restricted Subsidiary that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Productive Asset Lease” means any lease or charter of one or more Vessels (other than leases or charters required to be classified and accounted for as capital leases under GAAP).

“QIB” means a “Qualified Institutional Buyer” as defined in Rule 144A.

“Rating Agencies” means each of Moody’s and S&P, or any of their respective successors or any national rating agency substituted for either of them as selected by Carnival plc.

“Rating Downgrade” means, in respect of any Change of Control, that the Notes are, within the Change of Control Period in respect of such Change of Control, downgraded by both of the Rating Agencies to a non- Investment Grade Rating (being Ba1/BB+, or equivalent, or lower) and are not, within such Change of Control Period subsequently upgraded to an Investment Grade Rating by both of the Rating Agencies; provided, however, that a Rating Downgrade otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Downgrade for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or confirm to us in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the Rating Downgrade).

“Ready for Sea Cost” means with respect to a Vessel to be acquired, constructed or leased (pursuant to a Capital Lease Obligation) by the Company or any Restricted Subsidiary, the aggregate amount of all expenditures incurred to acquire or construct and bring such Vessel to the condition and location necessary for its intended use, including any and all inspections, appraisals, repairs, modifications, additions, permits and licenses in connection with such acquisition or lease, which would be classified as “property, plant and equipment” in accordance with GAAP and any assets relating to such Vessel.

“Record Date,” for the interest payable on any Interest Payment Date, means (i) in the case of the USD Notes, the February 15 and August 15 (in each case, whether or not a Business Day) preceding such Interest Payment Date and (ii) in the case of the Euro Notes, (a) the immediately preceding business day of Euroclear and Clearstream for so long as the Euro Notes are represented by Global Notes or (b) the February 15 and August 15 (in each case, whether or not a Business Day) preceding such Interest Payment Date if the Euro Notes are not represented by Global Notes.

“Redemption Date” means, when used with respect to any Note to be redeemed, in whole or in part, the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price” means, when used with respect to any Note to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

“Regulation S” means Regulation S under the U.S. Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“Related Vessel Property” means, with respect to any Vessel (i) any insurance policies on such Vessel, (ii) any requisition compensation payable in respect of any compulsory acquisition thereof, (iii) any earnings derived from the use or operation thereof and/or any earnings account with respect to such earnings, and (iv) any charters, operating leases, licenses and related agreements entered into in respect of the Vessel and any security or guarantee in respect of the relevant charterer’s or lessee’s obligations under any relevant charter, operating lease, license or related agreement, (v) any cash collateral account established with respect to such Vessel pursuant to the financing arrangements with respect thereto, (vi) any inter-company loan or facility agreements relating to the financing of the acquisition of, and/or the leasing arrangements (pursuant to Capital Lease Obligations) with respect to, such Vessel, (vii) any building or conversion contracts relating to such Vessel and any security or guarantee in respect of the builder’s obligations under such contracts, (viii) any interest rate swap, foreign currency hedge, exchange or similar agreement incurred in connection with the financing of such Vessel and required to be assigned by the lender and (ix) any security interest in, or agreement or assignment relating to, any of the foregoing or any mortgage in respect of such Vessel.

“Relevant Announcement Date” means, in respect of any Change of Control, the date which is the earlier of (A) the date of the first public announcement of such Change of Control and (B) the date of the earliest Relevant Potential Change of Control Announcement, if any, in respect of such Change of Control.

“Relevant Potential Change of Control Announcement” means, in respect of any Change of Control, any public announcement or statement by the Issuer or Carnival plc or any actual or potential bidder or any advisor acting on behalf of any actual or potential bidder of any action or actions which could give rise to such Change of Control, provided that within 180 days following such announcement or statement such Change of Control shall have occurred.

“Replacement Assets” means (1) assets not classified as current assets under GAAP that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

“Rule 144” means Rule 144 under the U.S. Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“Rule 144A” means Rule 144A under the U.S. Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“S&P” means Standard & Poor’s Ratings Group.

“Secured Indebtedness” means the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes, the EIB Facility and the Existing Term Loan Facility, and any other Indebtedness of the Company or any of the Subsidiary Guarantors secured by a Lien on the assets of the Company or any of the Subsidiary Guarantors (excluding the Note Obligations).

“Secured Indebtedness Documents” means any agreements, documents or instruments governing or entered into in connection with any Secured Indebtedness, as they may be amended, restated, modified, renewed, supplemented, refunded, replaced or refinanced, from time to time.

“Series” means each of the USD Notes and the Euro Notes, each as a separate series.

“Significant Subsidiary” means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Company by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) is fully subordinated and junior in right of payment to the Notes.

“Subsidiary” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Subsidiary Guarantor” means each subsidiary of the Company that has provided a Note Guarantee.

“Supplemental Indenture” means a supplemental indenture to this Indenture substantially in the form of Exhibit D attached hereto.

“Tax” or “Taxes” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and additions to tax related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). “Taxation” shall be construed to have a corresponding meaning.

“Total Assets” means the total assets of the Company and its Subsidiaries that are Restricted Subsidiaries, as shown on the most recent balance sheet of the Company, determined on a consolidated basis in accordance with GAAP, calculated after giving effect to pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.”

“Total Tangible Assets” means the Total Assets excluding consolidated intangible assets, calculated after giving effect to pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.”

“Transactions” means the offering of the Notes, the offering of the 2023 First-Priority Secured Notes, the Existing Term Loan Facility, the offering of the 2026 Second-Priority Secured Notes, the offering of the 2027 Second-Priority Secured Notes, the November Convertible Notes Repurchases (as defined in the Offering Memorandum), and the use of proceeds therefrom, as described in the section entitled “Use of Proceeds” in the Offering Memorandum.

“Trust Officer” means any officer within the agency and corporate trust group, division or section of the Trustee (however named, or any successor group of the Trustee) and also means, with respect to any particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Unearned Customer Deposits” means amounts paid to the Company or any of its Subsidiaries representing customer deposits for unsailed bookings (whether paid directly by the customer or by a credit card company).

“Unrestricted Subsidiary” means any Subsidiary of the Company that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of the Issuer but only to the extent that such Subsidiary:

(1) except as permitted by Section 4.10, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are, taken as a whole, no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(2) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results.

“U.S. dollar” or “\$” means the lawful currency of the United States of America.

“U.S. Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“U.S. Government Securities” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“U.S. Securities Act” means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“USD Notes” means the 7.625% Senior Unsecured Notes due 2026 denominated in U.S. dollars.

“Vessel” means a passenger cruise vessel which is owned by and registered (or to be owned by and registered) in the name of the Company or any of its Restricted Subsidiaries or operated or to be operated by the Company or any of its Restricted Subsidiaries, in each case together with all related spares, equipment and any additions or improvements.

“Vessel Holding Issuer” means a Subsidiary of the Company, the assets of which consist solely of one or more Vessels and the corresponding Related Vessel Property and whose activities are limited to the ownership of such Vessels and Related Vessel Property and any other asset reasonably related to or resulting from the acquisition, purchase, charter, leasing, rental, construction, ownership, operation, improvement, expansion and maintenance of such Vessel, the leasing of such Vessels and any activities reasonably incidental to the foregoing.

“Vessels Reserved for Disposition” means *Costa Mediterranea; Costa Atlantica; and Carnival Fascination*.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

Section 1.02 Other Definitions

<u>Term</u>	<u>Section</u>
“Additional Amounts”	4.12(a)
“Additional Notes”	Recitals
“Affiliate Transaction”	4.10(a)
“Agents”	2.03
“Applicable Procedures”	2.06(b)(ii)
“Asset Sale Offer”	4.09(c)
“Authorized Agent”	12.08

“Change in Tax Law”	3.08(b)
“Change of Control Offer”	4.11(a)
“Change of Control Purchase Date”	4.11(a)
“Change of Control Purchase Price”	4.11(a)
“Covenant Defeasance”	8.03
“Deemed Date”	4.06(e)
“Defaulted Interest”	2.12
“Equal and Ratable Provision”	4.07(a)
“Event of Default”	6.01(a)
“Excess Proceeds” .	4.09(c)
“Exchange”	4.11(i)
“Global Notes”	2.01(c)
“Increased Amount”	4.07(b)
“incur”	4.06(a)
“Issuer”	Preamble
“Judgment Currency”	12.14
“Junior Liens”	4.07(a)
“Legal Defeasance”	8.02
“Note Obligations”	10.01(a)
“Notes”	Recitals
“Notes Offer”	4.09(b)(1)
“Original Notes”	Recitals
“Participants”	2.01(c)
“Paying Agent”	2.03
“Permitted Debt”	4.06(b)
“Permitted Payments”	4.08(b)
“Principal Paying Agent”	2.03
“Registrar”	2.03
“Regulation S Global Note”	2.01(b)
“Required Currency”	12.14
“Restricted Global Note”	2.01(b)
“Restricted Payments”	4.08(a)(D)
“Security Register”	2.03
“Tax Group”	4.08(b)(10)
“Tax Jurisdiction”	4.12(a)
“Tax Redemption Date”	3.08
“TIA”	1.03(ix)
“Transfer Agent”	2.03
“Trustee”	Preamble

Section 1.03 Rules of Construction. Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (iii) “or” is not exclusive;
- (iv) “including” or “include” means including or include without limitation;
- (v) words in the singular include the plural and words in the plural include the singular;
- (vi) unsecured or unguaranteed Indebtedness shall not be deemed to be subordinate or junior to secured or guaranteed Indebtedness merely by virtue of its nature as unsecured or unguaranteed Indebtedness;
- (vii) any Indebtedness secured by a Lien ranking junior to any of the Liens securing other Indebtedness shall not be deemed to be subordinate or junior to such other Indebtedness by virtue of the ranking of such Liens;
- (viii) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, clause or other subdivision;
- (ix) the Trust Indenture Act of 1939, as amended (the “TIA”), shall not apply to this Indenture or the other Note Documents or any documents or instruments related thereto, and no terms used in any of the foregoing shall have meanings given to them by the TIA; and
- (x) where a notification or designation is to be made by the “Company,” under this Indenture, such notification or designation may be made either by Carnival or Carnival plc.

ARTICLE TWO

THE NOTES

Section 2.01 The Notes.

(a) Form and Dating. The Notes and the Trustee’s (or the authenticating agent’s) certificate of authentication shall be substantially in the form of Exhibit A attached hereto with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Notes may have notations, legends or endorsements required by law, the rules of any securities exchange agreements to which the Issuer is subject, if any, or usage; *provided* that any such notation, legend or endorsement is in form reasonably

acceptable to the Issuer. The Issuer shall approve the form of the Notes. Each Note shall be dated the date of its authentication. The terms and provisions contained in the form of the Notes shall constitute and are hereby expressly made a part of this Indenture. The Notes shall be issued only in registered form without coupons. USD Notes and Euro Notes may be issued under this Indenture, and Notes of each Series shall be issued in the Applicable Denominations for such Series.

(b) Global Notes. Notes offered and sold to QIBs in reliance on Rule 144A shall be issued initially in the form of one or more Global Notes substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided in Exhibit A attached hereto, except as otherwise permitted herein (each, a “Restricted Global Note”), which shall be deposited on behalf of the purchasers of the Notes represented thereby with (a) in the case of the USD Notes, a custodian for DTC, and registered in the name of DTC or its nominee and (b) in the case of the Euro Notes, a common depository of Euroclear and Clearstream and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream, in each case duly executed by the Issuer and authenticated by the Trustee (or its authenticating agent in accordance with Section 2.02) as hereinafter provided. The aggregate principal amount of each Restricted Global Note may from time to time be increased or decreased by adjustments made by the Registrar on Schedule A to such Restricted Global Note and recorded in the Security Register, as hereinafter provided.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of one or more Global Notes substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided in Exhibit A attached hereto, except as otherwise permitted herein (each, a “Regulation S Global Note”), which shall be deposited on behalf of the purchasers of the Notes represented thereby with (a) in the case of the USD Notes, a custodian for DTC, and registered in the name of DTC or its nominee and (b) in the case of the Euro Notes, a common depository of Euroclear and Clearstream and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream, in each case duly executed by the Issuer and authenticated by the Trustee (or its authenticating agent in accordance with Section 2.02) as hereinafter provided. The aggregate principal amount of each Regulation S Global Note may from time to time be increased or decreased by adjustments made by the Registrar on Schedule A to such Regulation S Global Note and recorded in the Security Register, as hereinafter provided.

(c) Book-Entry Provisions. This Section 2.01(c) shall apply to the Regulation S Global Notes and the Restricted Global Notes (together, the “Global Notes”) deposited with or on behalf of a Clearing System.

Members of, or participants and account holders in, DTC (including Euroclear and Clearstream), Euroclear and Clearstream (“Participants”) shall have no rights under this Indenture with respect to any Global Note held on their behalf by a Clearing System or by the Trustee or any custodian or common depository of a Clearing System or under such Global Note, and the relevant Clearing System or its nominees may be treated by the Issuer, a Guarantor, the Trustee and any agent of the Issuer, a Guarantor or the Trustee as the sole owner of such Global

Note (as applicable) for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, a Guarantor, the Trustee or any agent of the Issuer, a Guarantor or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the relevant Clearing System or impair, as between the relevant Clearing System, on the one hand, and the Participants, on the other, the operation of customary practices of such persons governing the exercise of the rights of a Holder of a beneficial interest in any Global Note.

Subject to the provisions of Section 2.10(b), the registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action that a Holder is entitled to take under this Indenture or the Notes.

Except as provided in Section 2.10, owners of a beneficial interest in Global Notes will not be entitled to receive physical delivery of Definitive Registered Notes.

Section 2.02 Execution and Authentication. An authorized member of the Issuer's Board of Directors or an executive officer of the Issuer shall sign the Notes on behalf of the Issuer by manual, electronic or facsimile signature.

If an authorized member of the Issuer's Board of Directors or an executive officer whose signature is on a Note no longer holds that office at the time the Trustee (or its authenticating agent) authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid or obligatory for any purpose until an authorized signatory of the Trustee (or its authenticating agent) manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Issuer shall execute and, upon receipt of an Issuer Order, the Trustee shall authenticate (whether itself or via the authenticating agent) (a) Original Notes, on the date hereof, for original issue up to an aggregate principal amount of \$1,450,000,000 of USD Notes and €500,000,000 of Euro Notes and (b) Additional Notes, from time to time, subject to compliance at the time of issuance of such Additional Notes with the provisions of Section 4.06 and Section 4.07. The Issuer is permitted to issue Additional Notes as part of a further issue under this Indenture, from time to time; *provided* that, any Additional Notes of any Series or subseries may not have the same CUSIP number and/or ISIN (or be represented by the same Global Note or Global Notes) as the Notes of any particular Series or subseries unless the Additional Notes are fungible with the Notes of such particular Series or subseries for U.S. federal income tax purposes. The Issuer will issue the Notes of each Series in denominations complying with the Applicable Denominations for such Series.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate the Notes. Unless limited by the terms of such appointment, any such authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by any such agent. An authenticating

agent has the same rights as any Registrar, co-Registrar, Transfer Agent or Paying Agent to deal with the Issuer or an Affiliate of the Issuer.

The Trustee shall have the right to decline to authenticate and deliver any Notes under this Section 2.02 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Holders.

Section 2.03 Registrar, Transfer Agent and Paying Agent. The Issuer shall maintain one or more offices or agencies for the registration of the Notes and of their transfer or exchange (each, a “Registrar”), one or more offices or agencies where Notes may be transferred or exchanged (each, a “Transfer Agent”), one or more offices or agencies where the Notes may be presented for payment (each, a “Paying Agent” and references to the Paying Agent shall include the Principal Paying Agent) and an office or agency where notices or demands to or upon the Issuer in respect of the Notes may be served. The Issuer may appoint one or more Transfer Agents, one or more co-Registrars and one or more additional Paying Agents.

The Issuer or any of its Affiliates may act as Transfer Agent, Registrar, co-Registrar, Paying Agent and agent for service of notices and demands in connection with the Notes; *provided* that neither the Issuer nor any of its Affiliates shall act as Paying Agent for the purposes of Articles Three and Eight and Sections 4.09 and 4.11.

The Issuer hereby appoints (i) U.S. Bank National Association, located at 60 Livingston Avenue, St. Paul, MN 55107 as Principal Paying Agent in the case of the USD Notes (the “Principal Paying Agent”), (ii) U.S. Bank National Association, located at 60 Livingston Avenue, St. Paul, MN 55107, as Registrar in the case of the USD Notes, and (iii) U.S. Bank National Association, located at 60 Livingston Avenue, St. Paul, MN 55107, as Transfer Agent in the case of the USD Notes. Each hereby accepts such appointments. The Transfer Agent, Principal Paying Agent, each Registrar and any authenticating agent are collectively referred to in this Indenture as the “Agents”. The roles, duties and functions of the Agents are of a mechanical nature and each Agent shall only perform those acts and duties as specifically set out in this Indenture and no other acts, covenants, obligations or duties shall be implied or read into this Indenture against any of the Agents. For the avoidance of doubt, a Paying Agent’s obligation to disburse any funds shall be subject to prior receipt by it of those funds to be disbursed.

Subject to any applicable laws and regulations, the Issuer shall cause each Registrar to keep a register (the “Security Register”) at its corporate trust office in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of ownership, exchange, and transfer of the Notes. Such registration in the Security Register shall be conclusive evidence of the ownership of Notes. Included in the books and records for the Notes shall be notations as to whether such Notes have been paid, exchanged or transferred, canceled, lost, stolen, mutilated or destroyed and whether such Notes have been replaced. In the case of the replacement of any of the Notes, each Registrar shall keep a record of the Note so replaced and the Note issued in replacement thereof. In the case of the cancellation of any of the

Notes, each Registrar shall keep a record of the Note so canceled and the date on which such Note was canceled.

The Issuer shall enter into an appropriate agency agreement with any Paying Agent or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee may appoint a suitably qualified and reputable party to act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.05.

Section 2.04 Paying Agent to Hold Money. Not later than 10:00 a.m. (New York, New York time), one Business Day prior to each due date of the principal, premium, if any, and interest on any Notes, the Issuer shall deposit with the Principal Paying Agent (and, if applicable, any other Paying Agent) money in immediately available funds in U.S. dollars (with respect to the USD Notes) and Euros (with respect to the Euro Notes), sufficient to pay such principal, premium, if any, and interest so becoming due on the due date for payment under the Notes. The Issuer shall procure payment confirmation on or prior to the third Business Day preceding payment. The Principal Paying Agent (and, if applicable, each other Paying Agent) shall remit such payment in a timely manner to the Holders on the relevant due date for payment, it being acknowledged by each Holder that if the Issuer deposits such money with the Principal Paying Agent (and, if applicable, any other Paying Agent) after the time specified in the immediately preceding sentence, the Principal Paying Agent (and, if applicable, any other Paying Agent) shall remit such money to the Holders on the relevant due date for payment, unless such remittance is impracticable having regard to applicable banking procedures and timing constraints, in which case the Principal Paying Agent (and, if applicable, any other Paying Agent) shall remit such money to the Holders on the next Business Day, but without liability for any interest resulting from such late payment. For the avoidance of doubt, the Principal Paying Agent (and, if applicable, any other Paying Agent) shall only be obliged to remit money to Holders if it has actually received such money from the Issuer in clear funds. The Principal Paying Agent shall promptly notify the Trustee of any default by the Issuer (or any other obligor on the Notes) in making any payment. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds disbursed, and the Trustee may at any time during the continuance of any payment default, upon written request to a Paying Agent, require such Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon doing so, the Paying Agent shall have no further liability for the money so paid over to the Trustee. If the Issuer or any Affiliate of the Issuer acts as Paying Agent, it shall, on or before each due date of any principal, premium, if any, or interest on the Notes, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such principal, premium, if any, or interest so becoming due until such sum of money shall be paid to such Holders or otherwise disposed of as provided in this Indenture, and shall promptly notify the Trustee of its action or failure to act.

The Trustee may, if the Issuer has notified it in writing that the Issuer intends to effect a defeasance or to satisfy and discharge this Indenture in accordance with the provisions of Article Eight, notify the Paying Agent in writing of this fact and require the Paying Agent (until notified

by the Trustee to the contrary) to act thereafter as Paying Agent of the Trustee and not the Issuer in relation to any amounts deposited with it in accordance with the provisions of Article Eight.

Section 2.05 Holder Lists. The applicable Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee, in writing no later than the Record Date for each Interest Payment Date and at such other times as the Trustee may request in writing, a list, in such form and as of such Record Date as the Trustee may reasonably require, of the names and addresses of Holders, including the aggregate principal amount of Notes held by each Holder.

Section 2.06 Transfer and Exchange.

(a) Where Notes are presented to a Registrar or a co-Registrar with a request to register a transfer or to exchange them for an equal principal amount of Notes of other denominations, such Registrar shall register the transfer or make the exchange in accordance with the requirements of this Section 2.06. To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee (or the authenticating agent) shall, upon receipt of an Issuer Order, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of the relevant Series, of any authorized denominations and of a like aggregate principal amount, at such Registrar's request; *provided* that no Note of less than the Applicable Denominations may be transferred or exchanged. No service charge shall be made for any registration of transfer or exchange of Notes (except as otherwise expressly permitted herein), but the Issuer may require payment of a sum sufficient to cover any agency fee or similar charge payable in connection with any such registration of transfer or exchange of Notes (other than any agency fee or similar charge payable in connection with any redemption of the Notes or upon exchanges pursuant to Sections 2.10, 3.07 or 9.04) or in accordance with an Asset Sale Offer pursuant to Section 4.09 or Change of Control Offer pursuant to Section 4.11, not involving a transfer.

Upon presentation for exchange or transfer of any Note as permitted by the terms of this Indenture and by any legend appearing on such Note, such Note shall be exchanged or transferred upon the relevant Security Register and one or more new Notes shall be authenticated and issued in the name of the relevant Holder (in the case of exchanges only) or the transferee, as the case may be. No exchange or transfer of a Note shall be effective under this Indenture unless and until such Note has been registered in the name of such Person in the relevant Security Register. Furthermore, the exchange or transfer of any Note shall not be effective under this Indenture unless the request for such exchange or transfer is made by the relevant Holder or by a duly authorized attorney-in-fact at the office of the relevant Registrar.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the relevant Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Issuer and the relevant Registrar, duly executed by the relevant Holder thereof or his attorney duly authorized in writing.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Neither the Issuer nor the Trustee, any Registrar or any Paying Agent shall be required (i) to issue, register the transfer of, or exchange any Note during a period beginning at the opening of 15 days before the day of the delivery of a notice of redemption of Notes selected for redemption under Section 3.03 and ending at the close of business on the day of such delivery, or (ii) to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

The USD Notes and Euro Notes shall be separate series for purposes of transfer and exchange.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Note remains outstanding and is held by or on behalf of a Clearing System, transfers of a Global Note, in whole or in part, or of any beneficial interest therein, shall only be made in accordance with Section 2.01(c), Section 2.06(a) and this Section 2.06(b); *provided* that a beneficial interest in a Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Global Note in accordance with the transfer restrictions set forth in the restricted Note legend on the Note, if any.

(i) Except for transfers or exchanges made in accordance with either of clauses (ii) or (iii) of this Section 2.06(b), transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to nominees or custodians of the relevant Clearing System or to a successor of the relevant Clearing System or such successor's nominee or custodian.

(ii) Restricted Global Note to Regulation S Global Note. If the holder of a beneficial interest in the Restricted Global Note at any time wishes to exchange its interest in such Restricted Global Note for an interest in the Regulation S Global Note, or to transfer its interest in such Restricted Global Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S Global Note, such transfer or exchange may be effected, only in accordance with this clause (ii) and the rules and procedures of the relevant Clearing System, in each case to the extent applicable (the "Applicable Procedures"). Upon receipt by the Registrar from the Transfer Agent of (A) written instructions directing the Registrar to credit or cause to be credited an interest in the Regulation S Global Note in a specified principal amount and to cause to be debited an interest in the Restricted Global Note in such specified principal amount, and (B) a certificate in the form of Exhibit B attached hereto given by the holder of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and (x) pursuant to and in accordance with Regulation S or (y) that the interest in the Restricted Global Note being transferred is being transferred in a transaction permitted by Rule 144, then the Registrar shall reduce or cause to be reduced the principal amount of the Restricted Global Note and shall cause the relevant Clearing System to increase or cause to be

increased the principal amount of the Regulation S Global Note by the aggregate principal amount of the interest in the Restricted Global Note to be exchanged or transferred.

(iii) Regulation S Global Note to Restricted Global Note. If the holder of a beneficial interest in the Regulation S Global Note at any time wishes to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Restricted Global Note, such transfer may be effected only in accordance with this clause (iii) and the Applicable Procedures. Upon receipt by the Registrar from the Transfer Agent of (A) written instructions directing the Registrar to credit or cause to be credited an interest in the Restricted Global Note in a specified principal amount and to cause to be debited an interest in the Regulation S Global Note in such specified principal amount, and (B) a certificate in the form of Exhibit C attached hereto given by the holder of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and stating that (x) the Person transferring such interest reasonably believes that the Person acquiring such interest is a QIB and is obtaining such interest in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or (y) that the Person transferring such interest is relying on an exemption other than Rule 144A from the registration requirements of the U.S. Securities Act and, in such circumstances, such Opinion of Counsel as the Issuer or the Trustee may reasonably request to ensure that the requested transfer or exchange is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, then the Registrar shall reduce or cause to be reduced the principal amount of the Regulation S Global Note and to increase or cause to be increased the principal amount of the Restricted Global Note by the aggregate principal amount of the interest in such Regulation S Global Note to be exchanged or transferred.

(c) If Notes are issued upon the transfer, exchange or replacement of Notes bearing the restricted Notes legends set forth in Exhibit A attached hereto, the Notes so issued shall bear the restricted Notes legends, and a request to remove such restricted Notes legends from Notes shall not be honored unless there is delivered to the Issuer such satisfactory evidence, which may include an Opinion of Counsel licensed to practice law in the State of New York, as may be reasonably required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the U.S. Securities Act. Upon provision of such satisfactory evidence, the Trustee, at the direction of the Issuer, shall (or shall direct the authenticating agent to) authenticate and deliver Notes that do not bear the legend.

(d) The Trustee and the Agents shall have no responsibility for any actions taken or not taken by the Clearing Systems, as the case may be.

(e) Notwithstanding anything to the contrary in this Section 2.06, the Issuer is not required to register the transfer of any Definitive Registered Notes:

- (i) for a period of 15 days prior to any date fixed for the redemption of the Notes;
- (ii) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (iii) for a period of 15 days prior to the Record Date with respect to any Interest Payment Date;
- (iv) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Section 2.07 Replacement Notes. If a mutilated Definitive Registered Note is surrendered to the Registrar or if the Holder claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall (or shall direct the authenticating agent to), upon receipt of an Issuer Order, authenticate a replacement Note in such form as the Note mutilated, lost, destroyed or wrongfully taken if the Holder satisfies any other reasonable requirements of the Issuer and any requirement of the Trustee. If required by the Trustee or the Issuer, such Holder shall furnish an indemnity bond sufficient in the judgment of the Issuer and the Trustee to protect the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar and any co-Registrar, and any authenticating agent, from any loss that any of them may suffer if a Note is replaced. The Issuer and the Trustee may charge the Holder for their expenses in replacing a Note.

In the event any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuer in its discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note shall be an additional obligation of the Issuer.

The provisions of this Section 2.07 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or wrongfully taken Notes.

Section 2.08 Outstanding Notes. Notes outstanding at any time are all Notes authenticated by or on behalf of the Trustee except for those cancelled by it, those delivered to it for cancellation and those described in this Section 2.08 as not outstanding. Subject to Section 2.09, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the Note that has been replaced is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date or maturity date money sufficient to pay all principal, interest and Additional Amounts, if any,

payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

Section 2.09 Notes Held by Issuer. In determining whether the Holders of the required principal amount of Notes have concurred in any direction or consent or any amendment, modification or other change to this Indenture, Notes owned by the Issuer or by any of its Affiliates shall be disregarded and treated as if they were not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent or any amendment, modification or other change to this Indenture, only Notes which a Trust Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to the Notes and that the pledgee is not the Issuer or any of its Affiliates.

Section 2.10 Definitive Registered Notes.

(a) A Global Note deposited with a custodian or common depositary for a Clearing System pursuant to Section 2.01 shall be transferred in whole to the Beneficial Owners thereof in the form of Definitive Registered Notes only if such transfer complies with Section 2.06 and (i)(1) with respect to the USD Notes, DTC (x) notifies the Issuer that it is unwilling or unable to continue to act as depositary for such Global Note or (y) DTC ceases to be registered as a clearing agency under the Exchange Act and (2) with respect to the Euro Notes, Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and in each case a successor depositary is not appointed by the Issuer within 120 days of such notice, (ii) the Issuer, at its option, executes and delivers to the Trustee an Officer's Certificate stating that such Global Note shall be so exchangeable or (iii) the owner of a Book-Entry Interest requests such an exchange in writing delivered through the relevant Clearing System following an Event of Default under this Indenture. Notice of any such transfer shall be given by the Issuer in accordance with the provisions of Section 12.01(a).

(b) Any Global Note that is transferable to the Beneficial Owners thereof in the form of Definitive Registered Notes pursuant to this Section 2.10 shall be surrendered by the custodian or common depositary for the relevant Clearing System, to the Transfer Agent, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall itself or via the authenticating agent authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount at maturity of the relevant Notes of Applicable Denominations in the form of Definitive Registered Notes. Any portion of a Global Note transferred or exchanged pursuant to this Section 2.10 shall be executed, authenticated and delivered only in registered form in the minimum Applicable Denominations and registered in such names as the relevant Clearing System may direct. Subject to the foregoing, a Global Note is not exchangeable except for a Global Note of like denomination to be registered in the name of the relevant Clearing System or its nominee. In the event that a Global Note becomes exchangeable for Definitive Registered Notes, payment of principal, premium, if any, and

interest on the Definitive Registered Notes will be payable, and the transfer of the Definitive Registered Notes will be registrable, at the office or agency of the Issuer maintained for such purposes in accordance with Section 2.03. Such Definitive Registered Notes shall bear the applicable legends set forth in Exhibit A attached hereto.

(c) In the event of the occurrence of any of the events specified in Section 2.10(a), the Issuer shall promptly make available to the Trustee and the authenticating agent a reasonable supply of Definitive Registered Notes in definitive, fully registered form without interest coupons.

Section 2.11 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The relevant Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee, in accordance with its customary procedures, and no one else shall cancel (subject to the record retention requirements of the Exchange Act and the Trustee's retention policy) all Notes surrendered for registration of transfer, exchange, payment or cancellation and dispose of such cancelled Notes in its customary manner. Except as otherwise provided in this Indenture, the Issuer may not issue new Notes to replace Notes it has redeemed, paid or delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest. Any interest on any Note that is payable, but is not punctually paid or duly provided for, on the dates and in the manner provided in the Notes and this Indenture (all such interest herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer, at its election in each case, as provided in clause (a) or (b) below:

(a) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer may deposit with the relevant Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest; or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held for the benefit of the Persons entitled to such Defaulted Interest as provided in this clause. In addition, the Issuer shall fix a special record date for the payment of such Defaulted Interest, such date to be not more than 15 days and not less than 10 days prior to the proposed payment date and not less than 15 days after the receipt by the Trustee of the notice of the proposed payment date. The Issuer shall promptly but, in any event, not less than 15 days prior to the special record date, notify the Trustee of such special record date and, in the name and at the expense of the Issuer, the Trustee shall cause notice of the proposed payment date of such Defaulted Interest and the special record date therefor to be delivered first-class, postage prepaid to each Holder as such Holder's address appears in the Security Register, not less than 10 days prior to such special record date. Notice of the proposed payment date of such Defaulted Interest

and the special record date therefor having been so delivered, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered at the close of business on such special record date and shall no longer be payable pursuant to clause (b) below.

(b) The Issuer may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment date pursuant to this clause, such manner of payment shall be deemed reasonably practicable.

Subject to the foregoing provisions of this Section 2.12, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

Section 2.13 Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 2.14 ISIN, CUSIP and Common Code Numbers. The Issuer in issuing the Notes may use ISIN, CUSIP and Common Code numbers (if then generally in use), and, if so, the Trustee shall use ISIN, CUSIP and Common Code numbers, as appropriate, in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers or codes either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee of any change in the ISIN, CUSIP or Common Code numbers.

Section 2.15 Issuance of Additional Notes. The Issuer may, subject to Section 4.06 of this Indenture, issue Additional Notes (which may be USD Notes or Euro Notes) under this Indenture in accordance with the procedures of Section 2.02. Except as provided herein, the Original Notes issued on the Issue Date and any Additional Notes subsequently issued shall be treated as a single class for all purposes under this Indenture.

ARTICLE THREE

REDEMPTION; OFFERS TO PURCHASE

Section 3.01 Right of Redemption. The Issuer may redeem all or any portion of the Notes of a Series or subseries upon the terms and at the Redemption Prices set forth in the Notes of such Series or subseries. Any redemption pursuant to this Section 3.01 shall be made pursuant to the provisions of this Article Three.

Section 3.02 Notices to Trustee. If the Issuer elects to redeem Notes pursuant to Section 3.01, it shall notify the Trustee in writing of the Redemption Date and the record date, the principal amount of Notes to be redeemed, the Redemption Price and the paragraph of the Notes pursuant to which the redemption will occur.

The Issuer shall give each notice to the Trustee provided for in this Section 3.02 in writing at least 10 days before the date notice is delivered to the Holders pursuant to Section 3.04 unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officer's Certificate from the Issuer to the effect that such redemption will comply with the conditions herein. If fewer than all the Notes of a particular Series or subseries are to be redeemed, the record date relating to such redemption shall be selected by the Issuer and given to the Trustee, which record date shall be not less than 15 days after the date of notice to the Trustee.

Section 3.03 Selection of Notes to Be Redeemed. If fewer than all of the Notes of a Series or subseries are to be redeemed at any time, the Trustee shall select the Notes of such Series or subseries to be redeemed by a method that complies with the requirements, as certified to it by the Issuer, of the principal securities exchange, if any, on which the Notes of such Series or subseries are listed at such time, and in compliance with the requirements of the relevant Clearing System or, if the Notes are not listed on a securities exchange, or such securities exchange prescribes no method of selection and the Notes are not held through a Clearing System or the Clearing System prescribes no method of selection, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate; *provided, however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than the Applicable Denominations.

The Trustee shall make the selection from the Notes of the relevant Series or subseries outstanding and not previously called for redemption. The Trustee may select for redemption portions equal to \$1,000 (in the case of the USD Notes) and €1,000 (in the case of the Euro Notes) in principal amount and any integral multiple thereof; *provided* that no Notes in principal amount or less than the minimum Applicable Denominations may be redeemed in part. Provisions of this Indenture that apply to Notes of the relevant Series or subseries called for redemption also apply to portions of Notes of the relevant Series or subseries called for redemption. The Trustee shall notify the Issuer promptly in writing of the Notes of the relevant Series or subseries or portions of Notes of the relevant Series or subseries to be called for redemption.

The Trustee shall not be liable for selections made in accordance with the provisions of this Section 3.03 or for selections made by the Clearing Systems.

Section 3.04 Notice of Redemption.

(a) At least 10 days but not more than 60 days before a date for redemption of a relevant Series or subseries of the Notes, the Issuer shall deliver a notice of redemption by first-class mail to each Holder of such Series or subseries to be redeemed at its address contained in the relevant Security Register or electronically if such Notes are held by the Clearing Systems, as applicable, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture, and shall comply with the provisions of Section 12.01(b).

(b) The notice shall identify the Notes to be redeemed (including ISIN, CUSIP and Common Code numbers) and shall state:

(i) the Redemption Date and the record date;

(ii) the appropriate calculation of the Redemption Price and the amount of accrued interest, if any, and Additional Amounts, if any, to be paid;

(iii) the name and address of the Paying Agent;

(iv) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest, if any, and Additional Amounts, if any;

(v) that, if any Note is being redeemed in part, the portion of the principal amount (equal to \$1,000 (in the case of the USD Notes) and €1,000 (in the case of the Euro Notes) in principal amount or any integral multiple thereof) of such Note to be redeemed and that, on and after the Redemption Date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be reissued;

(vi) that, if any Note contains an ISIN, CUSIP or Common Code number, no representation is being made as to the correctness of such ISIN, CUSIP or Common Code number either as printed on the Notes or as contained in the notice of redemption and that reliance may be placed only on the other identification numbers printed on the Notes;

(vii) that, unless the Issuer and the Guarantors default in making such redemption payment, interest on the Notes (or portion thereof) called for redemption shall cease to accrue on and after the Redemption Date; and

(viii) the paragraph of the relevant Series of Notes or section of this Indenture pursuant to which the Notes called for redemption are being redeemed.

At the Issuer's written request, the Trustee shall give a notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the notice and the other information required by this Section 3.04.

For Notes which are represented by global certificates held on behalf of the Clearing Systems, as applicable, notices may be given by delivery of the relevant notices to the relevant Clearing System, as applicable, for communication to entitled account holders in substitution for the aforesaid delivery.

(c) Notice of any redemption upon any corporate transaction or other event (including any Equity Offering, incurrence of Indebtedness, Change of Control or other transaction) may be given prior to the completion thereof, and any redemption or notice thereof may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not

limited to, completion of a corporate transaction or other event. If any redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in the Issuer's discretion), and/or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in the Issuer's discretion) by the redemption date, or by the redemption date as so delayed, and/or that such notice may be rescinded at any time by the Issuer if the Issuer determines in its discretion that any or all of such conditions will not be satisfied (or waived). In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Section 3.05 Deposit of Redemption Price. At least one Business Day prior to any Redemption Date, by no later than 12:00 p.m. (New York, New York time) on that date, the Issuer shall deposit or cause to be deposited with the relevant Paying Agent (or, if the Issuer or any of its Affiliates is the Paying Agent, shall segregate and hold in trust) a sum in same day funds sufficient to pay the Redemption Price of and accrued interest and Additional Amounts, if any, on all Notes of a Series to be redeemed on that date other than Notes or portions of Notes called for redemption that have previously been delivered by the Issuer to the Trustee for cancellation. The relevant Paying Agent shall return to the Issuer following a written request by the Issuer any money so deposited that is not required for that purpose.

Section 3.06 Payment of Notes Called for Redemption. If notice of redemption has been given in the manner provided below, the Notes or portion of Notes specified in such notice to be redeemed shall become due and payable on the Redemption Date at the Redemption Price stated therein, together with accrued interest to such Redemption Date, and on and after such date (unless the Issuer shall default in the payment of such Notes at the Redemption Price and accrued interest to the Redemption Date, in which case the principal, until paid, shall bear interest from the Redemption Date at the rate prescribed in the Notes) such Notes shall cease to accrue interest. Upon surrender of any Note for redemption in accordance with a notice of redemption, such Note shall be paid and redeemed by the Issuer at the Redemption Price, together with accrued interest, if any, to the Redemption Date; *provided* that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders registered as such at the close of business on the relevant Record Date.

Notice of redemption shall be deemed to be given when delivered, whether or not the Holder receives the notice. In any event, failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of Notes held by Holders to whom such notice was properly given.

Section 3.07 Notes Redeemed in Part.

(a) Upon surrender of a Global Note that is redeemed in part, the relevant Paying Agent shall forward such Global Note to the relevant Registrar who shall make a notation on the relevant Security Register to reduce the principal amount of such Global Note to an amount equal to the unredeemed portion of the Global Note surrendered; *provided* that each such

Global Note shall be in a principal amount at final Stated Maturity of the minimum Applicable Denominations or an integral multiple of \$1,000 (in the case of the USD Notes) and €1,000 (in the case of the Euro Notes) in excess thereof.

(b) Upon surrender and cancellation of a Definitive Registered Note that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder (at the Issuer's expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered and canceled; *provided* that each such Definitive Registered Note shall be in a principal amount at final Stated Maturity of the minimum Applicable Denominations or an integral multiple of \$1,000 (in the case of the USD Notes) and €1,000 (in the case of the Euro Notes) in excess thereof.

Section 3.08 Redemption for Changes in Taxes. The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders of the Notes (which notice shall be irrevocable and given in accordance with the procedures set forth under Section 3.04), at a Redemption Price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due or which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or Note Guarantee, the Issuer or any Guarantor is or would be required to pay Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts), and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available (including, for the avoidance of doubt, appointment of a new Paying Agent but excluding the reincorporation or reorganization of the Issuer or any Guarantor), and the requirement arises as a result of:

(a) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction which change or amendment is announced and becomes effective after the date of the Offering Memorandum (or if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of the Offering Memorandum, after such later date); or

(b) any change in, or amendment to, the official application, administration or interpretation of such laws, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change or amendment is announced and becomes effective after the date of the Offering Memorandum (or if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of the Offering Memorandum, after such later date) (each of the foregoing clauses (a) and (b), a "Change in Tax Law").

The Issuer shall not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such

payment or Additional Amounts if a payment in respect of the Notes or Note Guarantee were then due and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the delivery of any notice of redemption of the Notes pursuant to the foregoing, the Issuer shall deliver to the Trustee an opinion of independent tax counsel of recognized standing qualified under the laws of the relevant Tax Jurisdiction (which counsel shall be reasonably acceptable to the Trustee) to the effect that there has been a Change in Tax Law which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer delivers a notice of redemption of the Notes as described above, it shall deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer or the relevant Guarantor taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions as described above, in which event it will be conclusive and binding on all of the Holders.

The foregoing provisions of this Section 3.08 will apply, *mutatis mutandis*, to any successor of the Issuer (or any Guarantor) with respect to a Change in Tax Law occurring after the time such Person becomes successor to the Issuer (or any Guarantor).

ARTICLE FOUR

COVENANTS

Section 4.01 Payment of Notes. The Issuer and the Guarantors, jointly and severally, covenant and agree for the benefit of the Holders that they shall duly and punctually pay the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Subject to Section 2.04, principal, premium, if any, interest and Additional Amounts, if any, shall be considered paid on the date due if on such date the Trustee or the Paying Agent (other than the Issuer or any of its Affiliates) holds, as of 10:00 a.m. (New York, New York time) on the due date, in accordance with this Indenture, money sufficient to pay all principal, premium, if any, interest and Additional Amounts, if any, then due. If the Issuer or any of its Affiliates acts as Paying Agent, principal, premium, if any, interest and Additional Amounts, if any, shall be considered paid on the due date if the entity acting as Paying Agent complies with Section 2.04.

The Issuer or the Guarantors shall pay interest on overdue principal at the rate specified therefor in the Notes. The Issuer or the Guarantors shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Section 4.02 Corporate Existence. Subject to Article Five, the Issuer and each Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect their corporate, partnership, limited liability company or other existence and the rights (charter and statutory), licenses and franchises of the Issuer, the Company and each Guarantor; *provided* that the Company shall not be required to preserve any such right, license or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and the Guarantors as a whole.

Section 4.03 Maintenance of Properties. The Issuer shall cause all properties owned by it or any Guarantor or used or held for use in the conduct of its business or the business of any Guarantor to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Issuer may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided* that nothing in this Section 4.03 shall prevent the Issuer from discontinuing the maintenance of any such properties if such discontinuance is, in the judgment of the Issuer, desirable in the conduct of the business of the Issuer and the Guarantors as a whole.

Section 4.04 Insurance. The Issuer shall maintain, and shall cause the Guarantors to maintain, insurance with carriers believed by the Issuer to be responsible, against such risks and in such amounts, and with such deductibles, retentions, self-insured amounts and coinsurance provisions, as the Issuer believes are customarily carried by businesses similarly situated and owning like properties, including as appropriate general liability, property and casualty loss insurance (but on the basis that the Company and the Guarantors self-insure Vessels for certain war risks); *provided* that in no event shall the Company and the Guarantors be required to obtain any business interruption, loss of hire or delay in delivery insurance.

Section 4.05 Statement as to Compliance.

(a) The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year or within 14 days of written request by the Trustee, an Officer's Certificate stating that in the course of the performance by the signer of its duties as an Officer of the Issuer he would normally have knowledge of any Default and whether or not the signer knows of any Default that occurred during such period and, if any, specifying such Default, its status and what action the Issuer is taking or proposed to take with respect thereto. For purposes of this Section 4.05(a), such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) If the Issuer shall become aware that (i) any Default or Event of Default has occurred and is continuing or (ii) any Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Notes, the Issuer shall promptly, and in any event within 30 days, deliver to the Trustee an Officer's Certificate specifying such event, notice or other action (including any action the Issuer is taking or propose to take in respect thereof).

Section 4.06 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company will not and will not permit any Restricted Subsidiary to issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company may

incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock or preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) Section 4.06(a) shall not, however, prohibit the incurrence of any of the following items of Indebtedness, without duplication (collectively, "Permitted Debt"):

(1) (i) Indebtedness under the Credit Facilities in an aggregate principal amount at any time outstanding not to exceed the greater of \$4,000.0 million and 7.5% of Total Tangible Assets of the Company, (ii) Indebtedness under the EIB Facility in an aggregate principal amount at any time outstanding not to exceed the greater of €203.4 million and 0.6% of Total Tangible Assets of the Company, (iii) Indebtedness under the Existing Revolving Facility in an aggregate principal amount at any time outstanding not to exceed the greater of (x) the sum of \$1,700.0 million, €1,000.0 million and £300.0 million and (y) 7.3% of Total Tangible Assets of the Company, (iv) Indebtedness under the Existing First-Priority Secured Notes in an aggregate principal amount at any time outstanding not to exceed the greater of \$4,192.0 million and 9.7% of Total Tangible Assets of the Company, (v) Indebtedness under the Existing Term Loan Facility in an aggregate principal amount at any time outstanding not to exceed the greater of (x) the sum of \$1,860.0 million and €800.0 million and (y) 6.3% of Total Tangible Assets of the Company, (vi) Indebtedness under the 2026 Second-Priority Secured Notes in an aggregate principal amount at any time outstanding not to exceed the greater of (x) the sum of \$775.0 million and €425.0 million and (y) 2.6% of Total Tangible Assets of the Company and (vii) Indebtedness under the 2027 Second-Priority Secured Notes in an aggregate principal amount at any time outstanding not to exceed the greater of (x) \$900.0 million and (y) 1.7% of Total Tangible Assets of the Company;

(2) (i) the incurrence by the Company and its Restricted Subsidiaries of Existing Indebtedness (other than Indebtedness under the Convertible Notes, the EIB Facility, the Existing Revolving Facility, the Existing Term Loan Facility, the Existing First-Priority Secured Notes, the 2026 Second-Priority Secured Notes and the 2027 Second-Priority Secured Notes) and (ii) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Convertible Notes and the related Guarantees, in an aggregate principal amount at any time outstanding not to exceed the aggregate amount of such Indebtedness outstanding on the Issue Date;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date and the related Note Guarantees;

(4) the incurrence by the Company or any Restricted Subsidiary of Indebtedness represented by Attributable Debt, Capital Lease Obligations, mortgage

financings or purchase money obligations, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock, in each case, incurred or issued for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation, repair, replacement or improvement of property (including Vessels), plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount or liquidation preference, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (4), not to exceed the greater of \$600.0 million and 1.5% of Total Tangible Assets at any time outstanding (it being understood that any such Indebtedness may be incurred and such Disqualified Stock and preferred stock may be issued after the acquisition, purchase, charter, leasing or rental or the design, construction, installation, repair, replacement or the making of any improvement with respect to any asset (including Vessels)); *provided* that the principal amount of any Indebtedness, Disqualified Stock or preferred stock permitted under this clause (4) did not in each case at the time of incurrence exceed, together with amounts previously incurred and outstanding under this clause (4) with respect to any applicable Vessel, (i) in the case of a completed Vessel, the book value and (ii) in the case of an uncompleted Vessel, 80% of the contract price for the acquisition or construction of such Vessel, in the case of this clause (ii), as determined on the date on which the agreement for acquisition or construction of such Vessel was entered into by the Company or its Restricted Subsidiary, *plus* any other Ready for Sea Cost of such Vessel *plus* 100% of any related export credit insurance premium;

(5) the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued under this clause (5)) not exceeding the New Vessel Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (5);

(6) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge, any Indebtedness (other than intercompany Indebtedness, Disqualified Stock or preferred stock) that was permitted to be incurred under Section 4.06(a) or clause (1), (2), (3), (4), (5), (6), (12) or (18) of this Section 4.06(b);

(7) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

(A) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities

incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of Disqualified Stock or preferred stock; *provided* that (i) any subsequent issuance or transfer of Equity Interests that results in any such Disqualified Stock or preferred stock being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Disqualified Stock or preferred stock to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an issuance of such Disqualified Stock or preferred stock by such Restricted Subsidiary that was not permitted by this clause (8);

(9) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes;

(10) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4.06; *provided* that, in each case, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness (i) in respect of workers' compensation claims, self-insurance obligations, captive insurance companies and bankers' acceptances in the ordinary course of business; (ii) in respect of letters of credit, surety, bid, performance, travel or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person or consistent with past practice or industry practice (including as required by any governmental authority) and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, or for the protection of customer deposits or credit card

payments; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; (iii) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 days; and (iv) consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply agreements, in each case, in the ordinary course of business;

(12) Indebtedness, Disqualified Stock or preferred stock (i) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) incurred or issued to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided, however*, with respect to this clause (12), that at the time of the acquisition or other transaction pursuant to which such Indebtedness, Disqualified Stock or preferred stock was deemed to be incurred or issued, (x) the Company would have been able to incur \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a) after giving *pro forma* effect to the relevant acquisition or other transaction and the incurrence of such Indebtedness or issuance of such Disqualified Stock or preferred stock pursuant to this clause (12) or (y) the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or Disqualified Stock or preferred stock is issued pursuant to this clause (12), taken as one period, would not be less than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and the incurrence of such Indebtedness or issuance of such Disqualified Stock or preferred stock;

(13) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that (in the case of a disposition) the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in the form of Unearned Customer Deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(15) Indebtedness of the Company or any Restricted Subsidiary incurred in connection with credit card processing arrangements or other similar payment processing arrangements entered into in the ordinary course of business;

(16) the incurrence by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock to finance the replacement (through construction or acquisition) of a Vessel upon an Event of Loss of such Vessel in an aggregate amount no greater than the Ready for Sea Cost for such replacement Vessel, in each case less all compensation, damages and other payments (including insurance proceeds other than in respect of business interruption insurance) received by the Company or any of its Restricted Subsidiaries from any Person in connection with such Event of Loss in excess of amounts actually used to repay Indebtedness secured by the Vessel subject to such Event of Loss and any costs and expenses incurred by the Company or any of its Restricted Subsidiaries in connection with such Event of Loss;

(17) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in relation to (i) regular maintenance required on any of the Vessels owned or chartered by the Company or any of its Restricted Subsidiaries, and (ii) any expenditures that are, or are reasonably expected to be, recoverable from insurance on such Vessels;

(18) the incurrence of Indebtedness by the Company or any Restricted Subsidiary of Indebtedness, the issuance by the Company or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (18), not to exceed the greater of \$3,000.0 million and 5.6% of Total Tangible Assets; and

(19) Indebtedness existing solely by reason of Permitted Liens described in clause (29) of the definition thereof.

(c) Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured.

(d) For purposes of determining compliance with this Section 4.06, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) of Section 4.06(b), or is entitled to be incurred pursuant to Section 4.06(a), the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the

amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 4.06(a) and (b) and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.06.

(e) In connection with the incurrence or issuance, as applicable, of (x) revolving loan Indebtedness or (y) any commitment relating to the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock, in each case, in compliance with this Section 4.06, and the granting of any Lien to secure such Indebtedness, the Issuer or applicable Restricted Subsidiary may, at its option, designate such incurrence or issuance and the granting of any Lien therefor as having occurred on the date of first incurrence of such revolving loan Indebtedness or commitment (such date, the “Deemed Date”), and any related subsequent actual incurrence or issuance and granting of such Lien therefor will be deemed for all purposes under this Indenture to have been incurred or issued and granted on such Deemed Date, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, usage of any baskets described herein (if applicable), the Consolidated Total Leverage Ratio, the Loan-to-Value Ratio and Consolidated EBITDA (and all such calculations on and after the Deemed Date until the termination or funding of such commitment shall be made on a pro forma basis giving effect to the deemed incurrence or issuance, the granting of any Lien therefor and related transactions in connection therewith).

(f) The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock, the accretion of liquidation preference and the increase in the amount of Indebtedness outstanding solely as a result of fluctuations in exchange rates or currency values will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.06; *provided*, in each such case, that the amount of any such accrual, accretion, amortization, payment, reclassification or increase is included in the Fixed Charges of the Company as accrued.

(g) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or, in the case of Indebtedness incurred under a revolving credit facility and at the option of the Issuer, first committed; *provided* that (a) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than U.S. dollars, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; and (b) if and for so long as any Indebtedness is subject to a Hedging

Obligation with respect to the currency in which such Indebtedness is denominated covering principal amounts payable on such Indebtedness, the amount of such Indebtedness, if denominated in U.S. dollars, will be the amount of the principal payment required to be made under such Hedging Obligation and, otherwise, the U.S. dollar-equivalent of such amount plus the U.S. dollar-equivalent of any premium which is at such time due and payable but is not covered by such Hedging Obligation.

(h) Notwithstanding any other provision of this Section 4.06, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this Section 4.06 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(i) The amount of any Indebtedness outstanding as of any date will be:

- (i) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with GAAP;
- (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (iii) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (A) the Fair Market Value of such assets at the date of determination; and
 - (B) the amount of the Indebtedness of the other Person.

Section 4.07 Liens.

(a) The Company shall not and shall not cause or permit any of the Guarantors to, directly or indirectly, create, incur, assume or otherwise cause to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except:

(1) Permitted Liens; and

(2) a Lien on such property or assets that is not a Permitted Lien (each Lien under clause (2), a “Triggering Lien”) if, contemporaneously with (or prior to) the incurrence of such Triggering Lien, all Note Obligations are secured on an equal and ratable basis with or on a senior basis to the Indebtedness so secured until such time as such Indebtedness is no longer secured by such Triggering Lien; *provided* that, (i) if the Indebtedness secured by such Triggering Lien is subordinate or junior in right of payment

to the Notes or a Note Guarantee, as the case may be, then such Triggering Lien securing such Indebtedness shall be subordinate or junior in priority to the Lien securing the Note Obligations and (ii) if any Secured Indebtedness is also required to be secured by Liens on such property or assets pursuant to provisions in the Secured Indebtedness Documents that are similar to this clause (2), the Liens on such property or assets securing the Note Obligations may rank junior in priority to the Liens on such property or assets securing such Secured Indebtedness pursuant to a Customary Intercreditor Agreement.

For purposes of determining compliance with this Section 4.07, (A) Liens securing Indebtedness and obligations need not be incurred solely by reference to one category of Permitted Liens (or subparts thereof) but are permitted to be incurred in part under any combination thereof, and (B) in the event that a Lien meets the criteria of one or more of the categories of Permitted Liens (or subparts thereof), the Issuer shall, in its sole discretion, classify, divide or later reclassify or redivide (as if incurred at such later time) such Liens (or any portions thereof) in any manner that complies with the definition of Permitted Liens, and such Liens (or portions thereof, as applicable) will be treated as having been incurred pursuant to such clause, clauses or subparts of the definition of Permitted Liens (and in the case of a subsequent division, classification or reclassification, such Liens shall cease to be divided or classified as it was prior to such subsequent division, classification or reclassification).

To the extent that any Liens are imposed pursuant to Section 4.07(a)(2) (the “Equal and Ratable Provision”), (i) Permitted Liens may be of any priority (including senior in priority) relative to any Liens imposed pursuant to the Equal and Ratable Provision, except where otherwise specified, and (ii) the Company and its Restricted Subsidiaries may incur Liens ranking junior in priority to the liens imposed pursuant to the Equal and Ratable Provision (“Junior Liens”). The trustee shall enter into a Customary Intercreditor Agreement with respect to such Permitted Liens, Junior Liens and Liens imposed pursuant to the Equal and Ratable Provision, if any.

(b) With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock of the Company, the payment of dividends on preferred stock in the form of additional shares of preferred stock of the same class, the accretion of liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness. For the avoidance of doubt, any Lien that is permitted under this Indenture to secure Indebtedness shall also be permitted to secure any obligations related to such Indebtedness.

(c) Any Lien created in favor of this Indenture and the Notes or a Note Guarantee pursuant to the Equal and Ratable Provision will be automatically and unconditionally released and discharged upon the release and discharge of the Triggering Lien to which it relates.

Section 4.08 Restricted Payments.

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(A) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or in Subordinated Shareholder Funding and other than dividends or distributions payable to the Company or a Restricted Subsidiary);

(B) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent entity of the Company;

(C) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition, or make any cash interest payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(D) make any Restricted Investment

(all such payments and other actions set forth in these clauses (A) through (D) above being collectively referred to as "Restricted Payments"), unless, at the time of such Restricted Payment:

(i) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(ii) after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, the Company would have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a);

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the 2023 First-Priority Secured Notes Issue Date (excluding Restricted Payments permitted by clauses (1) (without duplication of amounts paid pursuant to any other clause of Section 4.08(b)), (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11) of Section 4.08(b)), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the first day of the fiscal quarter commencing immediately following the fiscal quarter in which the 2023 First-Priority Secured Notes Issue Date occurred to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of other assets received by the Company since the 2023 First-Priority Secured Notes Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Funding or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or any Restricted Subsidiary or convertible or exchangeable debt securities of the Company or any Restricted Subsidiary, in each case that have been converted into or exchanged for Equity Interests of the Company or Subordinated Shareholder Funding (other than (x) net cash proceeds and marketable securities received from an issuance or sale of Equity Interests, Disqualified Stock or convertible or exchangeable debt securities sold to a Subsidiary of the Company, (y) net cash proceeds and marketable securities received from an issuance or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities that have been converted into, exchanged or redeemed for Disqualified Stock and (z) net cash proceeds and marketable securities to the extent any Restricted Payment has been made from such proceeds pursuant to Section 4.08(b)(4)); *plus*

(C) to the extent that any Restricted Investment that was made after the 2023 First-Priority Secured Notes Issue Date is (i) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of marketable securities received; or (ii) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of such Restricted Investment as of the date such entity becomes a Restricted Subsidiary; *plus*

(D) to the extent that any Unrestricted Subsidiary of the Company designated as such after the 2023 First-Priority Secured Notes Issue Date is redesignated as a Restricted Subsidiary, or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, in each case, after the 2023 First-Priority Secured Notes Issue Date, the Fair Market Value of the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets to the extent such investments reduced the restricted payments capacity under this clause (iii) and were not previously repaid or otherwise reduced; *provided, however*, that no amount will be included in Consolidated Net Income of the Company for purposes of the preceding clause (A) to the extent that it is included under this clause (D); *plus*

(E) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the 2023 First-Priority Secured Notes Issue Date from an Unrestricted Subsidiary to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period (excluding, for the avoidance of doubt, repayments of, or interest payments in respect of, any Permitted Investment pursuant to clause (16) of the definition thereof); and

(iv) at least one year shall have elapsed since the 2023 First-Priority Secured Notes Issue Date, and (x) in the case of a Restricted Payment made on or after the first anniversary of the 2023 First-Priority Secured Notes Issue Date and before the second anniversary of the 2023 First-Priority Secured Notes Issue Date, the Consolidated Total Leverage Ratio of the Company and its Restricted Subsidiaries would not have been greater than 6.00:1.00 on a *pro forma* basis and (y) in the case of a Restricted Payment made on or after the second anniversary of the 2023 First-Priority Secured Notes Issue Date, the Consolidated Total Leverage Ratio of the Company and its Restricted Subsidiaries would not have been greater than 5.00:1.00 on a *pro forma* basis.

(b) The preceding provisions will not prohibit the following ("Permitted Payments"):

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or distribution or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Funding or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any

such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.08(a)(iii)(B);

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) so long as no Default or Event of Default has occurred and is continuing, the purchase, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such purchased, repurchased, redeemed, acquired or retired Equity Interests may not exceed \$25.0 million in the aggregate in any twelve-month period with unused amounts being carried over to any subsequent twelve-month period subject to a maximum aggregate amount of \$50.0 million being available in any twelve-month period; and *provided, further*, that such amount in any twelve-month period may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or Subordinated Shareholder Funding, in each case, received by the Company during such twelve-month period, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of such Equity Interests or Subordinated Shareholder Funding have not otherwise been applied to the making of Restricted Payments pursuant to Section 4.08(a)(iii) or Section 4.08(b)(2);

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary or any preferred stock of any Restricted Subsidiary issued on or after the 2023 First-Priority Secured Notes Issue Date in accordance with Section 4.06;

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(8) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted

Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a *pro rata* basis;

(9) the making of (i) cash payments made by the Company or any of its Restricted Subsidiaries in satisfaction of the conversion obligation upon conversion of convertible Indebtedness issued in a convertible notes offering and (ii) any payments by the Company or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related capped call, hedge, warrant or other similar transactions;

(10) with respect to any Tax period in which any of the Restricted Subsidiaries are members of a consolidated, combined, unitary or similar income Tax group for U.S. federal or applicable state and local, or non-U.S. income Tax purposes (a "Tax Group") of which a Parent Company, or any Subsidiary of a Parent Company, is a common parent, or for which such Restricted Subsidiary is disregarded for U.S. federal income tax purposes as separate from a Parent Company, or any Subsidiary of a Parent Company that is a C corporation for U.S. federal income tax purposes, payments by each such Restricted Subsidiary in an amount not to exceed the amount of its allocable share of any U.S. federal, state and/or local and/or foreign income Taxes, as applicable, of such Tax Group for such taxable period that are attributable to the income, revenue, receipts or capital of such Restricted Subsidiary in an aggregate amount not to exceed the amount of such income Taxes that such Restricted Subsidiaries would have paid had it been a standalone corporate tax payer or standalone corporate tax group (without duplication, for the avoidance of doubt, of any such Taxes paid by such Restricted Subsidiary directly to the relevant taxing authority); and

(11) other Restricted Payments in an aggregate amount not to exceed \$225.0 million since the 2023 First-Priority Secured Notes Issue Date so long as, immediately after giving effect to such Restricted Payment, no Default or Event of Default has occurred and is continuing.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

For purposes of determining compliance with this covenant, (1) in the event that a proposed Restricted Payment (or portion thereof) meets the criteria of one or more categories (or subparts thereof) of Permitted Payments or Permitted Investments, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be entitled to classify or re-classify such payment (or portion thereof) based on circumstances existing on the date of such reclassification in any manner that complies with this covenant, and such payment (or portion thereof) will be treated as having been made pursuant to the first paragraph of this covenant or such clause or clauses (or subparts thereof) in the definition of Permitted Payments or Permitted Investments, (2) the amount of any return of or on capital from any Investment shall be netted against the amount of such Investment for purposes of determining compliance with this

covenant and (3) payments made among the Company and its Restricted Subsidiaries pursuant to the agreements, constituent documents, guarantees, deeds and other instruments governing the “dual listed company” structure of the Company shall not be deemed to be Restricted Payments.

Section 4.09 Asset Sales.

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination thereof (which determination may be made by the Issuer, at its option, either (x) at the time such Asset Sale is approved by the Issuer’s Board of Directors or (y) at the time the Asset Sale is completed). For purposes of this clause (2), each of the following will be deemed to be cash:

(A) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities or liabilities that are by their terms subordinated to the Notes or the Notes Guarantees), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities or that are otherwise retired or repaid;

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(C) any Capital Stock or assets of the kind referred to in Section 4.09(b)(2) or (4);

(D) Indebtedness (other than Indebtedness that is by its terms subordinated to the Notes or the Notes Guarantees) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that Carnival plc and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

(E) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary; and

(F) consideration other than cash, Cash Equivalents or Replacement Assets received by the Company or any Restricted Subsidiary in Asset Sales with a Fair Market Value not exceeding \$250.0 million in the aggregate outstanding at any one time.

(b) Within 450 days after the receipt of any Net Proceeds from an Asset Sale or any Event of Loss, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to repurchase the Notes pursuant to an offer to all Holders at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a “Notes Offer”);

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business; *provided* that after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to acquire other assets (other than Capital Stock) not classified as current assets under GAAP that are used or useful in a Permitted Business;

(5) to repurchase, prepay, redeem or repay Indebtedness (a) of the Company or a Restricted Subsidiary that is secured by a Lien; *provided* that in connection with any repurchase, prepayment, redemption or repayment of revolving credit Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment to be permanently reduced in an amount equal to the principal amount so repurchased, prepaid, redeemed or repaid, (b) of a Restricted Subsidiary which is not a Guarantor (other than Indebtedness owed to the Company or a Restricted Subsidiary) or (c) of the Issuer or a Guarantor which is unsecured and which is *pari passu* or senior in right of payment with the Notes or any Note Guarantee; *provided* that, in the case of this clause (c), the Company (or the applicable Restricted Subsidiary) may repurchase, prepay, redeem or repay such *pari passu* Indebtedness only if the Company (or the applicable Restricted Subsidiary) makes an offer to all Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *pari passu* Indebtedness;

(6) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this Section 4.09(b); *provided* that such binding commitment (or any subsequent commitments replacing the initial commitment that may be cancelled or terminated) shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 450 day period; or

(7) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce borrowings under any revolving credit facility, or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales or an Event of Loss that are not applied or invested as provided in Section 4.09(b) (it being understood that any portion of such Net Proceeds used to make an offer to purchase Notes as described in Section 4.09(b)(1) or (5) above shall be deemed to have been applied or invested whether or not such Notes Offer is accepted) will constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds \$250.0 million (or at an earlier time, at the option of the Issuer), within ten Business Days thereof, the Company will make an offer (an “Asset Sale Offer”) to all Holders and may make an offer to all holders of other unsecured Indebtedness that is *pari passu* in right of payment with the Notes or any Note Guarantees with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets or events of loss to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company or a Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or in the manner provided in Section 3.03), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other securities laws and regulations (and rules of any exchange on which the Notes are then listed) to the extent those laws, regulations or rules are applicable in connection with

each repurchase of Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations or exchange rules conflict with the Asset Sale or Notes Offer provisions of this Indenture, the Company will comply with the applicable securities laws, regulations and rules and will not be deemed to have breached its obligations under the Asset Sale or Notes Offer provisions of this Indenture by virtue of such compliance.

Section 4.10 Transactions with Affiliates.

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “Affiliate Transaction”) involving aggregate payments or consideration in excess of \$100.0 million, unless:

(1) the Affiliate Transaction is on terms that are, taken as a whole, no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person who is not such an Affiliate; and

(2) the Issuer delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$250.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this Section 4.10 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer (or in the event there is only one disinterested director, by such disinterested director, or, in the event there are no disinterested directors, by unanimous approval of the members of the Board of Directors of the Issuer).

(b) Notwithstanding the foregoing, the following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.10(a):

(i) any employment agreement, collective bargaining agreement, consulting agreement or employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(ii) transactions between or among the Company and/or its Restricted Subsidiaries;

(iii) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(iv) payment of reasonable and customary fees, salaries, bonuses, compensation, other employee benefits and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(v) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company or any issuance of Subordinated Shareholder Funding;

(vi) Restricted Payments that do not violate Section 4.08;

(vii) transactions pursuant to or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the Holders than the original agreement as in effect on the Issue Date;

(viii) Permitted Investments (other than Permitted Investments described in clauses (3), (4), (5), (15) and (16) of the definition thereof);

(ix) Management Advances;

(x) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company or the Restricted Subsidiaries in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(xi) the granting and performance of any registration rights for the Company's Capital Stock;

(xii) any contribution to the capital of the Company;

(xiii) pledges of Equity Interests of Unrestricted Subsidiaries;

(xiv) transactions with respect to which the Company has obtained an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (A) fair from a financial point of view taking into account all relevant circumstances or (B) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate;

(xv) transactions made pursuant to the agreements, constituent documents, guarantees, deeds and other instruments governing the “dual listed company” structure of the Company; and

(xvi) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuer in an Officer’s Certificate) between the Company and any other Person or a Restricted Subsidiary and any other Person with which the Company or any of its Restricted Subsidiaries files a combined, consolidated, unitary or similar group tax return or which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes that are effected for the purpose of improving the combined, consolidated, unitary or similar group tax efficiency of the Company and its Subsidiaries and not for the purpose of circumventing any provision of this Indenture.

Section 4.11 Purchase of Notes upon a Change of Control.

(a) If a Change of Control Triggering Event occurs at any time, then the Company shall make an offer (a “Change of Control Offer”) to each Holder to purchase such Holder’s Notes, at a purchase price (the “Change of Control Purchase Price”) in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the “Change of Control Purchase Date”) (subject to the rights of Holders on the relevant Record Dates to receive interest due on the relevant Interest Payment Date).

(b) Within 30 days following any Change of Control Triggering Event, the Company shall deliver a notice to each Holder of the Notes at such Holder’s registered address or otherwise deliver a notice in accordance with the procedures set forth in Section 3.04, which notice shall state:

(A) that a Change of Control Triggering Event has occurred, and the date it occurred, and that a Change of Control Offer is being made;

(B) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);

(C) the Change of Control Purchase Price and the Change of Control Purchase Date, which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is delivered, pursuant to the procedures required by this Indenture and described in such notice;

(D) that any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid;

(E) that any Note (or part thereof) not tendered shall continue to accrue interest; and

(F) any other procedures that a Holder must follow to accept a Change of Control Offer or to withdraw such acceptance.

(c) On the Change of Control Purchase Date, the Company shall, to the extent lawful:

(i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the paying agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

(d) The Paying Agent shall promptly deliver to each Holder which has properly tendered and so accepted the Change of Control Offer for such Notes, and the Trustee (or an authenticating agent appointed by the Company) shall promptly authenticate and deliver (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. Any Note so accepted for payment will cease to accrue interest on or after the Change of Control Purchase Date. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

(e) This Section 4.11 will be applicable whether or not any other provisions of this Indenture are applicable.

(f) If the Change of Control Purchase Date is on or after an interest Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest shall be payable to Holders who tender pursuant to the Change of Control Offer.

(g) The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given pursuant to the provisions of paragraph 6 of the Notes, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change

of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(h) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations (and rules of any exchange on which the Notes are then listed) to the extent those laws, regulations or rules are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations or exchange rules conflict with the Change of Control provisions of this Indenture, the Company shall comply with the applicable securities laws, regulations and rules and will not be deemed to have breached its obligations under this Indenture by virtue of such compliance.

(i) If and for so long as the Euro Notes are listed on The Official List of The International Stock Exchange (the “Exchange”) and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any Change of Control Offer for the Euro Notes.

Section 4.12 Additional Amounts.

(a) All payments made by or on behalf of the Issuer or any of the Guarantors (including, in each case, any successor entity) under or with respect to the Notes or any Note Guarantee shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If the Issuer, any Guarantor or any other applicable withholding agent is required by law to withhold or deduct any amount for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction (other than the United States) in which the Issuer or any Guarantor is or was incorporated, engaged in business, organized or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which any payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each of (1) and (2), a “Tax Jurisdiction”) in respect of any payments under or with respect to the Notes or any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, shall pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received and retained in respect of such payments by each beneficial owner of Notes after such withholding or deduction will equal the respective amounts that would have been received and retained in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts shall be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) being or having been a citizen or resident or national of, or incorporated, engaged in a trade or business in, being or having been physically present in or having a permanent establishment in, the relevant Tax Jurisdiction or having or having had any other present or former connection with

the relevant Tax Jurisdiction, other than any connection arising solely from the acquisition, ownership or disposition of Notes, the exercise or enforcement of rights under such Note, this Indenture or a Note Guarantee, or the receipt of payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(5) any Taxes to the extent such Taxes would not have been imposed or withheld but for the failure of the holder or beneficial owner of the Notes, following the Issuer's reasonable written request addressed to the holder at least 60 days before any such withholding or deduction would be imposed, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a holder or beneficial owner of the Notes to the extent such Taxes could have been avoided by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent;

(7) any Taxes imposed on or with respect to any payment by the Issuer or any of the Guarantors to the holder of the Notes if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that such Taxes would not have been imposed on such payments had such holder been the sole beneficial owner of such Note;

(8) any Taxes that are imposed pursuant to current Section 1471 through 1474 of the Code or any amended or successor version that is substantively comparable and not materially more onerous to comply with, any regulations promulgated thereunder, any official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States (or any related law or administrative practices or procedures) implementing the foregoing or any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above); or

(9) any combination of clauses (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors shall also pay and indemnify the holder for any present or future stamp, issue, registration, value added, transfer, court or documentary Taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and additions to tax related thereto) which are levied by any jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, this Indenture, any Note Guarantee or any other document referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee (limited, solely in the case of Taxes attributable to the receipt of any payments, to any such Taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (3) or (5) through (9) above or any combination thereof).

(b) If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, shall deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to Holders on the relevant payment date. The Issuer or the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely absolutely on an Officer's Certificate as conclusive proof that such payments are necessary.

(c) The Issuer or the relevant Guarantor, if it is the applicable withholding agent, shall make all withholdings and deductions (within the time period) required by law and shall remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor shall use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor shall furnish to the Trustee (or to a Holder upon request), within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

(d) Whenever in this Indenture or the Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(e) This Section 4.12 shall survive any termination, defeasance or discharge of this Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer (or any Guarantor) is incorporated, engaged in business, organized or resident for tax purposes, or any jurisdiction from or through which payment is made under or with respect to the Notes (or any Note Guarantee) by or on behalf of such Person and, in each case, any political subdivision thereof or therein.

Section 4.13 [Reserved].

Section 4.14 [Reserved].

Section 4.15 Limitation on Issuance of Guarantees of Indebtedness.

(a) The Company will not permit any of its Restricted Subsidiaries (other than Immaterial Subsidiaries) that is not a Guarantor to Guarantee, directly or indirectly, the payment of any obligations of the Issuer or a Guarantor under a Credit Facility, the Convertible Notes, the Existing Revolving Facility, the 2023 First-Priority Secured Notes, the Existing Term Loan Facility or any other Indebtedness of the Issuer or a Guarantor having an aggregate outstanding principal amount in excess of \$300.0 million unless such Restricted Subsidiary simultaneously executes and delivers a Supplemental Indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary which Note Guarantee will be senior to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness and with respect to any Guarantee of Indebtedness that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee by such Restricted Subsidiary, any such Guarantee will be subordinated to such Restricted Subsidiary's Note Guarantee at least to the same extent as such subordinated Indebtedness is subordinated to the Notes.

The foregoing paragraph will not be applicable to any Guarantees of any Restricted Subsidiary:

- (i) existing on the Issue Date;
- (ii) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or
- (iii) arising solely due to granting of a Permitted Lien that would not otherwise constitute a Guarantee of Indebtedness of the Issuer or any Guarantor.

(b) Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that such Note Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (x) any liability for the officers, directors or shareholders of such Restricted Subsidiary, (y) any violation of applicable law that cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or (z) any significant cost, expense,

liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (y) undertaken in connection with, such Note Guarantee which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary.

Section 4.16 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) Each Parent Company shall not, and shall not cause or permit any of its respective Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to its Parent Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the relevant Parent Company or any Restricted Subsidiary;

(ii) make loans or advances to its Parent Company or any Restricted Subsidiary; or

(iii) sell, lease or transfer any of its properties or assets to its Parent Company or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock, (y) the subordination of (including the application of any standstill period to) loans or advances made to the relevant Parent Company or any Restricted Subsidiary to other Indebtedness incurred by the relevant Parent Company or any Restricted Subsidiary and (z) the provisions contained in documentation governing or relating to Indebtedness requiring transactions between or among the relevant Parent Company and any Restricted Subsidiary or between or among any Restricted Subsidiaries to be on fair and reasonable terms or on an arm's-length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 4.16(a) above shall not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements or instruments governing or relating to Indebtedness as in effect on the Issue Date (including pursuant to the Convertible Notes, the EIB Facility, the Existing Revolving Facility, the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes and the Existing Term Loan Facility and the related documentation) and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially less favorable, taken as a whole, to the

Holders with respect to such dividend and other payment restrictions than those contained in those agreements or instruments on the Issue Date (as determined in good faith by the Issuer);

(ii) the Note Documents;

(iii) agreements or instruments governing other Indebtedness permitted to be incurred under Section 4.06 and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the Company determines at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not adversely effect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(iv) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(v) any agreement or instrument governing or relating to Indebtedness or Capital Stock of a Person acquired by the relevant Parent Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (other than any agreement or instrument entered into in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(vi) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(vii) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature set forth in Section 4.16(a) (iii) or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(viii) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(ix) Permitted Refinancing Indebtedness; *provided* that either (i) the restrictions contained in the agreements or instruments governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements or instruments governing the Indebtedness being refinanced or (ii) the Company determines at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not adversely effect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(x) Liens permitted to be incurred under Section 4.07 that limit the right of the debtor to dispose of the assets subject to such Liens;

(xi) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment or Permitted Investment) entered into with the approval of the Issuer's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(xii) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(xiii) any customary Productive Asset Leases for Vessels and other assets used in the ordinary course of business; *provided* that such encumbrance or restriction only extends to the Vessel or other asset financed in such Productive Asset Lease;

(xiv) any encumbrance or restriction existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person other than such Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary; *provided* that the encumbrances or restrictions are customary for the business of such Unrestricted Subsidiary and would not, at the time agreed to, be expected to affect the ability of the Issuer and the Guarantors to make payments under the Notes and this Indenture;

(xv) customary encumbrances or restrictions contained in agreements in connection with Hedging Obligations permitted under this Indenture;

(xvi) the agreements, constituent documents, guarantees, deeds and other instruments governing the "dual listed company" structure of the Company; and

(xvii) any encumbrance or restriction existing under any agreement that extends, renews, refinances, replaces, amends, modifies, restates or supplements the agreements containing the encumbrances or restrictions in the foregoing clauses (i) through (xvi), or in this clause (xvii); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced, replaced, amended, modified, restated or supplemented.

Section 4.17 Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default.

(b) If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.08 or under one or more clauses of the definition of “Permitted Investments,” as determined by the Issuer. The designation of a Restricted Subsidiary as an Unrestricted Subsidiary will only be permitted if the deemed Investment resulting from such designation would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

(c) The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(d) Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.08. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.06, the Issuer will be in default of such Section 4.06. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (i) such Indebtedness is permitted under Section 4.06, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (ii) no Default or Event of Default would be in existence following such designation.

Section 4.18 Payment of Taxes and Other Claims. The Company shall pay or discharge and shall cause each of its Subsidiaries to pay or discharge, or cause to be paid or discharged, before the same shall become delinquent (a) all material taxes, assessments and governmental charges levied or imposed upon (i) the Company or any such Subsidiary, (ii) the income or profits of any such Subsidiary which is a corporation or (iii) the property of the Company or any such Subsidiary and (b) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Company or any such Subsidiary; *provided* that the Company shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim, the amount, applicability or validity of which is being contested in good faith by appropriate proceedings or for which adequate reserves have been established.

Section 4.19 Reports to Holders

(a) So long as any Notes are outstanding, notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to the rules and regulations promulgated by the SEC, the Company will file with the SEC within the time periods specified in the SEC's rules and regulations that are then applicable to the Company (or if the Company is not then subject to the reporting requirements of the Exchange Act, then the time periods for filing applicable to a filer that is not an "accelerated filer" as defined in such rules and regulations) (in either case, including any extension as would be permitted by Rule 12b-25 under the Exchange Act or any special order of the SEC):

(1) all financial information that would be required to be contained in an annual report on Form 10-K, or any successor or comparable form, filed with the SEC, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and a report on the annual financial statements by the Company's independent registered public accounting firm;

(2) all financial information that would be required to be contained in a quarterly report on Form 10-Q, or any successor or comparable form, filed with the SEC, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section; and

(3) all current reports that would be required to be filed with the SEC on Form 8-K, or any successor or comparable form, if the Company were required to file such reports,

in each case in a manner that complies in all material respects with the requirements specified in such form *provided, however*, that the Trustee shall have no responsibility whatsoever to determine if such filing has occurred.

(b) The requirements set forth in the preceding paragraph may be satisfied by delivering such information to the Trustee and posting copies of such information on a website or on IntraLinks or any comparable online data system or website.

(c) Not later than ten Business Days after the furnishing of each such report discussed in Section 4.19(a)(1) or (2), the Company will hold a conference call related to the report. Details regarding access to such conference call will be posted at least 24 hours prior to the commencement of such call on the website, IntraLinks or other online data system or website on which the report is posted.

(d) The reports set forth in Section 4.19(a)(1) and (2) shall include disclosure with respect to the non-Guarantor Subsidiaries similar to what was included in the Offering Memorandum.

(e) The Issuer will make the information described in Section 4.19(a) available electronically to prospective investors upon request. For so long as any Notes remain

outstanding during any period when it is not or the Company is not subject to Section 13 or 15(d) of the Exchange Act, or otherwise permitted to furnish the SEC with certain information pursuant to Rule 12g3-2(b) of the Exchange Act, it will furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

(f) Notwithstanding the foregoing clauses (a) through (e) of this Section 4.19, the Issuer will be deemed to have delivered such reports and information referred to above to the holders, prospective investors, market makers, securities analysts and the Trustee for all purposes of this Indenture if the Issuer or the Company has filed such reports with the SEC via the EDGAR filing system (or any successor system) and such reports are publicly available.

(g) Delivery of reports, information and documents to the Trustee is for informational purposes only, and its receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's, any Guarantors' or any other Person's compliance with any of its covenants under this Indenture or the Notes (as to which the Trustee is entitled to rely exclusively on the Officer's Certificates delivered pursuant to this Indenture). The Trustee shall have no liability or responsibility for the content, filing or timeliness of any report delivered or filed under or in connection with this Indenture or the transactions contemplated thereunder.

Section 4.20 [Reserved].

Section 4.21 Use of Proceeds. The Issuer shall not, directly or indirectly, use, place, invest or give economic use to the proceeds from the Notes in the Republic of Panama.

ARTICLE FIVE

MERGER, CONSOLIDATION OR SALE OF ASSETS

Section 5.01 Merger, Consolidation or Sale of Assets.

(a) Neither the Issuer nor Carnival plc will, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer or Carnival plc (as applicable) is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(i) either: (a) the Issuer or Carnival plc (as applicable) is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer or Carnival plc (as applicable)) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of Switzerland, Canada or any Permitted Jurisdiction;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Issuer or Carnival plc (as applicable)) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes, by a supplemental indenture entered into with the Trustee, all the obligations of Issuer or Carnival plc (as applicable) under the Notes and this Indenture (including Carnival plc's Note Guarantee, if applicable);

(iii) immediately after such transaction, no Default or Event of Default is continuing;

(iv) the Issuer or Carnival plc (as applicable) or the Person formed by or surviving any such consolidation or merger (if other than the Issuer or Carnival plc (as applicable)), or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a); and

(v) the Issuer delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and, in the case in which a supplemental indenture is entered into, such supplemental indenture, comply with this Section 5.01 and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

Clauses (iii) and (iv) of this Section 5.01(a) shall not apply to any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets to or merger or consolidation of the Issuer or Carnival plc (as applicable) with or into a Guarantor and clause (iv) of this Section 5.01(a) will not apply to any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets to or merger or consolidation of the Issuer or Carnival plc (as applicable) with or into an Affiliate solely for the purpose of reincorporating the Issuer or Carnival plc (as applicable) in another jurisdiction for tax reasons.

(b) A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and this Indenture as provided in Section 10.03) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(i) immediately after giving effect to that transaction, no Default or Event of Default is continuing;

(ii) either:

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor under its Note Guarantee and this Indenture to which such Subsidiary Guarantor is a party, pursuant to a Supplemental Indenture; or

(B) such sale, assignment, transfer, lease, conveyance or other disposition of assets does not violate the provisions of this Indenture (including Section 4.09); and

(iii) the Issuer delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and, in the case in which a Supplemental Indenture is entered into, such Supplemental Indenture, comply with this Section 5.01 and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

(c) Notwithstanding the provisions of paragraph (b) above, (x)(a) any Restricted Subsidiary may consolidate or merge with or into or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets to any Guarantor and (b) any Guarantor may consolidate or merge with or into or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties and assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries to another Guarantor and (y) any Guarantor may consolidate or merge with or into an Affiliate incorporated or organized for the purpose of changing the legal domicile of such Guarantor, reincorporating such Guarantor in another jurisdiction or changing the legal form of such Guarantor.

Section 5.02 Successor Substituted. Upon any consolidation or merger, or any sale, conveyance, transfer, lease or other disposition of all or substantially all of the property and assets of the Issuer or Carnival plc in accordance with Section 5.01 of this Indenture, any surviving entity formed by such consolidation or into which the Issuer or Carnival plc, as applicable, is merged or to which such sale, conveyance, transfer, lease or other disposition is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such surviving entity had been named as the Company herein; *provided* that the Company shall not be released from its obligation to pay the principal of, premium, if any, or interest and Additional Amounts, if any, on the Notes in the case of a lease of all or substantially all of its property and assets.

ARTICLE SIX

DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

(a) Each of the following shall be an "Event of Default":

(i) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(ii) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(iii) failure by the Issuer or relevant Guarantor to comply with Section 4.11 or Section 5.01;

(iv) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Issuer by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in this Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clause (i), (ii) or (iii) above);

(v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), other than Indebtedness owed to the Company or any of its Restricted Subsidiaries, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(1) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default; or

(2) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness that is due and has not been paid, together with the principal amount of any other such Indebtedness that is due and has not been paid or the maturity of which has been so accelerated, equals or exceeds \$120.0 million in aggregate;

(vi) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$120.0 million (exclusive of any amounts for which a solvent insurance company has acknowledged liability), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(vii) [Reserved];

(viii) except as permitted by this Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary, or any group of the Company's Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor which is a Significant Subsidiary, or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee and such Default continues for 30 days; or

(ix) (A) a court having jurisdiction over the Company or a Significant Subsidiary enters (x) a decree or order for relief in respect of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Law or (y) a decree or order adjudging the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary, or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any such Subsidiary or group of Restricted Subsidiaries under any Bankruptcy Law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any such Subsidiary or group of Restricted Subsidiaries or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days or (B) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (i) commences a voluntary case under any Bankruptcy Law or consents to the entry of an order for relief in an involuntary case under any Bankruptcy Law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any such Subsidiary or group of Restricted Subsidiaries or for all or substantially all the property and assets of the Company or any such Subsidiary or group of Restricted Subsidiaries, (iii) effects any general assignment for the benefit of creditors or (iv) generally is not paying its debts as they become due.

(b) If a Default or an Event of Default occurs and is continuing and is known to a responsible officer of the Trustee, the Trustee shall deliver to each Holder notice of the Default or Event of Default within 15 Business Days after its occurrence by registered or certified mail or facsimile transmission of an Officer's Certificate specifying such event, notice or other action, its status and what action the Issuer is taking or proposes to take with respect thereto. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, and Additional Amounts or interest on any Notes, the Trustee may withhold the notice to the Holders of such Notes if a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of the Holders. The Trustee shall not be deemed to

have knowledge of a Default unless a Trust Officer has actual knowledge of such Default. The Issuer shall also notify the Trustee within 15 Business Days of the occurrence of any Default stating what action, if any, they are taking with respect to that Default.

(c) If any report or conference call required by Section 4.19 is provided after the deadlines indicated for such report or conference call, the later provision of the applicable report or conference call shall cure a Default caused by the failure to provide such report or conference call prior to the deadlines indicated, so long as no Event of Default shall have occurred and be continuing as a result of such failure.

Section 6.02 Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(a)(ix)) occurs and is continuing, the Trustee may, or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the Holders) may and the Trustee shall, if so directed by the Holders of at least 30% in aggregate principal amount of the then outstanding Notes, declare all the Notes to be due and payable immediately. In the event a declaration of acceleration of the Notes because an Event of Default described in Section 6.01(a)(v) has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to Section 6.01(a)(v) shall be remedied or cured, or waived by the Holders of the relevant Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

(b) In the case of an Event of Default arising under Section 6.01(a)(ix), with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice.

(c) The holders of not less than a majority in aggregate principal amount of the Notes outstanding by notice to the Trustee may, on behalf of the holders of all outstanding Notes, rescind acceleration or waive any existing Default or Event of Default and its consequences under this Indenture, except a continuing Default or Event of Default:

(i) in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected); or

(ii) for any Note held by a non-consenting holder, in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment.

Upon any such rescission or waiver, such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose under this Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

(d) Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or in its exercise of any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other holders of the Notes (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders) or that may involve the Trustee in personal liability. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

(e) Subject to the provisions of Article Seven, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions of Article Nine) to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

(i) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(ii) Holders of at least 30% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holders have offered, and if requested, provide to the Trustee reasonable security or indemnity against any loss, liability or expense;

(iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(v) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

(f) Within 30 days of the occurrence of any Default or Event of Default, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

Section 6.04 Waiver of Past Defaults. The Holders of not less than a majority in aggregate principal amount of the outstanding Notes may, by written notice to the Trustee, on behalf of the Holders of all the Notes, waive any past Default hereunder and its consequences, except a Default:

(a) in the payment of the principal of, premium, if any, Additional Amounts, if any, or interest on any Note; or

(b) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the holders of each Note affected by such modification or amendment.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.05 Control by Majority. The Holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee under this Indenture; *provided* that:

(a) the Trustee may refuse to follow any direction that conflicts with law, this Indenture or that the Trustee determines, without obligation, in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction;

(b) the Trustee may refuse to follow any direction that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; and

(c) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

Section 6.06 Limitation on Suits. A Holder may not institute any proceedings or pursue any remedy with respect to this Indenture or the Notes unless:

(a) Such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(b) the Holders of at least 30% in aggregate principal amount of outstanding Notes shall have made a written request to the Trustee to pursue such remedy;

(c) such Holder or Holders offer the Trustee indemnity and/or security (including by way of pre-funding) reasonably satisfactory to the Trustee against any costs, liability or expense;

(d) the Trustee does not comply with the request within 30 days after receipt of the request and the offer of indemnity and/or security (including by way of pre-funding); and

(e) during such 30-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

The limitations in the foregoing provisions of this Section 6.06, however, do not apply to a suit instituted by a Holder for the enforcement of the payment of the principal of, premium, if any, Additional Amounts, if any, or interest, if any, on such Note on or after the respective due dates expressed in such Note.

A Holder may not use this Indenture to prejudice the rights of any other Holder or to obtain a preference or priority over another Holder.

Section 6.07 Unconditional Right of Holders to Bring Suit for Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to bring suit for the enforcement of payment of principal, premium, if any, Additional Amounts, if any, and interest, if any, on the Notes held by such Holder, on or after the respective due dates expressed in the Notes shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. The Issuer covenants that if default is made in the payment of:

(a) any installment of interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) the principal of (or premium, if any, on) any Note at the Stated Maturity thereof,

the Issuer shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any), Additional Amounts, if any and interest, and interest on any overdue principal (and premium, if any) and Additional Amounts, if any and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installment of interest, at the rate borne by the Notes, and, in addition thereto, such further amount as shall be sufficient to cover the amounts provided for in Section 7.05 and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or any other obligor upon the Notes, wherever situated.

Section 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.05) and the Holders allowed in any judicial proceedings relative to any of the Issuer or Guarantors, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders at their direction in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.05. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.05 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money securities and other properties which the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Application of Money Collected. If the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money or property in the following order:

FIRST: to the Trustee and any Agent for amounts due under Section 7.05;

SECOND: to Holders for amounts due and unpaid on the Notes for principal of, premium, if any, interest, if any, and Additional Amounts, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, interest, if any, and Additional Amounts, if any, respectively; and

THIRD: to the Issuer, any Guarantor or any other obligors of the Notes, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 30 days before such record date, the Issuer shall deliver to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid.

Section 6.11 Undertaking for Costs. A court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in the suit of an undertaking to pay the costs of such suit, and such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by Holders of more than 10% in aggregate principal amount of the outstanding Notes or to any suit by any Holder pursuant to Section 6.07.

Section 6.12 Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, any Guarantor, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.13 Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.14 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default

shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article Six or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.15 Record Date. The Issuer may set a record date for purposes of determining the identity of Holders entitled to vote or to consent to any action by vote or consent authorized or permitted by Sections 6.04 and 6.05. Unless this Indenture provides otherwise, such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee pursuant to Section 2.05 prior to such solicitation.

Section 6.16 Waiver of Stay or Extension Laws. Each Issuer covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SEVEN

TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing of which a Trust Officer of the Trustee has actual knowledge, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Subject to the provisions of Section 7.01(a), (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no others and no implied covenants or obligations shall be read into this Indenture against the Trustee; and (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. In the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine same to determine whether they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) [Reserved]

(d) The Trustee shall not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer of the Trustee unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02 or 6.05.

(e) The Trustee and any Paying Agent shall not be liable for interest on any money received by it except as the Trustee and any Paying Agent may agree in writing with the Issuer or the Subsidiary Guarantors. Money held by the Trustee or the Principal Paying Agent need not be segregated from other funds except to the extent required by law and, for the avoidance of doubt, shall not be held in accordance with the UK client money rules.

(f) No provision of this Indenture shall require the Trustee, each Agent or the Principal Paying Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(g) Any provisions hereof relating to the conduct or affecting the liability of or affording protection to the Trustee or each Agent, as the case may be, shall be subject to the provisions of this Section 7.01.

Section 7.02 Certain Rights of Trustee.

(a) Subject to Section 7.01:

(i) following the occurrence of a Default or an Event of Default, the Trustee is entitled to require all Agents to act under its direction;

(ii) the Trustee may rely conclusively, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper person;

(iii) before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both, which shall conform to Section 12.02. The Trustee shall not be liable for any action it takes or omits to take in good faith

in reliance on such certificate or opinion and such certificate or opinion will be equal to complete authorization;

(iv) the Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by them hereunder;

(v) the Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee indemnity (including by way of pre-funding) satisfactory to them against the costs, expenses and liabilities that might be incurred by them in compliance with such request or direction;

(vi) unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an officer of such Issuer;

(vii) the Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers;

(viii) whenever, in the administration of this Indenture, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(ix) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer personally or by agent or attorney;

(x) the Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture;

(xi) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee, in its discretion, may determine what action, if any, will be taken and shall incur no liability for their failure to act until such inconsistency or conflict is, in their reasonable opinion, resolved;

(xii) the permissive rights of the Trustee to take the actions permitted by this Indenture will not be construed as an obligation or duty to do so;

(xiii) delivery of reports, information and documents to the Trustee under Section 4.19 is for informational purposes only and the Trustee's receipt of the foregoing will not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any of its Restricted Subsidiary's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates);

(xiv) the rights, privileges, protections, immunities and benefits given to the Trustee in this Indenture, including, without limitation, its rights to be indemnified and compensated, are extended to, and will be enforceable by, the Trustee in its capacity hereunder, by the Registrar, the Agents, and each agent, custodian and other Person employed to act hereunder;

(xv) the Trustee may consult with counsel or other professional advisors and the advice of such counsel or professional advisor or any Opinion of Counsel will, subject to Section 7.01(c), be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(xvi) the Trustee shall have no duty to inquire as to the performance of the covenants of the Company and/or its Restricted Subsidiaries in Article Four hereof;

(xvii) the Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Notes, but may at its sole discretion, choose to do so;

(xviii) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of, or caused by, directly or indirectly, forces beyond its control, including, without limitation, acts of war or terrorism, civil or military disturbances, public health emergencies, nuclear or natural catastrophes or acts of God; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances; and

(xix) the Trustee shall not under any circumstance be liable for any indirect or consequential loss, special or punitive damages (including loss of business, goodwill or reputation, opportunity or profit of any kind) of the Issuer, any Guarantor or any Restricted Subsidiary even if advised of it in advance and even if foreseeable.

(b) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of the individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any

person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(c) [Reserved].

(d) [Reserved].

(e) [Reserved].

(f) [Reserved].

(g) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture or the Notes.

(h) The Trustee will not be liable to any person if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control.

(i) No provision of this Indenture shall require the Trustee to do anything which, in its opinion, may be illegal or contrary to applicable law or regulation.

(j) The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion, based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, the State of New York and may without liability (other than in respect of actions constituting willful misconduct or gross negligence) do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

(k) The Trustee may assume without inquiry in the absence of actual knowledge that the Issuer is duly complying with its obligations contained in this Indenture required to be performed and observed by it, and that no Default or Event of Default or other event which would require repayment of the Notes has occurred.

(l) [Reserved]

(m) In addition to the foregoing, the Trustee agrees to accept and act upon notice, instructions or directions pursuant to this Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, *provided* that any communication sent to the Trustee hereunder must be in the form of a document that is signed manually or by way of a digital signature provided by DocuSign (or such other digital signature provider as specified in writing to Trustee by the authorized representative). If the party elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee, in its discretion, elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a

subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7.03 Individual Rights of Trustee. The Trustee, any Transfer Agent, any Paying Agent, any Registrar or any other agent of the Issuer or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Transfer Agent, Registrar or such other agent. The Trustee may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Issuer or any of its Affiliates or Subsidiaries as if it were not performing the duties specified herein, and may accept fees and other consideration from the Issuer for services in connection with this Indenture and otherwise without having to account for the same to the Trustee or to the Holders from time to time.

Section 7.04 Disclaimer of Trustee. The recitals contained herein and in the Notes, except for the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Notes. The Trustee shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture nor shall it be responsible for the use or application of any money received by any Paying Agent other than the Trustee and it will not be responsible for any statement or recital herein or any statement on the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than the Trustee's certificate of authentication.

Section 7.05 Compensation and Indemnity. The Issuer and the Guarantors, jointly and severally, shall pay to the Trustee such compensation as shall be agreed in writing for its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer and the Guarantors, jointly and severally, shall reimburse the Trustee promptly upon request for all properly incurred disbursements, advances or expenses incurred or made by them, including costs of collection, in addition to the compensation for their services. Such expenses shall include the properly incurred compensation, disbursements, charges, advances and expenses of the Trustee's agents and counsel.

The Issuer and the Guarantors, jointly and severally, shall indemnify the Trustee against any and all loss, liability or expense (including attorneys' fees and expenses) incurred by either of them without willful misconduct or gross negligence on their part arising out of or in connection with the administration of this trust and the performance of their duties hereunder (including the costs and expenses of enforcing this Indenture against the Issuer and the Guarantors (including this Section 7.05) and defending themselves against any claim, whether asserted by the Issuer, the Guarantors, any Holder or any other Person, or liability in connection with the execution and performance of any of their powers and duties hereunder). The Trustee

shall notify the Issuer promptly of any claim for which they may seek indemnity. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer or any Guarantor of its obligations hereunder. The Issuer shall, at the sole discretion of the Trustee, defend the claim and the Trustee may cooperate and may participate at the Issuer's expense in such defense. Alternatively, the Trustee may at its option have separate counsel of their own choosing and the Issuer shall pay the properly incurred fees and expenses of such counsel. The Issuer need not pay for any settlement made without its consent, which consent may not be unreasonably withheld. The Issuer shall not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct or gross negligence.

To secure the Issuer's payment obligations in this Section 7.05, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee in their capacity as Trustee, except money or property held in trust to pay principal of, premium, if any, additional amounts, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of all Notes under this Indenture.

When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(a)(ix) with respect to the Issuer, the Guarantors, or any Restricted Subsidiary, the expenses are intended to constitute expenses of administration under Bankruptcy Law.

The Issuer's obligations under this Section 7.05 and any claim or Lien arising hereunder shall survive the resignation or removal of any Trustee, the satisfaction and discharge of the Issuer's obligations pursuant to Article Eight and any rejection or termination under any Bankruptcy Law, and the termination of this Indenture.

Section 7.06 Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.06.

The Trustee may resign at any time without giving any reason by so notifying the Issuer. The Holders of a majority in outstanding principal amount of the outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer. The Issuer shall remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.09;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the outstanding

Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer. If the successor Trustee does not deliver its written acceptance required by the next succeeding paragraph of this Section 7.06 within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of a majority in principal amount of the outstanding Notes may, at the expense of the Issuer, petition any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall deliver a notice of its succession to Holders. The retiring Trustee shall, at the expense of the Issuer, promptly transfer all property held by it as Trustee to the successor Trustee; *provided* that all sums owing to the Trustee hereunder have been paid pursuant to Section 7.05.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of at least 30% in outstanding principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of the Issuer. Without prejudice to the right of the Issuer to appoint a successor Trustee in accordance with the provisions of this Indenture, the retiring Trustee may appoint a successor Trustee at any time prior to the date on which a successor Trustee takes office.

If the Trustee fails to comply with Section 7.09, any Holder who has been a bona fide Holder of a Note for at least six months may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.06, the Issuer's and the Guarantors' obligations under Section 7.05 shall continue for the benefit of the retiring Trustee.

Section 7.07 Successor Trustee by Merger. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; *provided* such corporation shall be otherwise qualified and eligible under this Article Seven, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In case at that time any of the Notes shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee shall have; *provided* that the right to adopt the certificate of authentication of any

predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.08 [Reserved]

Section 7.09 Eligibility; Disqualification. There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of England and Wales or the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power and which is generally recognized as a corporation which customarily performs such corporate trustee roles and provides such corporate trustee services in transactions similar in nature to the offering of the Notes as described in the Offering Memorandum. The Trustee shall have a combined capital and surplus of at least \$50,000,000, as set forth in its most recent published annual report of condition.

Section 7.10 Appointment of Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on Default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section 7.10 are adopted to these ends.

(b) In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and Lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

(c) Should any instrument in writing from the Issuer be required by the separate or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall to the extent permitted by the laws of the State of New York and the jurisdictions of organization of the Issuer, on request, be executed, acknowledged and delivered by the Issuer; *provided* that if an Event of Default shall have occurred and be continuing, if the Issuer do not execute any such instrument within 15 days after request therefor, the Trustee shall be empowered as an attorney-in-fact for the Issuer to execute any such instrument in the Issuer's name and stead. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties,

rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

(d) Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights and powers, conferred or imposed upon the Trustee shall be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee; and

(ii) no trustee hereunder shall be liable by reason of any act or omission of any other trustee hereunder.

(e) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article Seven.

(f) Any separate trustee or co-trustee may at any time appoint the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successors trustee.

Section 7.11 Resignation of Agents.

(a) Any Agent may resign its appointment hereunder at any time without the need to give any reason and without being responsible for any costs associated therewith by giving to the Issuer and the Trustee and (except in the case of resignation of the Principal Paying Agent) the Principal Paying Agent 30 days' written notice to that effect (waivable by the Issuer and the Trustee); *provided* that in the case of resignation of the Principal Paying Agent no such resignation shall take effect until a new Principal Paying Agent (approved in advance in writing by the Trustee) shall have been appointed by the Issuer to exercise the powers and undertake the duties hereby conferred and imposed upon the Principal Paying Agent. Following receipt of a notice of resignation from any Agent, the Issuer shall promptly give notice thereof to the Holders in accordance with Section 12.01. Such notice shall expire at least 30 days before or after any due date for payment in respect of the Notes.

(b) If any Agent gives notice of its resignation in accordance with this Section 7.11 and a replacement Agent is required and by the tenth day before the expiration of such notice such replacement has not been duly appointed, such Agent may itself appoint as its replacement any reputable and experienced financial institution. Immediately following such appointment, the Issuer shall give notice of such appointment to the Trustee, the remaining Agents and the Holders whereupon the Issuer, the Trustee, the remaining Agents and the

replacement Agent shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Indenture.

(c) Upon its resignation becoming effective the Principal Paying Agent shall forthwith transfer all moneys held by it hereunder hereof to the successor Principal Paying Agent or, if none, the Trustee or to the Trustee's order, but shall have no other duties or responsibilities hereunder, and shall be entitled to the payment by the Issuer of its remuneration for the services previously rendered hereunder and to the reimbursement of all reasonable expenses (including legal fees) incurred in connection therewith.

Section 7.12 Agents General Provisions.

(a) Actions of Agents. The rights, powers, duties and obligations and actions of each Agent under this Indenture are several and not joint or joint and several.

(b) Agents of Trustee. The Issuer and the Agents acknowledge and agree that in the event of a Default or Event of Default, the Trustee may, by notice in writing to the Issuer and the Agents, require that the Agents act as agents of, and take instructions exclusively from, the Trustee. Prior to receiving such written notification from the Trustee, the Agents shall be the agents of the Issuer and need have no concern for the interests of the Holders.

(c) Funds held by Agents. The Agents will hold all funds subject to the terms of this Indenture.

(d) Publication of Notices. Any obligation the Agents may have to publish a notice to Holders of Global Notes on behalf of the Issuer will be met upon delivery of the notice to DTC, Euroclear or Clearstream, as applicable.

(e) Instructions. In the event that instructions given to any Agent are not reasonably clear, then such Agent shall be entitled to seek clarification from the Issuer or other party entitled to give the Agents instructions under this Indenture by written request promptly, and in any event within one Business Day of receipt by such Agent of such instructions. If an Agent has sought clarification in accordance with this Section 7.12, then such Agent shall be entitled to take no action until such clarification is provided, and shall not incur any liability for not taking any action pending receipt of such clarification.

(f) No Fiduciary Duty. No Agent shall be under any fiduciary duty or other obligation towards, or have any relationship of agency or trust, for or with any person.

(g) Mutual Undertaking. Each party shall, within ten Business Days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Notes as that other party reasonably requests for the purposes of that other party's compliance with applicable law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any

material respect; *provided, however*, that no party shall be required to provide any forms, documentation or other information pursuant to this Section 7.12(g) to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) applicable law or (b) duty of confidentiality. For purposes of this Section 7.12(g), “applicable law” shall be deemed to include (i) any rule or practice of any regulatory or governmental authority by which any party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any regulatory or governmental authority and any party that is customarily entered into by institutions of a similar nature.

(h) Tax Withholding.

(i) The Issuer shall notify each Agent in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated; *provided, however*, that the Issuer’s obligations under this Section 7.12(h) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.

(ii) Notwithstanding any other provision of this Indenture, each Agent shall be entitled to make a deduction or withholding from any payment which it makes under the Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Agent shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Section 7.12(h)(ii).

ARTICLE EIGHT

DEFEASANCE; SATISFACTION AND DISCHARGE

Section 8.01 Issuer’s Option to Effect Defeasance or Covenant Defeasance. The Issuer may, at its option and at any time prior to the Stated Maturity of the Notes, by a resolution of its Board of Directors, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article Eight.

Section 8.02 Defeasance and Discharge. Upon the Issuer’s exercise under Section 8.01 of the option applicable to this Section 8.02, the Issuer and the Guarantors shall be deemed to have been discharged from their obligations with respect to the Notes on the date the conditions set forth in Section 8.04 are satisfied (hereinafter, “Legal Defeasance”). For this

purpose, such Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes and to have satisfied all their other obligations under the Notes and this Indenture (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive, solely from the trust fund described in Section 8.08 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any, on) and interest (including Additional Amounts) on such Notes when such payments are due, (b) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuer's and the Guarantors' obligations in connection therewith and (d) the provisions of this Article Eight. Subject to compliance with this Article Eight, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 below with respect to the Notes. If the Issuer exercises its Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default.

Section 8.03 Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuer and the Guarantors shall be released from their obligations under any covenant contained in Sections 4.04 through 4.11, 4.15 through 4.17, 4.19, 4.21 and 5.01 with respect to the Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

Section 8.04 Conditions to Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance:

(i) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, (i) cash in U.S. dollars, non-callable U.S. Government Securities, or a combination of cash in U.S. dollars and non-callable U.S. Government Securities (in the case of the USD Notes) and (ii) cash in Euros, non-callable European Government Securities, or a combination of cash in Euros and non-callable European Government Securities (in the case of the Euro Notes) in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

(A) an opinion of United States counsel, which counsel is reasonably acceptable to the Trustee, confirming that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(B) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer, which counsel is reasonably acceptable to the Trustee, to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(A) an opinion of United States counsel, which counsel is reasonably acceptable to the Trustee, confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(B) an opinion of counsel in the jurisdiction of incorporation of the Issuer, which counsel is reasonably acceptable to the Trustee, to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(iv) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of the Guarantors is a party or by which the Issuer or any of the Guarantors is bound;

(vi) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(vii) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

If the funds deposited with the Trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer and the Guarantors shall remain liable for such payments.

Section 8.05 Satisfaction and Discharge of Indenture. This Indenture, and the rights of the Trustee and the Holders of the Notes hereunder, shall be discharged and shall cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination of cash in U.S. dollars and non-callable U.S. Government Securities (in the case of the USD Notes) and cash in Euros, non-callable European Government Securities denominated in Euros, or a combination of cash in Euros and non-callable European Government Securities denominated in Euros (in the case of the Euro Notes), in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for

principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture;

(3) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and

(4) the Issuer has delivered an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Section 8.06 Survival of Certain Obligations. Notwithstanding Sections 8.01 and 8.03, any obligations of the Issuer and the Guarantors in Sections 2.02 through 2.14, 6.07, 7.05 and 7.06 shall survive until the Notes have been paid in full. Thereafter, any obligations of the Issuer or the Guarantors in Section 7.05 shall survive such satisfaction and discharge. Nothing contained in this Article Eight shall abrogate any of the obligations or duties of the Trustee under this Indenture.

Section 8.07 Acknowledgment of Discharge by Trustee. Subject to Section 8.09, after the conditions of Section 8.02 or 8.03 have been satisfied, the Trustee upon written request shall acknowledge in writing the discharge of all of the Issuer's and Guarantor's obligations under this Indenture except for those surviving obligations specified in this Article Eight.

Section 8.08 Application of Trust Money. Subject to Section 8.09, the Trustee shall hold in trust cash in U.S. dollars or U.S. Government Securities (in the case of the USD Notes) or Euros or European Government Securities (in the case of the Euro Notes) deposited with it pursuant to this Article Eight. It shall apply the deposited cash or Government Securities through the relevant Paying Agent and in accordance with this Indenture to the payment of principal of, premium, if any, interest, and Additional Amounts, if any, on the Notes; but such money need not be segregated from other funds except to the extent required by law.

Section 8.09 Repayment to Issuer. Subject to Sections 7.05, and 8.01 through 8.04, the Trustee and the relevant Paying Agent shall promptly pay to the Issuer upon request set forth in an Officer's Certificate any excess money held by them at any time and thereupon shall be relieved from all liability with respect to such money. The Trustee and the relevant Paying Agent shall pay to the Issuer upon request any money held by them for the payment of principal, premium, if any, interest or Additional Amounts, if any, that remains unclaimed for two years; *provided* that the Trustee or relevant Paying Agent before being required to make any payment may cause to be published through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency or deliver to each Holder entitled to such money at such Holder's address (as set forth in the Security Register) notice that such money remains unclaimed and that after a date specified therein (which shall be at least 30 days from the date of

such publication or delivery) any unclaimed balance of such money then remaining will be repaid to the Issuer. After payment to the Issuer, Holders entitled to such money must look to the Issuer for payment as general creditors unless an applicable law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

Section 8.10 Indemnity for Government Securities. The Issuer shall pay and shall indemnify the Trustee and the relevant Paying Agent against any tax, fee or other charge imposed on or assessed against deposited Government Securities or the principal, premium, if any, interest, if any, and Additional Amounts, if any, received on such Government Securities.

Section 8.11 Reinstatement. If the Trustee or Paying Agent is unable to apply cash in U.S. dollars, U.S. Government Securities, Euros or European Government Securities in accordance with this Article Eight by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and the Guarantors' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article Eight until such time as the Trustee or any such Paying Agent is permitted to apply all such cash or Government Securities in accordance with this Article Eight; *provided* that, if the Issuer has made any payment of principal of, premium, if any, interest, if any, and Additional Amounts, if any, on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in U.S. dollars, U.S. Government Securities, Euros or European Government Securities held by the Trustee or the relevant Paying Agent.

ARTICLE NINE

AMENDMENTS AND WAIVERS

Section 9.01 Without Consent of Holders.

(a) The Issuer, the Guarantors and the Trustee may modify, amend or supplement the Note Documents without notice to or consent of any Holder:

(i) to cure any ambiguity, omission, error, defect or inconsistency;

(ii) to provide for the assumption of the Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees in the case of a consolidation or merger or sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(iii) to make any change that would provide any additional rights or benefits to the Holders of Notes or that, in the good faith judgment of the Board of Directors of the Issuer, does not adversely affect the legal rights under this Indenture of any such holder in any material respect;

(iv) to conform the text of this Indenture, the Notes or the Note Guarantees to any provision of the section entitled "Description of Notes" in the Offering

Memorandum to the extent that such provision in the “Description of Notes” was intended to be a verbatim recitation of a provision of this Indenture, the Notes or the Note Guarantees;

(v) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with Section 4.06 and Section 4.15, to add security to or for the benefit of the Notes or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under this Indenture;

(vi) to mortgage, pledge, hypothecate or grant a security interest in favor of or for the benefit of holders of Note Obligations;

(vii) to provide for the issuance of additional Notes in accordance with the limitations set forth in this Indenture as of the Issue Date;

(viii) to allow any Guarantor to execute a Supplemental Indenture and a Note Guarantee with respect to the Notes;

(ix) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); or

(x) to evidence and provide the acceptance of the appointment of a successor Trustee under this Indenture.

(b) In connection with any proposed amendment or supplement in respect of such matters, the Trustee will be entitled to receive, and rely conclusively on, an Opinion of Counsel and/or an Officer’s Certificate.

(c) For the avoidance of doubt (and without limiting the generality of any other statements in this Indenture), the provisions of the Trust Indenture Act of 1939, as amended, shall not apply to any amendments to or waivers or consents under this Indenture.

Section 9.02 With Consent of Holders.

(a) Except as provided in Section 9.02(b) below and Section 6.04 and without prejudice to Section 9.01, the Note Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a

purchase of, or tender offer or exchange offer for, Notes); *provided* that any such amendment, supplement or waiver that disproportionately affects any Series of Notes adversely in any material respect shall require the consent of holders of at least a majority in aggregate principal amount of the Notes of such Series then outstanding.

(b) Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (i) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (ii) reduce the principal of or change the fixed maturity of any Note or reduce the premium payable upon the redemption of any such Note or change the time at which such Note may be redeemed;
- (iii) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (iv) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or any Note Guarantee in respect thereof;
- (v) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment Default that resulted from such acceleration);
- (vi) make any Note payable in money other than that stated in the Notes;
- (vii) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (viii) waive a redemption payment with respect to any Note (other than a payment required by Section 4.09 or Section 4.11);
- (ix) make any change to or modify the ranking of the Notes as to contractual right of payment in a manner that would adversely affect the holders thereof;
- (x) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or
- (xi) make any change in the preceding amendment and waiver provisions.

(c) The consent of the Holders shall not be necessary under this Indenture to approve the particular form of any proposed amendment, modification, supplement, waiver or

consent. It is sufficient if such consent approves the substance of the proposed amendment, modification, supplement, waiver or consent. A consent to any amendment or waiver under this Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Section 9.03 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article Nine, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.04 Notation on or Exchange of Notes. If an amendment, modification or supplement changes the terms of a Note, the Issuer or the Trustee may require the Holder to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note and on any Note subsequently authenticated regarding the changed terms and return it to the Holder. Alternatively, if the Issuer so determines, the Issuer in exchange for the Note shall issue, and the Trustee shall authenticate, a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment, modification or supplement.

Section 9.05 [Reserved].

Section 9.06 Notice of Amendment or Waiver. Promptly after the execution by the Issuer and the Trustee of any supplemental indenture or waiver pursuant to the provisions of Section 9.02, the Issuer shall give notice thereof to the Holders of each outstanding Note affected, in the manner provided for in Section 12.01(b), setting forth in general terms the substance of such supplemental indenture or waiver.

Section 9.07 Trustee to Sign Amendments, Etc.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant and adopted in accordance with this Article Nine; *provided* that the Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall receive, if requested, an indemnity and/or security (including by way of pre-funding) satisfactory to it and to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officer's Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture and that such amendment has been duly authorized, executed and delivered and is the legally valid and binding obligation of the Issuer enforceable against them in accordance with its terms (for the avoidance of doubt, such Opinion of Counsel is not required with respect to any Guarantor). Such Opinion of Counsel shall be an expense of the Issuer.

Section 9.08 Additional Voting Terms; Calculation of Principal Amount.

(a) All Notes issued under this Indenture shall vote and consent together on all matters (as to which any of such Notes may vote) as one class and no Series or subseries of Notes will have the right to vote or consent as a separate series on any matter; *provided, however*, that if any amendment, waiver or other modification will only affect one Series or subseries of Notes, only the consent of the Holders of not less than a majority in principal amount of the affected Series or subseries of Notes then outstanding (and not the consent of the Holders of at least a majority of all Notes), shall be required. Determinations as to whether Holders of the requisite aggregate principal amount of Notes have concurred in any direction, waiver or consent shall be made in accordance with this Article Nine and Section 9.08(b).

(b) The aggregate principal amount of the Notes, at any date of determination, shall be the principal amount of the Notes at such date of determination. With respect to any matter requiring consent, waiver, approval or other action of the Holders of a specified percentage of the principal amount of all the Notes, such percentage shall be calculated, on the relevant date of determination, by dividing (i) the principal amount, as of such date of determination, of Notes, the Holders of which have so consented by (b) the aggregate principal amount, as of such date of determination, of the Notes then outstanding, in each case, as determined in accordance with the preceding sentence, Section 2.08 and Section 2.09 of this Indenture. Any such calculation made pursuant to this Section 9.08(b) shall be made by the Issuer and delivered to the Trustee pursuant to an Officer's Certificate.

ARTICLE TEN

GUARANTEE

Section 10.01 Note Guarantees.

(a) The Guarantors, either by execution of this Indenture or a Supplemental Indenture, fully and, subject to the limitations on the effectiveness and enforceability set forth in this Indenture or such Supplemental Indenture, as applicable, unconditionally guarantee, on a joint and several basis to each Holder and to the Trustee and its successors and assigns on behalf of each Holder, the full payment of principal of, premium, if any, interest, if any, and Additional Amounts, if any, on, and all other monetary obligations of the Issuer under this Indenture and the Notes (including obligations to the Trustee and the obligations to pay Additional Amounts, if any) with respect to, each Note authenticated and delivered by the Trustee or its agent pursuant to and in accordance with this Indenture, in accordance with the terms of this Indenture (all the foregoing being hereinafter collectively called the "Note Obligations"). The Guarantors further agree that the Note Obligations may be extended or renewed, in whole or in part, without notice or further assent from the Guarantors and that the Guarantors shall remain bound under this Article Ten notwithstanding any extension or renewal of any Note Obligation. All payments under each Note Guarantee will be made in U.S. dollars.

(b) The Guarantors hereby agree that their obligations hereunder shall be as if they were each principal debtor and not merely surety, unaffected by, and irrespective of, any invalidity, irregularity or unenforceability of any Note or this Indenture, any failure to enforce the provisions of any Note or this Indenture, any waiver, modification or indulgence granted to the Issuer with respect thereto by the Holders or the Trustee, or any other circumstance which

may otherwise constitute a legal or equitable discharge of a surety or guarantor (except payment in full); *provided* that notwithstanding the foregoing, no such waiver, modification, indulgence or circumstance shall without the written consent of the Guarantors increase the principal amount of a Note or the interest rate thereon or change the currency of payment with respect to any Note, or alter the Stated Maturity thereof. The Guarantors hereby waive diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require that the Trustee pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under a Note Guarantee (including, for the avoidance of doubt, any right which a Guarantor may have to require the seizure and sale of the assets of the Issuer to satisfy the outstanding principal of, interest on or any other amount payable under each Note prior to recourse against such Guarantor or its assets), protest or notice with respect to any Note or the Indebtedness evidenced thereby and all demands whatsoever, and each covenant that their Note Guarantee will not be discharged with respect to any Note except by payment in full of the principal thereof and interest thereon or as otherwise provided in this Indenture, including Section 10.04. If at any time any payment of principal of, premium, if any, interest, if any, or Additional Amounts, if any, on such Note is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Issuer, the Guarantors' obligations hereunder with respect to such payment shall be reinstated as of the date of such rescission, restoration or returns as though such payment had become due but had not been made at such times.

(c) The Guarantors also agree to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

Section 10.02 Subrogation.

(a) Each Guarantor shall be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to such Holders by such Guarantor pursuant to the provisions of its Note Guarantee.

(b) The Guarantors agree that they shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby until payment in full of all Obligations. The Guarantors further agree that, as between them, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Section 6.02 for the purposes of the Note Guarantees herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations as provided in Section 6.02, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purposes of this Section 10.02.

Section 10.03 Release of Note Guarantees. The Note Guarantee of a Guarantor (other than Carnival plc) shall automatically be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate Section 4.09;

(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate Section 4.09 and the Subsidiary Guarantor either (i) ceases to be a Restricted Subsidiary as a result of such sale or other disposition or (ii) would not be required to provide a Note Guarantee under Section 4.15;

(3) if the Issuer designates such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture;

(4) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under this Indenture, the Notes and the Note Guarantees;

(5) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Notes, the Note Guarantees and this Indenture as provided under Article Eight; and

(6) as described under Article Nine;

provided that, in each case, such Subsidiary Guarantor has delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for in this Indenture relating to such release have been complied with.

The Note Guarantee of Carnival plc shall automatically be released upon any of the circumstances described in clauses (4), (5) and (6) of the immediately preceding paragraph; *provided* that, in each case, Carnival plc has delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for in this Indenture relating to such release have been complied with.

The Trustee shall take all necessary actions at the request of the Issuer to effectuate any release of a Note Guarantee in accordance with these provisions. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders and will not require any other action or consent on the part of the Trustee.

Section 10.04 Limitation and Effectiveness of Note Guarantees. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent conveyance or a fraudulent transfer for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable

to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor under its Guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally. Each Guarantor that makes a payment under its Guarantee shall be entitled upon payment in full of all guaranteed obligations under this Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with accounting principles generally accepted in the United States.

Section 10.05 Notation Not Required. Neither the Issuer nor any Guarantor shall be required to make a notation on the Notes to reflect any Note Guarantee or any release, termination or discharge thereof.

Section 10.06 Successors and Assigns. This Article Ten shall be binding upon the Guarantors and each of their successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assigns, all subject to the terms and conditions of this Indenture.

Section 10.07 No Waiver. Neither a failure nor a delay on the part of the Trustee or the Holders in exercising any right, power or privilege under this Article Ten shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and are not exclusive of any other rights, remedies or benefits which either may have under this Article Ten at law, in equity, by statute or otherwise.

Section 10.08 Modification. No modification, amendment or waiver of any provision of this Article Ten, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstance.

Section 10.09 Limitation on the Italian Guarantor's Liability. Without prejudice to Section 10.04, the obligations of the Italian Guarantor under this Indenture shall be subject to the following limitations:

- (a) obligations of the Italian Guarantor shall not include, and shall not extend, directly or indirectly, to any indebtedness incurred by any obligor as borrower or as a guarantor

in respect of any proceeds of the issuance of the Notes, the purpose or actual use of which is, directly or indirectly:

- (i) the acquisition of the Italian Guarantor (and/or of any entity directly or indirectly controlling it), including any related costs and expenses;
- (ii) a subscription for any shares in the Italian Guarantor (and/or any entity directly or indirectly controlling it), including any related costs and expenses; or
- (iii) the refinancing thereof;

(b) without prejudice to Section 10.04, and pursuant to Article 1938 of the Italian Civil Code, the maximum amount that the Italian Guarantor may be required to pay in respect of its obligations as Guarantor under the Notes shall not exceed the sum of (i) \$1,450,000,000 and (ii) €500,000,000;

(c) without prejudice to Section 10.04, the maximum amount that the Italian Guarantor may be required to pay in respect of its obligations as Guarantor in respect of this Indenture shall not exceed, at any given time, the following amount: (i) the ratio between the value of vessels owned by the Italian Guarantor and subject to mortgage to secure the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes, the Existing Term Loan Facility and the EIB Facility, as resulting by latest available appraisals *divided by* the value of all vessels owned by the Carnival Group (including the Italian Guarantor) and subject to mortgage to secure the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes, the Existing Term Loan Facility and the EIB Facility, as resulting by latest available appraisals *multiplied by* (ii) the outstanding amount of the Notes and amounts issued/drawn down and not repaid yet under the Notes and the Existing First-Priority Secured Notes, the Existing Second-Priority Secured Notes, the Existing Term Loan Facility and the EIB Facility; and

(d) obligations of the Italian Guarantor shall not extend to the payment obligations of other entities which do not belong to the Italian Guarantor's corporate group (*gruppo di appartenenza*) in the meaning of articles 1(e) of the decree of the Italian Ministry of Economy and Finance No. 53 of April 2, 2015.

ARTICLE ELEVEN

[RESERVED]

ARTICLE TWELVE

MISCELLANEOUS

Section 12.01 Notices.

(a) Any notice or communication shall be in writing and delivered in person or mailed by first class mail or sent by facsimile transmission addressed as follows:

if to the Issuer or the Guarantors:

Carnival Corporation
3655 NW 87th Avenue
Miami, FL 33178-2428
Facsimile: +1 305 406 4758
Attn: General Counsel

if to the Trustee:

U.S. Bank National Association
60 Livingston Avenue
St. Paul, MN 55107
Attn: Corporate Trust Administrator

if to the Principal Paying Agent, Transfer Agent or Registrar for the USD Notes:

U.S. Bank National Association
60 Livingston Avenue
St. Paul, MN 55107
Attn: Corporate Trust Administrator

The Issuer, the Guarantors or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Notices regarding the Notes shall be:

(i) delivered to Holders electronically or mailed by first-class mail, postage paid; and

(ii) in the case of Definitive Registered Notes, delivered to each Holder by first-class mail at such Holder's respective address as it appears on the registration books of the Registrar.

Notices given by first-class mail shall be deemed given five calendar days after mailing and notices given by publication shall be deemed given on the first date on which publication is made. Failure to deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is delivered in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be

made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

(c) If and so long as the Notes are represented by Global Notes, notice to Holders, in lieu of being given in accordance with Section 12.01(b) above, may be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, as applicable for communication.

(d) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(e) All notices, approvals, consents, requests and any communications hereunder must be in writing (provided that any communication sent to Trustee hereunder must be in the form of a document that is signed manually or by way of a digital signature provided by DocuSign (or such other digital signature provider as specified in writing to Trustee by the authorized representative), in English. The Issuer and Guarantors agree to assume all risks arising out of the use of using digital signatures and electronic methods to submit communications to Trustee, including without limitation the risk of Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 12.02 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer or any Guarantor to the Trustee to take or refrain from taking any action under this Indenture (except in connection with the original issuance of the Original Notes on the date hereof), the Issuer or any Guarantor, as the case may be, shall furnish upon request to the Trustee:

(a) an Officer's Certificate in form reasonably satisfactory to the Trustee stating that, in the opinion of the Officer, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Any Officer's Certificate may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless the Officer signing such certificate knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which such Officer's Certificate is based are erroneous. Any Opinion of Counsel may be based and may state that it is so based, insofar as it relates to factual matters, upon certificates of public officials or an Officer's Certificate stating that the information with respect to such factual matters is in the possession of the Issuer, unless the counsel signing such Opinion of Counsel knows, or in the exercise of reasonable care should know, that the Officer's Certificate with respect to the matters upon which such Opinion of Counsel is based are erroneous.

Section 12.03 Statements Required in Certificate or Opinion. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 12.04 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

Section 12.05 No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Indenture and the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability.

Section 12.06 Legal Holidays. If an Interest Payment Date or other payment date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a Record Date is not a Business Day, the Record Date shall not be affected.

Section 12.07 Governing Law. THIS INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 12.08 Jurisdiction. The Issuer and each Guarantor agree that any suit, action or proceeding against the Issuer or any Guarantor brought by any Holder or the Trustee arising out of or based upon this Indenture, the Notes or the Note Guarantees may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, and any appellate court from any thereof, and each of them irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. Each of the Issuer and the Guarantors irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Indenture, the Notes or the Note Guarantees,

including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer and the Guarantors agree that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer or any Guarantor, as the case may be, and may be enforced in any court to the jurisdiction of which the Issuer or any Guarantor, as the case may be, are subject by a suit upon such judgment; *provided* that service of process is effected upon the Issuer or any Guarantor, as the case may be, in the manner provided by this Indenture. Each of the Issuer and the Guarantors not resident in the United States has appointed National Registered Agents, Inc., located 28 Liberty Street, New York, New York 10005, or any successor so long as such successor is resident in the United States and can act for this purpose, as its authorized agent (the “Authorized Agent”), upon whom process may be served in any suit, action or proceeding arising out of or based upon this Indenture, the Notes or the Note Guarantees or the transactions contemplated herein which may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, by any Holder or the Trustee, and expressly accepts the non-exclusive jurisdiction of any such court in respect of any such suit, action or proceeding. National Registered Agents, Inc. has hereby accepted such appointment and has agreed to act as said agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents that may be necessary to continue such respective appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Company. Notwithstanding the foregoing, any action involving the Company arising out of or based upon this Indenture, the Notes or the Note Guarantees may be instituted by any Holder or the Trustee in any other court of competent jurisdiction. The Company expressly consents to the jurisdiction of any such court in respect of any such action and waives any other requirements of or objections to personal jurisdiction with respect thereto.

EACH OF THE ISSUER, THE GUARANTORS AND THE TRUSTEE, AND EACH HOLDER OF A NOTE BY ITS ACCEPTANCE THEREOF, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 12.09 No Recourse Against Others. A director, officer, employee, incorporator, member or shareholder, as such, of the Issuer or any Guarantor shall not have any liability for any obligations of the Issuer or any Guarantor under this Indenture, the Notes or any Note Guarantee or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws.

Section 12.10 Successors. All agreements of the Issuer and any Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 12.11 Counterparts. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture. The exchange of copies of this Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 12.12 Table of Contents and Headings. The table of contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

Section 12.13 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.14 Currency Indemnity. Any payment on account of an amount that is payable in U.S. dollars (in the case of the USD Notes) or Euros (in the case of the Euro Notes) (either such relevant currency, the “Required Currency”) which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the “Judgment Currency”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor’s obligation under this Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

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IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CARNIVAL CORPORATION

as Issuer

By: /s/ Darrell Campbell

Name: Darrell Campbell

Title: Treasurer

CARNIVAL PLC

as Guarantor

By: /s/ Darrell Campbell

Name: Darrell Campbell

Title: Treasurer

GXI, LLC

as Guarantor

By: /s/ Arnaldo Perez

Name: Arnaldo Perez

Title: General Counsel & Secretary of
Carnival Corporation, its sole Member

CRUISEPORT CURACAO C.V.

as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V., Managing Director for Holland
America Line N.V., General Partner

By: /s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

By: /s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

PRINCESS CRUISE LINES, LTD.

as Guarantor

By: /s/ Janet Swartz

Name: Janet Swartz

Title: President

[Signature Page to Indenture]

HAL ANTILLEN N.V.

as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

/s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

HOLLAND AMERICA LINE N.V.

as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

/s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

/s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

[Signature Page to Indenture]

SEABOURN CRUISE LINE LIMITED

as Guarantor

By: SSC Shipping and Air Services (Curacao) N.V.

By: /s/ Iseline R. Gouverneur

Name: Iseline R. Gouverneur

Title: Managing Director

By: /s/ Rhona M.P. Mendez

Name: Rhona M.P. Mendez

Title: Attorney-in-Fact

COSTA CROCIERE S.P.A.

as Guarantor

By: /s/ David Bernstein

Name: David Bernstein

Title: Director

[Signature Page to Indenture]

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

By: /s/ Benjamin J. Krueger

Name: Benjamin J. Krueger

Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,

as Principal Paying Agent, Transfer Agent and Registrar for the USD Notes

By: /s/ Benjamin J. Krueger

Name: Benjamin J. Krueger

Title: Vice President

[Signature Page to Indenture]

**CARNIVAL CORPORATION & PLC
EXHIBIT 13 TO FORM 10-K
FOR THE YEAR ENDED NOVEMBER 30, 2020**

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

	Years Ended November 30,		
	2020	2019	2018
Revenues			
Passenger ticket	\$ 3,684	\$ 14,104	\$ 13,930
Onboard and other	1,910	6,721	4,950
	5,595	20,825	18,881
Operating Costs and Expenses			
Commissions, transportation and other	1,139	2,720	2,590
Onboard and other	605	2,101	638
Payroll and related	1,780	2,249	2,190
Fuel	823	1,562	1,619
Food	413	1,083	1,066
Ship and other impairments	1,967	26	16
Other operating	1,518	3,167	2,971
	8,245	12,909	11,089
Selling and administrative	1,878	2,480	2,450
Depreciation and amortization	2,241	2,160	2,017
Goodwill impairments	2,096	—	—
	14,460	17,549	15,556
Operating Income (Loss)	(8,865)	3,276	3,325
Nonoperating Income (Expense)			
Interest income	18	23	14
Interest expense, net of capitalized interest	(895)	(206)	(194)
Gains on fuel derivatives, net	—	—	59
Other income (expense), net	(511)	(32)	3
	(1,388)	(215)	(118)
Income (Loss) Before Income Taxes	(10,253)	3,060	3,207
Income Tax Benefit (Expense), Net	17	(71)	(54)
Net Income (Loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Earnings Per Share			
Basic	\$ (13.20)	\$ 4.34	\$ 4.45
Diluted	\$ (13.20)	\$ 4.32	\$ 4.44

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Years Ended November 30,		
	2020	2019	2018
Net Income (Loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Items Included in Other Comprehensive Income (Loss)			
Change in foreign currency translation adjustment	578	(86)	(199)
Other	51	(31)	32
Other Comprehensive Income (Loss)	630	(117)	(167)
Total Comprehensive Income (Loss)	\$ (9,606)	\$ 2,873	\$ 2,986

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

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

	November 30,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,513	\$ 518
Trade and other receivables, net	273	444
Inventories	335	427
Prepaid expenses and other	443	671
Total current assets	<u>10,563</u>	<u>2,059</u>
Property and Equipment, Net	38,073	38,131
Operating Lease Right-of-Use Assets (a)	1,370	—
Goodwill	807	2,912
Other Intangibles	1,186	1,174
Other Assets	1,594	783
	<u>\$ 53,593</u>	<u>\$ 45,058</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 3,084	\$ 231
Current portion of long-term debt	1,742	1,596
Current portion of operating lease liabilities (a)	151	—
Accounts payable	624	756
Accrued liabilities and other	1,144	1,809
Customer deposits	1,940	4,735
Total current liabilities	<u>8,686</u>	<u>9,127</u>
Long-Term Debt	22,130	9,675
Long-Term Operating Lease Liabilities (a)	1,273	—
Other Long-Term Liabilities	949	890
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 1,060 shares at 2020 and 657 shares at 2019 issued	11	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2020 and 2019 issued	361	358
Additional paid-in capital	13,948	8,807
Retained earnings	16,075	26,653
Accumulated other comprehensive income (loss) ("AOCI")	(1,436)	(2,066)
Treasury stock, 130 shares at 2020 and 2019 of Carnival Corporation and 60 shares at 2020 and 2019 of Carnival plc, at cost	(8,404)	(8,394)
Total shareholders' equity	<u>20,555</u>	<u>25,365</u>
	<u>\$ 53,593</u>	<u>\$ 45,058</u>

(a) We adopted the provisions of *Leases* on December 1, 2019.

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

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

	Years Ended November 30,		
	2020	2019	2018
OPERATING ACTIVITIES			
Net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	2,241	2,160	2,017
Impairments	4,063	26	16
Gains on fuel derivatives, net	—	—	(59)
Loss on repurchases of Convertible Notes	464	—	—
Share-based compensation	105	46	65
Noncash lease expense	172	—	—
(Gain) loss on ship sales and other, net	78	43	(6)
	<u>(3,114)</u>	<u>5,265</u>	<u>5,186</u>
Changes in operating assets and liabilities			
Receivables	125	(114)	(58)
Inventories	77	79	(67)
Prepaid expenses and other	(209)	(254)	74
Accounts payable	(165)	34	(24)
Accrued liabilities and other	(311)	80	(100)
Customer deposits	(2,703)	387	539
Net cash provided by (used in) operating activities	<u>(6,301)</u>	<u>5,475</u>	<u>5,549</u>
INVESTING ACTIVITIES			
Purchases of property and equipment	(3,620)	(5,429)	(3,749)
Proceeds from sales of ships	334	26	389
Purchase of minority interest	(81)	—	(135)
Derivative settlements and other, net	127	126	(19)
Net cash provided by (used in) investing activities	<u>(3,240)</u>	<u>(5,277)</u>	<u>(3,514)</u>
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	2,852	(605)	417
Principal repayments of long-term debt	(1,621)	(1,651)	(1,556)
Proceeds from issuance of long-term debt	15,020	3,674	2,542
Dividends paid	(689)	(1,387)	(1,355)
Purchases of treasury stock	(12)	(603)	(1,468)
Issuance of common stock, net	3,249	4	3
Other, net	(150)	(86)	(42)
Net cash provided by (used in) financing activities	<u>18,650</u>	<u>(655)</u>	<u>(1,460)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	53	(9)	(1)
Net increase (decrease) in cash, cash equivalents and restricted cash	9,161	(465)	574
Cash, cash equivalents and restricted cash at beginning of year	530	996	422
Cash, cash equivalents and restricted cash at end of year	<u>\$ 9,692</u>	<u>\$ 530</u>	<u>\$ 996</u>

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	AOCI	Treasury stock	Total shareholders' equity
At November 30, 2017	\$ 7	\$ 358	\$ 8,690	\$ 23,292	\$ (1,782)	\$ (6,349)	\$ 24,216
Net income (loss)	—	—	—	3,152	—	—	3,152
Other comprehensive income (loss)	—	—	—	—	(167)	—	(167)
Cash dividends declared	—	—	—	(1,378)	—	—	(1,378)
Purchases of treasury stock under the Repurchase Program and other	—	—	66	—	—	(1,446)	(1,380)
At November 30, 2018	7	358	8,756	25,066	(1,949)	(7,795)	24,443
Change in accounting principle (a)	—	—	—	(24)	—	—	(24)
Net income (loss)	—	—	—	2,990	—	—	2,990
Other comprehensive income (loss)	—	—	—	—	(117)	—	(117)
Cash dividends declared	—	—	—	(1,379)	—	—	(1,379)
Purchases of treasury stock under the Repurchase Program and other	—	—	51	—	—	(599)	(548)
At November 30, 2019	7	358	8,807	26,653	(2,066)	(8,394)	25,365
Net income (loss)	—	—	—	(10,236)	—	—	(10,236)
Other comprehensive income (loss)	—	—	—	—	630	—	630
Cash dividends declared	—	—	—	(342)	—	—	(342)
Issuance of common stock	2	—	3,247	—	—	—	3,249
Issuance and repurchase of Convertible Notes (net settled through a registered direct offering)	2	—	1,798	—	—	—	1,799
Purchases of treasury stock under the Repurchase Program and other	—	2	97	—	—	(10)	89
At November 30, 2020	\$ 11	\$ 361	\$ 13,948	\$ 16,075	\$ (1,436)	\$ (8,404)	\$ 20,555

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

(a) We adopted the provisions of *Revenue from Contracts with Customers* and *Derivatives and Hedging* on December 1, 2018.

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – General

Description of Business

Carnival Corporation was incorporated in Panama in 1974 and Carnival plc was incorporated in England and Wales in 2000. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this 2020 Annual Report as “Carnival Corporation & plc,” “our,” “us” and “we.” The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries.

We are a leisure travel company with a portfolio of nine of the world’s leading cruise lines. With operations in North America, Australia, Europe and Asia, our portfolio features – Carnival Cruise Line, Princess Cruises, Holland America Line, P&O Cruises (Australia), Seabourn, Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard.

DLC Arrangement

Carnival Corporation and Carnival plc operate a dual listed company (“DLC”) arrangement, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and provisions in Carnival Corporation’s Articles of Incorporation and By-Laws and Carnival plc’s Articles of Association. The two companies operate as a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Each company’s shares are publicly traded on the New York Stock Exchange (“NYSE”) for Carnival Corporation and the London Stock Exchange for Carnival plc. The Carnival plc American Depositary Shares are traded on the NYSE.

The constitutional documents of each company provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. The Equalization and Governance Agreement between Carnival Corporation and Carnival plc provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC arrangement. Because the equalization ratio is 1 to 1, one share of Carnival Corporation common stock and one Carnival plc ordinary share are generally entitled to the same distributions.

Under deeds of guarantee executed in connection with the DLC arrangement, as well as stand-alone guarantees executed since that time, each of Carnival Corporation and Carnival plc have effectively cross guaranteed all indebtedness and certain other monetary obligations of each other. Once the written demand is made, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor.

Under the terms of the DLC arrangement, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. In addition, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

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

Liquidity and Management’s Plans

In the face of the global impact of COVID-19, we paused our guest cruise operations in mid-March 2020. In September 2020 we began the resumption of limited guest operations as part of our phased-in return to service. As of January 14, 2021, none of our ships were operating with guests onboard. Significant events affecting travel, including COVID-19 and our pause in guest cruise operations, have had an impact on booking patterns. The full extent of the impact will be determined by our gradual return to service and the length of time COVID-19 influences travel decisions. We believe that the ongoing effects of COVID-19 on our operations and global bookings have had, and will continue to have, a material negative impact on our financial results and liquidity.

The estimation of our future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- Expected continued gradual resumption of guest cruise operations
- Expected lower than comparable historical occupancy levels during the resumption of guest cruise operations
- Expected incremental expenses for the resumption of guest cruise operations, for the maintenance of additional public health protocols and procedures for additional regulations

In addition, we make certain assumptions about new ship deliveries, improvements and disposals, and consider the future export credit financings that are associated with the ship deliveries.

We are preparing to execute on the necessary steps to comply with the various heightened governmental regulations required to return to guest cruise operations. We are working with a number of world-leading public health, epidemiological and policy experts to support our ongoing efforts with enhanced protocols and procedures for the return of cruise vacations. These advisors will continue to provide guidance based on the latest scientific evidence and best practices for protection and mitigation. We also believe that there have been positive developments around the availability and widespread distribution and use of safe and effective COVID-19 vaccines, which we believe will be important to achieving historical occupancy levels over time.

We cannot make assurances that our assumptions used to estimate our liquidity requirements may not change because we have never previously experienced a complete cessation of our guest cruise operations, and as a consequence, our ability to be predictive is uncertain. In addition, the magnitude, duration and speed of the global pandemic are uncertain. We have made reasonable estimates and judgments of the impact of COVID-19 within our consolidated financial statements and there may be changes to those estimates in future periods. We expect a net loss on both a U.S. GAAP and adjusted basis for 2021. We have taken and continue to take actions to improve our liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from our fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital market transactions.

Based on these actions and assumptions regarding the impact of COVID-19, and considering our available liquidity including cash and cash equivalents of \$9.5 billion at November 30, 2020, we have concluded that we have sufficient liquidity to satisfy our obligations for at least the next twelve months. Beginning on February 28, 2022, one month beyond the twelve month assessment period, additional financial covenant amendments for our export credit facilities has been requested and will be needed in order to maintain covenant compliance.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a voting control of greater than 50% or for which we are the primary beneficiary, whereby we have the power to direct the most significant activities and the obligation to absorb significant losses or receive significant benefits from the entity. We do not separately present our noncontrolling interests in the consolidated financial statements since the amounts are immaterial. For affiliates we do not control but where significant influence over financial and operating policies exists, as typically evidenced by a voting control of 20% to 50%, the investment is accounted for using the equity method.

For 2019 and 2018, we reclassified \$390 million and \$272 million from tour and other revenues to onboard and other revenues as well as \$268 million and \$180 million from tour and other costs and expenses to other operating cost and expenses in order to conform to the current year presentation.

Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements. The full extent to which the effects of COVID-19 will directly or indirectly impact our business, operations, results of operations and financial condition, including our valuation of goodwill and trademarks, impairment of ships, collectability of trade and notes receivables as well as provisions for pending litigation, will depend on future developments that are highly uncertain. We believe that we have made reasonable estimates and judgments within our financial statements and there may be changes to those estimates in future periods. Actual results may differ from the estimates used in preparing our consolidated financial statements. All material intercompany balances and transactions are eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost and present insignificant risk of changes in value.

Inventories

Inventories consist substantially of food, beverages, hotel supplies, fuel and retail merchandise, which are all carried at the lower of cost or net realizable value. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment charges. Depreciation is computed using the straight-line method over our estimates of useful lives and residual values, as a percentage of original cost, as follows:

	Years	Residual Values
Ships	30	15%
Ship improvements	3-30	0%
Buildings and improvements	10-40	0% or 10%
Computer hardware and software	2-12	0% or 10%
Transportation equipment and other	3-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of the remaining lease term or related asset life (3-30)	0%

The cost of ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We account for ship improvement costs, including replacements of certain significant components and parts, by capitalizing those costs we believe add value to our ships and have a useful life greater than one year and depreciating those improvements over their estimated remaining useful life. We have a capital program for the improvement of our ships and for asset replacements in order to enhance the effectiveness and efficiency of our operations; to comply with, or exceed, all relevant legal and statutory requirements related to health, environment, safety, security and sustainability; and to gain strategic benefits or provide improved product innovations to our guests.

We capitalize interest as part of the cost of capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is also included in other operating expenses. Liquidated damages received from shipyards as a result of late ship delivery are recorded as reductions to the cost basis of the ship.

The costs of repairs and maintenance, including minor improvement costs and expenses related to dry-docks, are charged to expense as incurred and included in other operating expenses. Dry-dock expenses primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance.

We review our long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts of these assets may not be recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset from the asset's estimated undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level. A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment as of July 31 every year, or more frequently if events or circumstances dictate. All of our goodwill has been allocated to our reporting units. The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed

directly to the quantitative test for any reporting unit. When performing the quantitative test, if the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required. However, if the estimated fair value of the reporting unit is less than the carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its fair value, limited to the amount of goodwill allocated to the reporting unit.

Trademarks represent substantially all of our other intangibles. Trademarks are estimated to have an indefinite useful life and are not amortizable but are reviewed for impairment at least annually and as events or circumstances dictate. The impairment review for trademarks also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value.

A significant amount of judgment is required in estimating the fair values of our reporting units.

Derivatives and Other Financial Instruments

We utilize derivative and non-derivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates. We use interest rate swaps primarily to manage our interest rate exposure to achieve a desired proportion of fixed and floating rate debt. Our policy is to not use financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. If a derivative is designated as a cash flow hedge, then the change in the fair value of the derivative is recognized as a component of AOCI until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a non-derivative financial instrument is designated as a hedge of our net investment in a foreign operation, then changes in the effective portion of the fair value of the financial instrument are recognized as a component of AOCI to offset the change in the translated value of the designated portion of net investment being hedged until the investment is sold or substantially liquidated, while the impact attributable to components excluded from the assessment of hedge effectiveness is recorded in interest expense, net of capitalized interest, on a systematic and rational basis. For derivatives that do not qualify for hedge accounting treatment, the change in fair value is recognized in earnings.

We classify the fair value of all our derivative contracts as either current or long-term, depending on the maturity date of the derivative contract. The cash flows from derivatives treated as cash flow hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged. Our cash flows related to fuel derivatives are classified within investing activities.

Derivative valuations are based on observable inputs such as interest rates and commodity price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities, and cross currency basis spreads. We use the income approach to value derivatives for foreign currency options and forwards, interest rate swaps and cross currency swaps using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated but not compelled to transact.

Foreign Currency Translation and Transactions

Each foreign entity determines its functional currency by reference to its primary economic environment. We translate the assets and liabilities of our foreign entities that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign entities are translated at weighted-average exchange rates for the period. Equity is translated at historical rates and the resulting foreign currency translation adjustments are included as a component of AOCI, which is a separate component of shareholders' equity. Therefore, the U.S. dollar value of the non-equity translated items in our consolidated financial statements will fluctuate from period to period, depending on the changing value of the U.S. dollar versus these currencies.

We execute transactions in a number of different currencies. At the date that the transaction is recognized, each asset, liability, revenue, expense, gain or loss arising from the transaction is measured and recorded in the functional currency of the recording entity using the exchange rate in effect at that date. At each balance sheet date, recorded monetary balances denominated in a currency other than the functional currency are adjusted using the exchange rate at the balance sheet date, with gains or losses recorded in other income or other expense, unless such monetary balances have been designated as hedges of net investments in our foreign entities. The net gains or losses resulting from foreign currency transactions were not material in 2020, 2019 and

2018. In addition, the unrealized gains or losses on our long-term intercompany receivables and payables which are denominated in a non-functional currency and which are not expected to be repaid in the foreseeable future are recorded as foreign currency translation adjustments included as a component of AOCI.

Revenue and Expense Recognition

Guest cruise deposits are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages, with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not material. Certain of our product offerings are bundled and we allocate the value of the bundled services and goods between passenger ticket revenues and onboard and other revenues based upon the estimated standalone selling prices of those goods and services. Guest cancellation fees, when applicable, are recognized in passenger ticket revenues at the time of cancellation.

Our sales to guests of air and other transportation to and from airports near the home ports of our ships are included in passenger ticket revenues, and the related costs of purchasing these services are included in transportation costs. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. These fees, taxes and charges included in commissions, transportation and other costs were \$215 million in 2020, \$659 million in 2019 and \$615 million in 2018. The remaining portion of fees, taxes and charges are expensed in other operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed.

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. These amounts include refundable deposits. We have provided, and expect to continue to provide, flexibility to guests with bookings on sailings cancelled due to the pause in cruise operations by allowing guests to receive enhanced future cruise credits ("FCC") or to elect to receive refunds in cash. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of these cancelled cruises. The amount of cash refunds to be paid may depend on the level of guest acceptance of FCCs and future cruise cancellations. We record a liability for these FCCs only to the extent we have received cash from guests with bookings on cancelled sailings. We had customer deposits of \$2.2 billion and \$4.9 billion as of November 30, 2020 and 2019. The current portion of our customer deposits was \$1.9 billion and \$4.7 billion as of November 30, 2020 and 2019. These amounts include deposits related to cancelled cruises prior to the election of a cash refund by guests. Refunds payable to guests who have elected cash refunds are recorded in accounts payable. Due to the uncertainty associated with the duration and extent of COVID-19, we are unable to estimate the amount of the November 30, 2020 customer deposits that will be recognized in earnings compared to amounts that will be refunded to customers or issued as a credit for future travel. During 2020 and 2019, we recognized revenues of \$3.2 billion and \$4.3 billion related to our customer deposits as of November 30, 2019 and December 1, 2018. Historically, our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue, refunds of customer deposits and foreign currency translation.

Contract Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We also have receivables from credit card merchants for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net.

Contract Assets

Contract assets are amounts paid prior to the start of a voyage, which we record as an asset within prepaid expenses and other and which are subsequently recognized as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We have contract assets of an immaterial amount and \$154 million as of November 30, 2020 and November 30, 2019.

Insurance

We use a combination of insurance and self-insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damage to hull and machinery for each of our ships, war risks, workers' compensation, directors' and officers' liability, property damage and general liability for shoreside third-party claims. We recognize insurance recoverables from third-party insurers up to the amount of recorded losses at the time the recovery is probable and upon settlement for amounts in excess of the recorded losses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs, which are expensed upon the first airing of the advertisement. Selling expenses totaled \$348 million in 2020, \$728 million in 2019 and \$673 million in 2018. Administrative expenses represent the costs of our shoreside support, reservations and other administrative functions, and include salaries and related benefits, professional fees and building occupancy costs, which are typically expensed as incurred.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if earlier than the vesting period. For performance-based share awards, we estimate compensation cost based on the probability of the performance condition being achieved and recognize expense ratably using the straight-line attribution method over the expected vesting period. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognized compensation expense is reversed and future compensation expense is adjusted accordingly. For market-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market conditions are not expected to be met, compensation expense will still be recognized. We account for forfeitures as they occur.

Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed by dividing net income (loss) by the weighted-average number of shares and common stock equivalents outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights.

Accounting Pronouncements

On December 1, 2019, we adopted the Financial Accounting Standards Board (the "FASB") issued guidance, *Leases*, using the modified retrospective approach, which allows entities to either apply the new lease standard to the beginning of the earliest period presented or only to the consolidated financial statements in the period of adoption without restating prior periods. We have elected to apply the new guidance at the date of adoption without restating prior periods.

We have implemented changes to our internal controls to address the collection, recording, and accounting for leases in accordance with the new guidance. Upon adoption of the new guidance, the most material impact was the recognition of \$1.4 billion of right-of-use assets and lease liabilities relating to operating leases, reported within operating lease right-of-use assets and long-term operating lease liabilities, with the current portion of the liability reported within current portion of operating lease liabilities, in our Consolidated Balance Sheet as of December 1, 2019. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to our retained earnings upon adoption. This guidance had an immaterial impact on our Consolidated Statements of Income (Loss), Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows and the compliance with debt-covenants under our current agreements.

The FASB issued amended guidance, *Compensation - Retirement Benefits - Defined Benefit Plans - General*, which clarifies disclosure requirements for entities that sponsor defined benefit pension or other postretirement plans. This guidance eliminates requirements for certain disclosures that are no longer considered cost beneficial. Additionally, this guidance requires explanations of the reasons for material gains and losses related to changes in the defined benefit obligation for the period and any other material change in the benefit obligation or plan assets not otherwise apparent in disclosures. On November 30, 2020, we adopted this guidance using the retrospective method for each period presented. As a result, we are not required to present the amount in accumulated other comprehensive income that is expected to be recognized as components of net periodic benefit cost over the next fiscal year.

The FASB issued amended guidance, *Intangibles - Goodwill and Other - Internal-Use Software*, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance to determine which implementation costs to capitalize as assets or expense as incurred. The expense related to deferred implementation costs is required to be presented in the same line item within the Consolidated Statements of Income (Loss) as the related hosting fees. Additionally, the payments for deferred implementation costs are required to be presented in the same line item in the Consolidated Statements of Cash Flows as payments for the related hosting fees. This guidance is required to be adopted by us in the first quarter of 2021 and we have elected to apply the guidance using a prospective approach. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Financial Instruments - Credit Losses*, which requires an entity to present the net amount expected to be collected for certain financial assets, including trade receivables. On initial recognition and at each reporting period, this guidance will require an entity to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. This guidance is required to be adopted by us in the first quarter of 2021 and will be applied prospectively with a cumulative-effect adjustment to retained earnings. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The FASB issued guidance, *Debt - Debt with Conversion and Other Options* and *Derivative and Hedging - Contracts in Entity's Own Equity*, which simplifies the accounting for convertible instruments. This guidance eliminates certain models that require separate accounting for embedded conversion features, in certain cases. Additionally, among other changes, the guidance eliminates certain of the conditions for equity classification for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. This guidance is required to be adopted by us in the first quarter of 2023 and must be applied using either a modified or full retrospective approach. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

NOTE 3 – Property and Equipment

<i>(in millions)</i>	November 30,	
	2020	2019
Ships and ship improvements	\$ 49,803	\$ 50,446
Ships under construction	1,354	2,492
Other property and equipment	3,992	3,843
Total property and equipment	55,148	56,781
Less accumulated depreciation	(17,075)	(18,650)
	<u>\$ 38,073</u>	<u>\$ 38,131</u>

Capitalized interest amounted to \$66 million in 2020, \$39 million in 2019 and \$36 million in 2018.

Sales of Ships

We have sold 12 NAA segment ships and five EA segment ships, which represents a passenger-capacity reduction of 20,510 for our NAA segment and 9,740 for our EA segment. In addition, we expect to sell two NAA segment ships which represents a passenger-capacity reduction of 2,100.

Refer to Note 10 - "Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks, Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis, Impairment of Ships" for additional discussion.

NOTE 4 – Other Assets

We have a minority interest in Grand Bahama Shipyard Ltd. (“Grand Bahama”), a ship repair and maintenance facility. Grand Bahama provided services to us of \$38 million in 2020, \$62 million in 2019 and \$89 million in 2018. As of November 30, 2020, our investment in Grand Bahama was \$55 million, consisting of \$13 million in equity and a loan of \$42 million. As of November 30, 2019, our investment in Grand Bahama was \$54 million, consisting of \$15 million in equity and a loan of \$39 million.

We have a minority interest in the White Pass & Yukon Route (“White Pass”) that includes port, railroad and retail operations in Skagway, Alaska. Due to the impact of COVID-19 on the Alaska season, White Pass provided no services to us in 2020, and \$22 million in 2019. As of November 30, 2020, our investment in White Pass was \$94 million, consisting of \$75 million in equity and a loan of \$19 million. As of November 30, 2019, our investment in White Pass was \$102 million, consisting of \$84 million in equity and a loan of \$18 million.

We have a minority interest in CSSC Carnival Cruise Shipping Limited (“CSSC-Carnival”), a China-based cruise company which will operate its own fleet designed to serve the Chinese market. As of November 30, 2020 and 2019, our investment in CSSC-Carnival was \$140 million and \$48 million. In December 2019, we sold to CSSC-Carnival a controlling interest in an entity with full ownership of two EA segment ships and recognized a related gain of \$107 million, included in other operating expenses in our Consolidated Statements of Income (Loss). As of November 30, 2020, our investment in the minority interest of this entity was \$283 million.

NOTE 5 – Debt

<i>(in millions)</i>	Maturity	Rate (a)	November 30,	
			2020	2019
Secured Debt				
Notes				
Notes	Apr 2023	11.5%	\$ 4,000	\$ —
Notes	Feb 2026	10.5%	775	—
EUR Notes	Feb 2026	10.1%	508	—
Notes (c)	Jun 2027	7.9%	192	192
Notes	Aug 2027	9.9%	900	—
Bank Loans				
EUR fixed rate (c)	Jul 2024 - May 2025	5.5 - 6.2%	136	154
Floating rate	Jun 2025	LIBOR + 7.5%	1,855	—
EUR floating rate (c)	Jun 2025 - Oct 2026	EURIBOR + 2.7 - 7.5%	1,026	77
Total Secured Debt			9,393	423
Unsecured Debt				
Revolver				
Facility (expires Aug 2024)	(b)	LIBOR + 0.6%	3,083	—
Notes				
Notes	Oct 2020	4.0%	—	700
EUR Notes	Feb 2021	1.6%	429	550
EUR Notes	Nov 2022	1.9%	658	605
Convertible Notes	Apr 2023	5.8%	537	—
Notes	Oct 2023	7.2%	125	125
Notes	Mar 2026	7.6%	1,450	—
EUR Notes	Mar 2026	7.6%	598	—
Notes	Jan 2028	6.7%	200	200
EUR Notes	Oct 2029	1.0%	718	660
Bank Loans				

EUR fixed rate	Mar 2021 - Sep 2021	0.3 - 3.9%	32	221
EUR floating rate	Mar 2021 - Apr 2023	EURIBOR + 0.3 - 4.8%	1,860	1,596
Floating rate	Jul 2024 - Sep 2024	LIBOR + 3.8%	300	300
GBP floating rate	Aug 2021 - Feb 2025	GBP LIBOR + 0.8 - 0.9%	881	854
Export Credit Facilities				
EUR floating rate	Mar 2021 - Oct 2032	EURIBOR + 0.2 - 1.5%	1,891	963
EUR fixed rate	Feb 2031 - Sep 2032	1.1%	1,159	545
Fixed rate	Aug 2027 - Oct 2031	2.4 - 3.4%	3,131	3,485
Floating rate	Feb 2022 - Dec 2031	LIBOR + 0.5 - 1.5%	1,138	174
Commercial Paper				
EUR floating rate commercial paper	—	—%	—	231
Total Unsecured Debt			18,188	11,211
Total Debt			27,581	11,634
Less: unamortized debt issuance costs			(624)	(131)
Total Debt, net of unamortized debt issuance costs			26,957	11,503
Less: short-term borrowings			(3,084)	(231)
Less: current portion of long-term debt			(1,742)	(1,596)
Long-Term Debt			\$ 22,130	\$ 9,675

The scheduled maturities of our debt are as follows:

(in millions)	November 30, 2020	2021				2022	2023	2024	2025	Thereafter
	Rate (a)	1Q	2Q	3Q	4Q					
Secured Debt										
Notes										
Notes	11.5%	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,000	\$ —	\$ —	\$ —
Notes	10.5%	—	—	—	—	—	—	—	—	775
EUR Notes	10.1%	—	—	—	—	—	—	—	—	508
Notes (c)	7.9%	—	—	—	—	—	—	—	—	192
Notes	9.9%	—	—	—	—	—	—	—	—	900
Bank Loans										
EUR fixed rate (c)	5.5 - 6.2%	8	8	8	8	32	32	32	8	—
Floating rate	LIBOR + 7.5%	5	5	5	5	19	19	19	1,781	—
EUR floating rate (c)	EURIBOR + 2.7 - 7.5%	2	8	2	8	22	22	22	928	12
Total Secured Debt		15	21	15	21	72	4,072	72	2,717	2,387
Unsecured Debt										
Revolver										
Facility (expires Aug 2024)	LIBOR + 0.6%	—	—	—	—	—	—	3,083	—	—
Notes										
EUR Notes	1.6%	429	—	—	—	—	—	—	—	—
EUR Notes	1.9%	—	—	—	—	658	—	—	—	—
Convertible Notes	5.8%	—	—	—	—	—	537	—	—	—
Notes	7.2%	—	—	—	—	—	125	—	—	—
Notes	7.6%	—	—	—	—	—	—	—	—	1,450
EUR Notes	7.6%	—	—	—	—	—	—	—	—	598
Notes	6.7%	—	—	—	—	—	—	—	—	200
EUR Notes	1.0%	—	—	—	—	—	—	—	—	718
Bank Loans										
EUR fixed rate	0.3 - 3.9%	—	17	—	15	—	—	—	—	—
EUR floating rate	EURIBOR + 0.3 - 4.8%	—	179	—	—	1,053	628	—	—	—
Floating rate	LIBOR + 3.8%	—	—	—	—	—	—	300	—	—
GBP floating rate	GBP LIBOR + 0.8 - 0.9%	40	—	375	—	—	—	93	373	—
Export Credit Facilities										
EUR floating rate	EURIBOR + 0.2 - 1.5%	—	24	49	124	333	306	277	200	629
EUR fixed rate	1.1%	—	—	26	26	103	103	103	103	644
Fixed rate	2.4 - 3.4%	—	74	36	98	291	332	332	332	1,576
Floating rate	LIBOR + 0.5 - 1.5%	16	35	68	41	194	152	152	92	446
Total Unsecured Debt		485	330	553	304	2,631	2,183	4,340	1,100	6,261
Total Debt		\$ 500	\$ 351	\$ 568	\$ 325	\$ 2,703	\$ 6,255	\$ 4,412	\$ 3,818	\$ 8,648

- (a) Certain of the EURIBOR and LIBOR based loans have 0% or 1% floors, respectively.
- (b) As of November 30, 2020, we had a \$3.1 billion (\$1.7 billion, €1.0 billion and £150 million) multi-currency revolving credit facility (the “Revolving Facility”) that was drawn in March 2020 for an initial term of six months. The maturities for these borrowings were extended in September 2020 for an additional six months through March 2021. We may re-borrow such amounts through August 2024 subject to satisfaction of the conditions in the facility. The Revolving Facility also includes an emissions linked margin adjustment whereby, after the initial applicable margin is set per the margin pricing grid, the margin may be adjusted based on performance in achieving certain agreed annual carbon emissions goals. We are required to pay a commitment fee on any undrawn portion.
- (c) In 2019, these notes and bank loans were unsecured.

The above debt tables do not include the impact of our interest rate swaps. The interest rates on some of our debt, and in the case of our Revolving Facility, fluctuate based on the applicable rating of senior unsecured long-term securities of Carnival Corporation or Carnival plc. For the year ended November 30, 2020, we had borrowings of \$525 million and repayments of \$526 million of commercial paper with original maturities greater than three months. For the year ended November 30, 2019, we did not have borrowings or repayments of commercial paper with original maturities greater than three months. For the year ended November 30, 2018, we had borrowings of \$2 million and repayments of \$2 million of commercial paper with original maturities greater than three months.

Debt is recorded at initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs, and is subsequently stated at amortized cost. Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the debt. Debt issue discounts and premiums are generally amortized to interest expense using the effective interest rate method over the term of the debt.

Covenant Compliance

Many of our debt agreements contain one or more financial covenants that require us to:

- Maintain minimum debt service coverage (EBITDA to consolidated net interest charges for the most recently ended four fiscal quarters) of not less than 3.0 to 1.0 at the end of each fiscal quarter (the “Financial Covenant”)
- Maintain minimum shareholders’ equity of \$5.0 billion
- Limit our debt to capital percentage to 65% at the end of each fiscal quarter (the “Debt to Capital Covenant”)
- Limit the amounts of our secured assets as well as secured and other indebtedness

As of November 30, 2020, we had entered into supplemental agreements to amend our agreements with respect to the Financial Covenant to:

- Waive compliance for all of our export credit facilities through November 30, 2021 or December 31, 2021, as applicable, with aggregate indebtedness of \$7.3 billion as of November 30, 2020. We will be required to comply beginning with the next testing date of February 28, 2022.
- Waive compliance through November 30, 2021 for certain of our bank loans with aggregate indebtedness of \$2.1 billion as of November 30, 2020. The amendments were subsequently extended through November 30, 2022, with the applicable covenant threshold reduced beginning from the February 28, 2023 testing date before reverting to 3.0 to 1.0 from the February 28, 2024 testing date onwards.
- Waive compliance for the remaining applicable bank loans with aggregate indebtedness of \$479 million as of November 30, 2020, through their respective maturity dates.

At November 30, 2020, we were in compliance with the applicable debt covenants.

In December 2020, we entered into an amendment agreement to our Revolving Facility. The amendment increased the maximum percentage for our Debt to Capital Covenant from the testing date on November 30, 2021 through the testing date on February 28, 2024, introduced a new minimum liquidity covenant (from the testing date of February 28, 2021 to November 30, 2022), introduced the Financial Covenant (from the testing date of February 28, 2023 for the remainder of the term of the Revolving Facility), and introduced certain other restrictive covenants through November 30, 2024. The amendment also restricts the granting of guarantees and security interests for certain of our outstanding debt through November 30, 2024. In January 2021, we entered into amendments which resulted in similar changes to agreements governing our bank loans.

Generally, if an event of default under any debt agreement occurs, then, pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated. Any financial covenant amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable.

Credit Ratings Update

Since March 2020, Moody’s and S&P Global have downgraded our credit ratings to be non investment grade.

Newbuild Ship Financing

We have unsecured long-term unfunded export credit ship financings. These facilities, if drawn at the time of ship delivery, are generally repayable semi-annually over 12 years. We have the option to cancel each one at specified dates prior to the underlying ship's delivery date.

2023 First Lien Notes

In April 2020, we issued \$4.0 billion aggregate principal amount of 11.5% first-priority senior secured notes due in 2023 (the "2023 First Lien Notes"). The 2023 First Lien Notes mature on April 1, 2023 unless earlier redeemed or repurchased. Our obligations under the 2023 First Lien Notes are guaranteed by Carnival plc and certain of our subsidiaries that own or operate our vessels and material intellectual property, and are secured by collateral, which includes vessels and material intellectual property with a net book value of \$27.8 billion as of November 30, 2020 and certain other assets. Upon the occurrence of certain change of control events, we are required to offer to repurchase the 2023 First Lien Notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest to the purchase date.

The indenture governing the 2023 First Lien Notes contains covenants that limit our ability to, among other things: (i) incur additional indebtedness or issue certain preferred shares; (ii) make dividend payments on or make other distributions in respect of our capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) create liens on assets; (vi) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and (vii) enter into certain transactions with our affiliates. These covenants are subject to a number of important limitations and exceptions.

Convertible Notes

In April 2020, we issued \$2.0 billion aggregate principal amount of 5.75% convertible senior notes due 2023 (the "Convertible Notes"). The Convertible Notes mature on April 1, 2023, unless earlier repurchased or redeemed by us or earlier converted in accordance with their terms prior to the maturity date. The Convertible Notes are guaranteed on a senior unsecured basis by Carnival plc, Carnival Finance, LLC and our subsidiaries that guarantee the 2023 First Lien Notes.

The Convertible Notes are convertible by holders, subject to the conditions described below, into cash, shares of Carnival Corporation common stock, or a combination thereof, at our election. The Convertible Notes have an initial conversion rate of 100 shares of Carnival Corporation common stock per \$1,000 principal amount of the Convertible Notes, equivalent to an initial conversion price of \$10 per share of common stock. The initial conversion price is subject to certain anti-dilutive adjustments and may also increase if the Convertible Notes are converted in connection with a tax redemption or certain corporate events.

The Convertible Notes are convertible at any time prior to the close of business on the business day immediately preceding January 1, 2023, only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of common stock and the conversion rate on each such trading day;
- prior to the close of business on the second scheduled trading day immediately preceding any tax redemption date; or
- upon the occurrence of specified corporate events.

On or after January 1, 2023, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Convertible Notes at any time.

If we undergo certain corporate events (each, a "fundamental change"), subject to certain conditions, holders may require us to repurchase for cash all or any portion of their Convertible Notes at a price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to the fundamental change repurchase date.

We may redeem the Convertible Notes, in whole but not in part, at any time on or prior to December 31, 2022 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, if we or any guarantor would have to pay any additional amounts on the Convertible Notes due to a change in tax laws, regulations or rulings or a change in the official application, administration or interpretation thereof.

As of November 30, 2020, a condition allowing holders of the Convertible Notes to convert has been met and therefore the notes are convertible. The holders are entitled to convert all or any portion of their Convertible Notes at any time during the three months starting on December 1, 2020 and ending on February 28, 2021, at the conversion rate of 100 shares of Carnival Corporation common stock per \$1,000 principal amount of Convertible Notes.

In August 2020, we completed registered direct offering of 99.2 million shares of Carnival Corporation common stock at a price of \$14.02 per share to a limited number of holders of the Convertible Notes (the "August Registered Direct Offering"). We used the proceeds of the stock offerings to repurchase from such holders \$886 million aggregate principal amount of the Convertible Notes in privately negotiated transactions.

In November 2020, we completed two registered direct offerings of 57.4 million shares and 10.4 million shares of Carnival Corporation common stock at a price of \$18.05 and \$17.59 per share, respectively, to a limited number of holders of the Convertible Notes (the "November Registered Direct Offerings"). We used the proceeds from the stock offering to repurchase from such holders \$590 million aggregate principal amount of the Convertible Notes in privately negotiated transactions.

We recognized a \$464 million extinguishment loss as a result of the August and November Registered Direct Offerings in other income (expense), net.

We account for the Convertible Notes as separate liability and equity components. We determined the carrying amount of the liability component as the present value of its cash flows.

The carrying amount of the equity component representing the conversion option was \$286 million on the date of issuance and was calculated by deducting the carrying value of the liability component from the initial proceeds from the Convertible Notes. The excess of the principal amount of the Convertible Notes over the carrying amount of the liability component represents a debt discount that is amortized to interest expense over the term of the Convertible Notes under the effective interest rate method using an effective interest rate of 12.9%. The carrying amount of the equity component was reduced to zero in conjunction with the partial repurchase of Convertible Notes in August 2020 because at the time of repurchase, the fair value of the equity component for the portion of the Convertible Notes that was repurchased, exceeded the total amount of the equity component recorded at the time the Convertible Notes were issued.

The net carrying value of the liability component of the Convertible Notes was as follows:

<i>(in millions)</i>	November 30, 2020
Principal	\$ 537
Less: Unamortized debt discount and transaction costs	(76)
	<u>\$ 461</u>

The interest expense recognized related to the Convertible Notes was as follows:

<i>(in millions)</i>	Year Ended November 30, 2020
Contractual interest expense	\$ 58
Amortization of debt discount and transaction costs	\$ 50
	<u>\$ 109</u>

We had no Convertible Notes in 2019.

2025 Secured Term Loan

In June 2020, we borrowed an aggregate principal amount of \$2.8 billion in two tranches (\$1.9 billion and €800 million), under a first-priority senior secured term loan facility that matures on June 30, 2025 (the "2025 Secured Term Loan"). The U.S. dollar tranche bears interest at a rate per annum equal to adjusted LIBOR (with a 1% floor) plus 7.5%. The euro tranche bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus 7.5%. The 2025 Secured Term Loan is guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a first-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2026 Second Lien Notes and the 2027 Second Lien Notes. The

2025 Secured Term Loan contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2026 Second Lien Notes

In July 2020, we issued an aggregate principal amount of \$1.3 billion in two tranches (\$775 million and €425 million), under second-priority senior secured notes that mature on February 1, 2026 (the "2026 Second Lien Notes"). The U.S. dollar tranche bears interest at a rate of 10.5% per year. The euro tranche bears interest at a rate of 10.1% per year. The 2026 Second Lien Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a second-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2025 Secured Term Loan and the 2027 Second Lien Notes. The indenture governing the 2026 Second Lien Notes contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes and the 2027 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2027 Second Lien Notes

In August 2020, we issued an aggregate principal amount of \$900 million of second-priority senior secured notes that mature on August 1, 2027 (the "2027 Second Lien Notes"). The 2027 Second Lien Notes bear interest at a rate of 9.9% per year. The 2027 Second Lien Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee, and are secured on a second-priority basis by substantially the same collateral that currently secures, the 2023 First Lien Notes, the 2025 Secured Term Loan and the 2026 Second Lien Notes. The indenture governing the 2027 Second Lien Notes contains covenants that are substantially similar to the covenants in the indenture governing the 2023 First Lien Notes and the 2026 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

2026 Senior Unsecured Notes

In November 2020, we issued an aggregate principal amount of \$2.0 billion in two tranches (\$1.5 billion and €500 million) under senior unsecured notes that mature on March 1, 2026 (the "2026 Senior Unsecured Notes"). The U.S. dollar tranche bears interest at a rate of 7.6% per year. The euro tranche bears interest at a rate of 7.6% per year. The 2026 Senior Unsecured Notes are guaranteed by Carnival plc and the same subsidiaries that currently guarantee the 2023 First Lien Notes, 2026 Second Lien Notes and the 2027 Second Lien Notes and are unsecured. The 2026 Senior Unsecured Notes contains covenants that are substantially similar to the covenants in the indentures governing the 2023 First Lien Notes, 2026 Second Lien Notes and the 2027 Second Lien Notes. These covenants are subject to a number of important limitations and exceptions.

Modifications and Other

Certain export credit agencies have offered 12-month debt amortization and a financial covenant holiday ("Debt Holiday"). In 2020, we have entered into supplemental agreements or side letters for Debt Holiday amendments to defer certain principal repayments otherwise due through March 31, 2021, except for one export credit facility with a deferral period through April 30, 2021, through the creation of separate tranches of loans with repayments made over the following four years.

During the year-ended November 30, 2020, we recognized a gain on early extinguishment of debt of \$5 million that is included in other income (expense), net in the accompanying Consolidated Statements of Income (Loss).

NOTE 6 – Commitments

<i>(in millions)</i>	Fiscal						Total
	2021	2022	2023	2024	2025	Thereafter	
New ship growth capital	\$ 3,201	\$ 4,692	\$ 3,273	\$ 793	\$ 1,076	\$ —	\$ 13,036
Other long-term commitments	219	98	54	52	37	18	478
	<u>\$ 3,421</u>	<u>\$ 4,790</u>	<u>\$ 3,327</u>	<u>\$ 845</u>	<u>\$ 1,113</u>	<u>\$ 18</u>	<u>\$ 13,515</u>

NOTE 7 – Contingencies

Litigation

We are routinely involved in legal proceedings, claims, disputes, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below. Additionally, as a result of the impact of COVID-19, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury and loss of life, have been and may, in the future, be asserted against us. We expect many of these claims and actions, or any settlement of these claims and actions, to be covered by insurance and historically the maximum amount of our liability, net of any insurance recoverables, has been limited to our self-insurance retention levels.

We record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.

Legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations, financial position or liquidity.

As previously disclosed, on May 2, 2019, two lawsuits were filed against Carnival Corporation in the U.S. District Court for the Southern District of Florida under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act, claiming ownership of commercial waterfront real property we own and use at the Havana docks and seeking damages, including treble damages. On July 9, 2020, the court granted our motion for judgment on the pleadings in the action filed by Javier Garcia Bengochea, and dismissed the plaintiff's action with prejudice. On August 6, 2020, Bengochea filed a notice of appeal. On September 14, 2020, the court denied our motion to dismiss the amended action filed by Havana Docks Corporation. We filed an answer to the amended complaint on September 25, 2020. The plaintiff filed a second amended complaint on October 27, 2020, and we filed an answer on November 10, 2020. We continue to believe we have a meritorious defense to these actions and we believe that any liability which may arise as a result of these actions will not have a material impact on our consolidated financial statements.

Contingent Obligations – Indemnifications

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase the lender's costs. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses.

Other Contingencies

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request under certain circumstances that we provide a reserve fund in cash. Although the agreements vary, these requirements may generally be satisfied either through a withheld percentage of customer payments or providing cash funds directly to the card processor. As of November 30, 2020, we had \$377 million of customer deposits withheld to satisfy these requirements. We expect the funds withheld under these agreements will be approximately \$60 million per month up to a maximum of \$600 million. Additionally, during 2020, we placed \$166 million of cash collateral in escrow and provided \$46 million in reserve funds, these amounts are included within other assets.

COVID-19 Actions

We have been named in a number of actions related to COVID-19. The following purported class actions have been brought by former guests from *Ruby Princess*, *Diamond Princess*, *Grand Princess*, *Coral Princess*, *Costa Luminosa* or *Zaandam*. These actions seek compensation based on a variety of tort claims, including, but not limited to, negligence and failure to warn, physical injuries and severe emotional distress associated with being exposed and/or contracting COVID-19 onboard. Below are material updates to the previously disclosed class actions and individual actions.

Previously Disclosed Class Actions

As previously disclosed, on April 7, 2020, Paul Turner, a former guest from *Costa Luminosa*, filed a purported class action against Costa Crociere, S.p.A. (“Costa”) and Costa Cruise Line, Inc. in the U.S. District Court of the Southern District of Florida. On September 10, 2020, the court granted Costa’s motion to dismiss based upon forum non conveniens, and directed that the action be filed in Italy. The plaintiff has appealed the order, and the appeal is pending in the Court of Appeals for the 11th Circuit.

As previously disclosed, on April 8, 2020, numerous former guests from *Grand Princess* filed a purported class action against Carnival Corporation and Carnival plc and two of our subsidiaries, Princess Cruise Lines, Ltd. (“Princess Cruises”) and Fairline Shipping International Corporation, Ltd. The plaintiffs ultimately removed Fairline Shipping from the case. On September 22, 2020, the court granted our motions to dismiss the plaintiffs’ second amended complaint in part. The court granted our motion to dismiss the plaintiffs’ negligence-based claims without prejudice and with leave to amend and granted our motion to dismiss the plaintiffs’ request for injunctive relief without prejudice. The court denied our motion to dismiss plaintiffs’ claims for intentional infliction of emotional distress. On October 2, 2020, the plaintiffs filed a third amended complaint. On October 20, 2020, the court denied plaintiffs’ motion for class certification, and the plaintiffs filed a petition for leave to appeal this ruling to the Ninth Circuit Court of Appeals on November 3, 2020. The petition for leave to appeal is pending. On November 25, 2020, the court granted in part and denied in part our motion to dismiss, allowing the negligence claims of those individual plaintiffs who claim to have contracted COVID-19 or to have experienced COVID-19 symptoms to proceed against Carnival Corporation, Carnival plc and Princess Cruises and dismissing the claims of those plaintiffs who did not allege contracting COVID-19 with prejudice. The court also dismissed the plaintiffs’ claims for injunctive relief with prejudice. On December 9, 2020, we filed an answer to the plaintiffs’ third amended complaint. On December 28, 2020, the parties filed a request for private mediation.

As previously disclosed, on May 27, 2020, Service Lamp Corporation Profit Sharing Plan filed a purported class action against Carnival Corporation, Arnold W. Donald and David Bernstein on behalf of all purchasers of Carnival Corporation securities between January 28 and May 1, 2020. As previously disclosed, on June 3, 2020, John P. Elmensdorp filed a purported class action against the same defendants, and included Micky Arison as a defendant. This action is on behalf of all purchasers of Carnival Corporation securities between September 26, 2019 and April 30, 2020. These actions allege that the defendants violated Sections 10(b) and 20(a) of the U.S. Securities and Exchange Act of 1934 by making misrepresentations and omissions related to Carnival Corporation’s COVID-19 knowledge and response, and seek to recover unspecified damages and equitable relief for the alleged misstatements and omissions. On July 21, 2020, Abraham Atachbarian filed a purported class action against the same defendants as the Elmensdorp action. The Atachbarian action is on behalf of all purchasers of Carnival Corporation options between January 27 and May 1, 2020 and allege the same set of factual theories presented in the class actions described above. These three cases have been consolidated with a new lead plaintiff, the New England Carpenters Pension and Guaranteed Annuity Fund and the Massachusetts Laborers’ Pension and Annuity Fund, and a consolidated class action complaint was filed on December 15, 2020, which also removed Micky Arison and David Bernstein as defendants. A motion to dismiss was filed on January 18, 2021.

As previously disclosed, on June 4, 2020, another group of former guests from *Grand Princess* filed a purported class action against Carnival Corporation, Carnival plc, and Princess Cruises in the U.S. District Court for the Central District of California, seeking compensation based on largely the same factual theories presented in the class action described above. The action asserts claims for negligence, gross negligence, negligent infliction of emotional distress and intentional infliction of emotional distress. On November 23, 2020, a motion to dismiss plaintiff’s amended action was filed and the briefing is now complete.

As previously disclosed, on June 4, 2020, numerous former guests from *Ruby Princess* filed a purported class action against Princess Cruises. Princess Cruises filed a motion to dismiss, in response to which the plaintiffs amended their action to remove their class action allegations and seek recovery on behalf of two guests who allege that they contracted COVID-19 while on *Ruby Princess*. Princess Cruises filed a motion to dismiss the amended complaint. On October 12, 2020, plaintiffs filed a second amended complaint, to which Princess Cruises filed an answer on October 26, 2020.

As previously disclosed, on June 24, 2020, Leonard C. Lindsay and Carl E.W. Zehner, former guests from *Zaandam*, filed a purported class action against Carnival Corporation, Carnival plc and Holland America Line N.V. On September 11, 2020, the plaintiffs filed an amended class action on behalf of all persons in the U.S. who were guests from *Zaandam* who embarked on March 8, 2020. Carnival Corporation, Carnival plc and Holland America Line N.V. have filed a motion to dismiss on November 20, 2020. On December 11, 2020, plaintiffs filed their response, to which we filed our reply on December 24, 2020.

As previously disclosed, on July 13, 2020, Kathleen O’Neill, a former guest from *Coral Princess* filed a purported class action in the U.S. District Court for the Central District of California against Princess Cruises, Carnival Corporation, and Carnival plc. We have filed a motion to dismiss. This case is currently stayed and is pending resolution of the appeal by the plaintiffs in the *Grand Princess* class action of the court’s denial of the plaintiffs’ motion for class certification, Archer et al v. Carnival Corporation and plc et al.

As previously disclosed, on July 13, 2020, another group of former guests from *Grand Princess* filed a purported class action in the U.S. District Court for the Central District of California against Princess Cruises, Carnival Corporation and Carnival plc. On November 23, 2020, a motion to dismiss the plaintiff's amended action was filed and the briefing is now complete.

As previously disclosed, on July 23, 2020, Susan Karpik, a former guest from *Ruby Princess* filed a purported class action against Carnival plc and Princess Cruises in the Federal Court of Australia. On December 14, 2020, we filed an interlocutory appeal.

We believe that all the claims asserted in the above class actions are without merit and are taking proper actions to defend against them.

Individual Actions

Since March 9, 2020, more than 100 former U.S. guests who sailed onboard various vessels, including, but not limited to, *Diamond Princess*, *Grand Princess*, *Ruby Princess*, *Coral Princess* or *Zaandam*, filed individual actions against Princess Cruises and, in some actions, also against Carnival Corporation and/or Carnival plc, Costa and Holland America Line, including actions previously disclosed. Both the previously disclosed and newly filed actions include tort claims based on a variety of theories, including negligence and failure to warn. The plaintiffs in these actions allege a variety of injuries: some plaintiffs allege only emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of actions include wrongful death claims.

Previously Disclosed Individual Actions

Princess Cruises has filed motions to dismiss in all other matters in which a responsive pleading has been due. Several courts have granted the various motions to dismiss, with leave for the plaintiffs to amend.

As previously disclosed, between April 7 and July 7, 2020, former U.S. guests from *Costa Luminosa* filed individual actions against Costa in the U.S. District Court for the Southern District of Florida or the Circuit Court in and for the 11th Judicial Circuit in and for Miami-Dade County. These actions have been voluntarily dismissed with and without prejudice, respectively. The action brought in the U.S. District Court for the Southern District of Florida may be pursued in Italy.

As previously disclosed, on June 30, 2020, Kenneth and Nora Hook, former guests from *Zaandam*, filed an action against Holland America Line N.V. The court denied the plaintiff's motion for an expedited trial date and Holland America's motion to dismiss. The case is currently scheduled for a bench trial on November 15, 2021.

As previously disclosed, on July 16, 2020, Toyling Maa, individually and as personal representative of the estate of Wilson Maa, a former guest from *Coral Princess*, and the estate of Wilson Maa, filed an action in the U.S. District Court for the Central District of California against Carnival Corporation, Carnival plc and Princess Cruises seeking compensation for damages for Ms. Maa allegedly contracting COVID-19 and alleging wrongful death as a result of Mr. Maa contracting COVID-19. The action asserts claims for negligence. On September 21, 2020, the court denied the plaintiffs' motion to remand and granted defendants' motion to dismiss without prejudice and with leave to amend. On November 30, 2020, plaintiffs filed an amended complaint and the defendants filed a motion to dismiss on December 14, 2020.

As previously disclosed, on July 23, 2020, an action was filed on behalf of the estate of Carl Weidner, a former guest from *Grand Princess*, in the U.S. District Court for the Northern District of California against Carnival Corporation, Carnival plc and Princess Cruises seeking compensation based on a claim alleging wrongful death as a result of contracting COVID-19. The action asserts claims for negligence. The action also alleges that the forum selection clause in the guest's ticket contract that specifies venue in the Central District of California is unenforceable. Carnival Corporation, Carnival plc and Princess Cruises filed a motion to dismiss and a motion to transfer venue to the Central District of California on October 5, 2020. On January 8, 2021, the court granted the motion to transfer the case to the Central District of California.

Newly Filed Individual Actions

Costa has been named in several individual actions filed in France, Italy and Brazil. These actions are in their preliminary stages and potential damages are not yet known. We believe, however, that the claims asserted in these actions are without merit and are taking proper actions to defend against them.

All the above individual actions seek monetary and punitive damages but do not specify exact amounts. We are taking proper actions to defend against them.

Governmental Inquiries and Investigations

Federal and non-U.S. governmental agencies and officials are investigating or otherwise seeking information, testimony and/or documents, regarding COVID-19 incidents and related matters. We are investigating these matters internally and are cooperating with all requests. The investigations could result in the imposition of civil and criminal penalties in the future.

NOTE 8 – Taxation

A summary of our principal taxes and exemptions in the jurisdictions where our significant operations are located is as follows:

U.S. Income Tax

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

Our North American cruise ship businesses and certain ship-owning subsidiaries are engaged in a trade or business within the U.S. Depending on its itinerary, any particular ship may generate income from sources within the U.S. We believe that our U.S. source income and the income of our ship-owning subsidiaries, to the extent derived from, or incidental to, the international operation of a ship or ships, is currently exempt from U.S. federal income and branch profit taxes.

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

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. in respect of each category of shipping income for which an exemption is being claimed under Section 883 (an “equivalent exemption jurisdiction”) and (ii) the foreign corporation meets a defined publicly-traded corporation stock ownership test (the “publicly-traded test”). Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and that Carnival Corporation currently satisfies the publicly-traded test under the regulations. Accordingly, substantially all of Carnival Corporation’s income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list certain activities that the IRS does not consider to be incidental to the international operation of ships and, therefore, the income attributable to such activities, to the extent such income is U.S. source, does not qualify for the Section 883 exemption. Among the activities identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

We believe that the U.S. source transportation income earned by Carnival plc and its subsidiaries currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

Carnival Corporation and Carnival plc and certain of their subsidiaries are subject to various U.S. state income taxes generally imposed on each state’s portion of the U.S. source income subject to U.S. federal income taxes. However, the state of Alaska imposes an income tax on its allocated portion of the total income of our companies doing business in Alaska and certain of their subsidiaries.

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax under a rolling ten-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands’ relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the cruise segment of the Australian vacation region are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

Italian and German Income Tax

In 2015, Costa and AIDA re-elected to enter the Italian tonnage tax regime through 2024 and can reapply for an additional ten-year period beginning in early 2025. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings that are not eligible for taxation under the Italian tonnage tax regime will be taxed at an effective tax rate of 4.8% in 2020 and 2019.

Substantially all of AIDA's earnings are exempt from German income taxes by virtue of the Germany/Italy income tax treaty.

Asian Countries Income Taxes

Substantially all of our brands' income from their international operations in Asian countries is exempt from income tax by virtue of relevant income tax treaties.

Other

We recognize income tax provisions for uncertain tax positions, based solely on their technical merits, when it is more likely than not to be sustained upon examination by the relevant tax authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts and circumstances and current tax law, we believe that the total amount of our uncertain income tax position liabilities and related accrued interest are not material to our financial position. All interest expense related to income tax liabilities is included in income tax expense.

In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes, fees and other charges are included in commissions, transportation and other costs and other operating expenses.

NOTE 9 – Shareholders' Equity

Share Repurchase Program

Under a share repurchase program effective 2004, we had been authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On June 15, 2020, to enhance our liquidity and comply with restrictions in our recent financing transactions, the Boards of Directors terminated the Repurchase Program.

<i>(in millions)</i>	Carnival Corporation		Carnival plc	
	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased
2020	—	\$ —	0.2	\$ 10
2019	0.6	\$ 26	12.2	\$ 569
2018	7.8	\$ 476	16.3	\$ 985

Accumulated Other Comprehensive Income (Loss)

<i>(in millions)</i>	AOCI	
	November 30,	
	2020	2019
Cumulative foreign currency translation adjustments, net	\$ (1,382)	\$ (1,961)
Unrecognized pension expenses	(95)	(88)
Net losses on cash flow derivative hedges	41	(18)
	<u>\$ (1,436)</u>	<u>\$ (2,066)</u>

During 2020, 2019 and 2018, there were \$3 million, \$5 million and \$5 million of unrecognized pension expenses that were reclassified out of accumulated other comprehensive loss and were included within payroll and related expenses and selling and administrative expenses.

Dividends

To enhance our liquidity, as well as comply with the dividend restrictions contained in our debt agreements, we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc. We declared quarterly cash dividends on all of our common stock and ordinary shares as follows:

<i>(in millions, except per share data)</i>	Quarters Ended			
	February 28	May 31	August 31	November 30
2020				
Dividends declared per share	\$ 0.50	\$ —	\$ —	\$ —
Dividends declared	\$ 342	\$ —	\$ —	\$ —
2019				
Dividends declared per share	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Dividends declared	\$ 345	\$ 346	\$ 342	\$ 346
2018				
Dividends declared per share	\$ 0.45	\$ 0.50	\$ 0.50	\$ 0.50
Dividends declared	\$ 322	\$ 357	\$ 350	\$ 349

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2020 and 2019, no Carnival Corporation preferred stock or Carnival plc preference shares had been issued.

Public Equity Offerings

In April 2020, we completed a public offering of 71.9 million shares of Carnival Corporation's common stock at a price per share of \$8.00, resulting in net proceeds of \$556 million.

In October 2020, we completed our \$1.0 billion "at-the-market" ("ATM") equity offering program that was announced on September 15, 2020, pursuant to which we sold 67.1 million shares of Carnival Corporation common stock.

In November 2020, we completed our \$1.5 billion ATM equity offering program that was announced on November 10, 2020, pursuant to which we sold 94.5 million shares of Carnival Corporation common stock.

NOTE 10 – Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks
Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

(in millions)	November 30, 2020				November 30, 2019			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	\$ 45	\$ —	\$ 17	\$ 18	\$ 181	\$ —	\$ 31	\$ 149
Total	\$ 45	\$ —	\$ 17	\$ 18	\$ 181	\$ —	\$ 31	\$ 149
Liabilities								
Fixed rate debt (b)	\$ 15,547	\$ —	\$ 16,258	\$ —	\$ 7,438	\$ —	\$ 7,782	\$ —
Floating rate debt (b)	12,034	—	11,412	—	4,195	—	4,248	—
Total	\$ 27,581	\$ —	\$ 27,670	\$ —	\$ 11,634	\$ —	\$ 12,030	\$ —

- (a) Long-term other assets are comprised of notes receivable, which at November 30, 2019, included loans on ship sales. The fair values of our Level 2 notes receivable were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.
- (b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

(in millions)	November 30, 2020			November 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 9,513	\$ —	\$ —	\$ 518	\$ —	\$ —
Restricted cash	179	—	—	13	—	—
Derivative financial instruments	—	—	—	—	58	—
Total	\$ 9,692	\$ —	\$ —	\$ 530	\$ 58	\$ —
Liabilities						
Derivative financial instruments	\$ —	\$ 10	\$ —	\$ —	\$ 25	\$ —
Total	\$ —	\$ 10	\$ —	\$ —	\$ 25	\$ —

Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

Valuation of Goodwill and Trademarks

As a result of the effect of COVID-19 on our expected future operating cash flows, we performed interim discounted cash flow analyses for certain reporting units with goodwill as of February 29, 2020 and for all reporting units with goodwill or trademarks as of May 31, 2020 (i.e. prior to our annual test date of July 31, 2020). Consequently, we determined that the estimated fair values of two of our North America & Australia (“NAA”) segment reporting units and two of our Europe & Asia (“EA”) segment reporting units no longer exceeded their carrying values. We recognized goodwill impairment charges of \$2.1 billion and have no remaining goodwill for those reporting units. As of July 31, 2020, we performed our annual goodwill and trademark impairment reviews and we determined there was no incremental impairment for goodwill or trademarks at our annual test date. As a result of the extended pause in operations, we performed an additional quantitative goodwill impairment review for all remaining reporting units as of November 30, 2020 and we determined there was no incremental impairment for goodwill.

As of July 31, 2019 and 2018, we performed our annual goodwill and trademark impairment reviews and we determined there was no impairment for goodwill or trademarks.

As of November 30, 2019, we performed an additional goodwill impairment review for our Costa reporting unit, \$435 million of goodwill recorded, and we determined there was no impairment for goodwill.

The determination of the fair value of our reporting units’ and trademarks includes numerous assumptions that are subject to various risks and uncertainties. Our pause in guest cruise operations and the possibility of further extensions created some uncertainty in forecasting the operating results and future cash flows used in our impairment analyses. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- The timing of our return to service, changes in market conditions and port or other restrictions
- Forecasted revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues including credit and debit card fees
- The allocation of new ships and the timing of the transfer or sale of ships amongst brands, as well as the estimated proceeds from ship sales
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

We believe that we have made reasonable estimates and judgments. A change in the principal assumptions, which influences the determination of fair value, may result in a need to recognize an additional impairment charge. Refer to Note 2 - “Summary of Significant Accounting Policies, Preparation of Financial Statements” for additional discussion.

<i>(in millions)</i>	Goodwill		
	NAA Segment	EA Segment	Total
At November 30, 2018	\$ 1,898	\$ 1,027	\$ 2,925
Foreign currency translation adjustment	—	(13)	(13)
At November 30, 2019	1,898	1,014	2,912
Impairment charges	(1,319)	(777)	(2,096)
Foreign currency translation adjustment	—	(9)	(9)
At November 30, 2020	\$ 579	\$ 228	\$ 807

<i>(in millions)</i>	Trademarks		
	NAA Segment	EA Segment	Total
At November 30, 2018	\$ 927	\$ 242	\$ 1,169
Foreign currency translation adjustment	—	(2)	(2)
At November 30, 2019	927	240	1,167
Foreign currency translation adjustment	—	13	13
At November 30, 2020	\$ 927	\$ 253	\$ 1,180

Impairments of Ships

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the effect of COVID-19 on our expected future operating cash flows and our decisions to dispose of certain ships, we determined certain impairment triggers had occurred. Accordingly, we performed undiscounted cash flow analyses on certain ships in our fleet throughout 2020. Based on these undiscounted cash flow analyses, we determined that certain ships, specifically those being disposed of, had net carrying values that exceeded their estimated undiscounted future cash flows. We determined the fair values of these ships based on their estimated selling value. We then compared these estimated fair values to the net carrying values and, as a result, we recognized ship impairment charges of \$1.5 billion and \$0.3 billion in our NAA and EA segments, respectively, during 2020. We did not recognize ship impairment charges during 2019 and 2018. The principal assumptions, all of which are considered level 3 inputs, used in our cash flow analyses consisted of:

- Timing of the respective ship's return to service, changes in market conditions and port or other restrictions
- Forecasted ship revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees
- Timing of the sale of ships and estimated proceeds

Refer to Note 2 - "Summary of Significant Accounting Policies, Preparation of Financial Statements" for additional discussion.

Derivative Instruments and Hedging Activities

(in millions)	Balance Sheet Location	November 30,	
		2020	2019
Derivative assets			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Prepaid expenses and other	\$ —	\$ 32
	Other assets	—	25
Total derivative assets		\$ —	\$ 58
Derivative liabilities			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Accrued liabilities and other	\$ —	\$ 1
	Other long-term liabilities	—	9
Foreign currency zero cost collars (b)	Accrued liabilities and other	—	1
Interest rate swaps (c)	Accrued liabilities and other	5	6
	Other long-term liabilities	5	9
Total derivative liabilities		\$ 10	\$ 25

- (a) At November 30, 2020, we had no cross currency swaps. At November 30, 2019, we had cross currency swaps totaling \$1.9 billion that are designated as hedges of our net investments in foreign operations with a euro-denominated functional currency.
- (b) At November 30, 2020, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See "Newbuild Currency Risks" below for additional information regarding these derivatives.
- (c) We have interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$248 million at November 30, 2020 and \$300 million at November 30, 2019 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At November 30, 2020, these interest rate swaps settle through 2025.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties.

November 30, 2020					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 10	\$ —	\$ 10	\$ —	\$ 10

November 30, 2019					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ 58	\$ —	\$ 58	\$ (4)	\$ 54
Liabilities	\$ 25	\$ —	\$ 25	\$ (4)	\$ 21

The effect of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income (loss) and in income was as follows:

<i>(in millions)</i>	November 30,		
	2020	2019	2018
Gains (losses) recognized in AOCI:			
Cross currency swaps – net investment hedges - included component	\$ 131	\$ 43	\$ 18
Cross currency swaps – net investment hedges - excluded component	\$ (1)	\$ 1	\$ —
Foreign currency zero cost collars – cash flow hedges	\$ 1	\$ (1)	\$ (12)
Foreign currency forwards - cash flow hedges	\$ 53	\$ —	\$ —
Interest rate swaps – cash flow hedges	\$ 6	\$ 3	\$ 6
Gains (losses) reclassified from AOCI – cash flow hedges:			
Interest rate swaps – Interest expense, net of capitalized interest	\$ (6)	\$ (7)	\$ (10)
Foreign currency zero cost collars - Depreciation and amortization	\$ 1	\$ 1	\$ 1
Gains (losses) recognized on derivative instruments (amount excluded from effectiveness testing – net investment hedges)			
Cross currency swaps – Interest expense, net of capitalized interest	\$ 12	\$ 23	\$ —

The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not material.

Financial Risk

Fuel Price Risks

We manage our exposure to fuel price risk by managing our consumption of fuel. Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We manage fuel consumption through ship maintenance practices, modifying our itineraries and implementing innovative technologies.

<i>(in millions)</i>	November 30, 2018
Unrealized gains on fuel derivatives, net	\$ 94
Realized losses on fuel derivatives, net	(35)
Gains (losses) on fuel derivatives, net	\$ 59

There were no unrealized or realized gains or losses on fuel derivatives for the period ended November 30, 2020 and 2019.

Foreign Currency Exchange Rate Risks

Overall Strategy

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and non-derivative financial instruments. Our primary focus is to monitor our exposure to, and manage, the economic foreign currency exchange risks faced by our operations and realized if we exchange one currency for another. We currently only hedge certain of our ship commitments and net investments in foreign operations. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational Currency Risks

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies and of a long-term nature. We partially mitigate the currency exposure of our investments in foreign operations by designating a portion of our foreign currency debt and derivatives as hedges of these investments. As of November 30, 2020, we have designated \$881 million of our sterling-denominated debt as non-derivative hedges of our net investments in foreign operations. In 2020, we recognized \$27 million of losses on these non-derivative net investment hedges in the cumulative translation adjustment section of other comprehensive income (loss). We also have \$9.0 billion of euro-denominated debt, which provides an economic offset for our operations with euro functional currency.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts to manage foreign currency exchange rate risk for some of our ship construction payments. At November 30, 2020, for the following newbuild, we had foreign currency contracts for a portion of our euro-denominated shipyard payments. These contracts are designated as cash flow hedges.

Foreign currency zero cost collars	Entered Into	Matures In	Weighted-Average Floor Rate	Weighted- Average Ceiling Rate
<i>Mardi Gras</i>	2020	December 2020	\$ 1.12	\$ 1.28

If the spot rate is between the ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under the zero cost collars.

At November 30, 2020, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments to non-euro functional currency brands, which represent a total unhedged commitment of \$6.9 billion for newbuilds scheduled to be delivered from 2020 through 2025.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' will be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our decision to order new cruise ships.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps, issuance of new debt, amendment of existing debt, early retirement of existing debt or through the completion of various other capital transactions.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. We seek to manage these credit risk exposures, including counterparty nonperformance primarily associated with our cash equivalents, investments, notes receivables, future financing facilities, contingent obligations, derivative instruments, insurance contracts, long-term ship charters and new ship progress payment guarantees, by:

- Conducting business with well-established financial institutions, insurance companies and export credit agencies
- Diversifying our counterparties
- Having guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk
- Generally requiring collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards

At November 30, 2020, our exposures under derivative instruments were not material. We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe, which includes charter-hire agreements in Asia and credit and debit card providers to which we extend credit in the normal course of our business. Concentrations of credit risk associated with trade receivables and other receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. Normally, we have not required collateral or other security to support normal credit sales. Historically, we have not experienced significant credit losses, including counterparty nonperformance, however, because of the impact COVID-19 is having on economies, we have experienced, and expect to continue to experience, an increase in credit losses.

Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments.

NOTE 11 – Leases

Substantially all of our leases for which we are the lessee are operating leases of port facilities and real estate and are included within operating lease right-of-use assets, long-term operating lease liabilities and current portion of operating lease liabilities in our Consolidated Balance Sheet as of November 30, 2020.

We have port facilities and real estate lease agreements with lease and non-lease components, and in such cases, we account for the components as a single lease component.

We do not recognize lease assets and lease liabilities for any leases with an original term of less than one year. For some of our port facilities and real estate lease agreements, we have the option to extend our current lease term by 1 to 10 years. Generally, we do not include renewal options as a component of our present value calculation as we are not reasonably certain that we will exercise the options.

As most of our leases do not have a readily determinable implicit rate, we estimate the incremental borrowing rate ("IBR") to determine the present value of lease payments. We apply judgment in estimating the IBR including considering the term of the lease, the currency in which the lease is denominated, and the impact of collateral and our credit risk on the rate. For leases that were in place upon adoption of *Leases*, we used the remaining lease term as of December 1, 2019 in determining the IBR. For the initial measurement of the lease liabilities for leases commencing after the adoption, the IBR at the lease commencement date was applied.

We amortize our lease assets on a straight-line basis over the lease term. The components of expense were as follows:

<i>(in millions)</i>	Year Ended November 30, 2020	
Operating lease expense	\$	203
Variable lease expense (a) (b)	\$	(61)

- (a) Variable lease expense represents costs associated with our multi-year preferential berthing agreements which vary based on the number of passengers. These costs are recorded within commission, transportation and other in our Consolidated Statements of Income (Loss). Variable and short-term lease costs related to operating leases, other than the port facilities, were not material to our consolidated financial statements.
- (b) Several of our preferential berthing agreements have force majeure provisions. We have treated the concessions granted under such provisions as variable payment adjustments. If our interpretation of the force majeure provisions is disputed, we could be required to record and make additional guarantee payments.

We have multiple agreements, with a total undiscounted minimum commitment of approximately \$439 million, that have been executed but the lease term has not commenced as of November 30, 2020. These are substantially all related to our rights to use certain port facilities. The leases are expected to commence between 2021 and 2022.

During 2020, we obtained \$144 million of right-of-use assets in exchange for new operating lease liabilities. The cash outflow for leases was materially consistent with the lease expense recognized during 2020.

Weighted average of the remaining lease terms and weighted average discount rates are as follows:

	November 30, 2020
Weighted average remaining lease term - operating leases (in years)	13
Weighted average discount rate - operating leases	3.4 %

As of November 30, 2020, maturities of operating lease liabilities were as follows:

(in millions)

Year		
2021	\$	204
2022		176
2023		159
2024		147
2025		143
Thereafter		936
Total lease payments		1,765
Less: Present value discount		(341)
Present value of lease liabilities	\$	1,424

Under ASC 840, *Leases*, future minimum lease payments under non-cancelable operating leases of port facilities and other assets as of November 30, 2019 were as follows:

(in millions)

Year		
2020	\$	219
2021		196
2022		161
2023		173
2024		167
Thereafter		1,408
	\$	2,324

For time charter arrangements where we are the lessor and for transactions with cruise guests related to the use of cabins, we do not separate lease and non-lease components. As the non-lease components are the predominant components in the agreements, we account for these transactions under the Revenue Recognition guidance.

NOTE 12 – Segment Information

Our operating segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker (“CODM”), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. Our four reportable segments are comprised of (1) NAA cruise operations, (2) EA cruise operations, (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and EA reportable segments have been aggregated based on the similarity of their economic and other characteristics. Our Cruise Support segment includes our portfolio of leading port destinations and other services, all of which are operated for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

(in millions)	As of and for the years ended November 30,						
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
2020							
NAA	\$ 3,627	\$ 5,623	\$ 1,066	\$ 1,413	\$ (5,794) (a)	\$ 1,430	\$ 25,257
EA	1,790	2,548	523	672	(2,729) (b)	2,036	16,505
Cruise Support	68	(10)	262	128	(313)	144	11,135
Tour and Other	110	84	27	28	(29)	11	696
	<u>\$ 5,595</u>	<u>\$ 8,245</u>	<u>\$ 1,878</u>	<u>\$ 2,241</u>	<u>\$ (8,865)</u>	<u>\$ 3,620</u>	<u>\$ 53,593</u>
2019							
NAA	\$ 13,612	\$ 8,370	\$ 1,427	\$ 1,364	\$ 2,451	\$ 2,781	\$ 27,102
EA	6,650	4,146	744	645	1,115	2,462	15,473
Cruise Support	173	125	281	115	(347)	143	1,861
Tour and Other	390	268	28	36	56	43	623
	<u>\$ 20,825</u>	<u>\$ 12,909</u>	<u>\$ 2,480</u>	<u>\$ 2,160</u>	<u>\$ 3,276</u>	<u>\$ 5,429</u>	<u>\$ 45,058</u>
2018							
NAA	\$ 12,236	\$ 7,180	\$ 1,403	\$ 1,264	\$ 2,389	\$ 2,614	\$ 25,613
EA	6,243	3,676	751	611	1,205	945	13,825
Cruise Support	129	53	268	103	(296)	38	2,303
Tour and Other	272	180	28	39	26	152	660
	<u>\$ 18,881</u>	<u>\$ 11,089</u>	<u>\$ 2,450</u>	<u>\$ 2,017</u>	<u>\$ 3,325</u>	<u>\$ 3,749</u>	<u>\$ 42,401</u>

(a) Includes \$1.3 billion of goodwill impairment charges.

(b) Includes \$777 million of goodwill impairment charges.

Revenues by geographic areas, which are based on where our guests are sourced, were as follows:

(in millions)	Years Ended November 30,		
	2020	2019	2018
North America	\$ 3,084	\$ 11,502	\$ 10,066
Europe	1,643	6,318	5,957
Australia and Asia	687	2,632	2,530
Other	180	373	327
	<u>\$ 5,595</u>	<u>\$ 20,825</u>	<u>\$ 18,881</u>

Substantially all of our long-lived assets consist of our ships and move between geographic areas.

NOTE 13 – Compensation Plans and Post-Employment Benefits**Equity Plans**

We issue our share-based compensation awards, which at November 30, 2020 included time-based share awards (restricted stock awards and restricted stock units), performance-based share awards and market-based share awards (collectively “equity awards”), under the Carnival Corporation and Carnival plc stock plans. Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by the Compensation Committee which is made up of independent directors who determine which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. We had an aggregate of 11.1 million shares available for future grant at November 30, 2020. We fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Our equity awards generally vest over a three-year period, subject to earlier vesting under certain conditions.

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2017	2,949,968	\$ 51.82
Granted	951,906	\$ 66.68
Vested	(1,419,218)	\$ 45.45
Forfeited	(202,139)	\$ 56.57
Outstanding at November 30, 2018	2,280,517	\$ 61.57
Granted	1,357,177	\$ 52.17
Vested	(960,693)	\$ 53.49
Forfeited	(185,625)	\$ 56.13
Outstanding at November 30, 2019	2,491,376	\$ 59.97
Granted	9,971,331	\$ 20.72
Vested	(1,641,570)	\$ 30.68
Forfeited	(480,361)	\$ 50.96
Outstanding at November 30, 2020	<u>10,340,776</u>	\$ 26.61

As of November 30, 2020, there was \$129 million of total unrecognized compensation cost related to equity awards, which is expected to be recognized over a weighted-average period of 1.4 years.

Single-employer Defined Benefit Pension Plans

We maintain several single-employer defined benefit pension plans, which cover certain of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. The remaining defined benefit plans are primarily unfunded. These plans provide pension benefits primarily based on employee compensation and years of service.

<i>(in millions)</i>	UK Plan (a)		All Other Plans	
	2020	2019	2020	2019
Change in projected benefit obligation:				
Projected benefit obligation as of December 1	\$ 299	\$ 267	\$ 259	\$ 213
Past service cost	—	—	20	17
Interest cost	5	7	6	8
Benefits paid	(16)	(10)	(14)	(18)
Actuarial (gain) loss on plans' liabilities	14	35	13	34
Plan curtailments, settlements and other	—	—	(4)	—
Projected benefit obligation as of November 30	303	299	280	254
Change in plan assets:				
Fair value of plan assets as of December 1	312	278	18	18
Return on plans' assets	23	43	1	1
Employer contributions	6	2	14	18
Benefits paid	(16)	(10)	(14)	(19)
Plan settlements	—	—	(2)	—
Administrative expenses	(1)	—	—	—
Fair value of plan assets as of November 30	325	312	17	18
Funded status as of November 30	\$ 22	\$ 13	\$ (263)	\$ (236)

(a) The P&O Princess Cruises (UK) Pension Scheme ("UK Plan")

The amounts recognized the Consolidated Balance Sheets for these plans were as follows:

<i>(in millions)</i>	UK Plan		All Other Plans	
	November 30,		November 30,	
	2020	2019	2020	2019
Other assets	\$ 22	\$ 13	\$ —	\$ —
Accrued liabilities and other	\$ —	\$ —	\$ 32	\$ 25
Other long-term liabilities	\$ —	\$ —	\$ 231	\$ 210

The accumulated benefit obligation for all defined benefit pension plans was \$584 million and \$531 million at November 30, 2020 and 2019, respectively.

Amounts for pension plans with accumulated benefit obligations in excess of fair value of plan assets are as follows:

<i>(in millions)</i>	November 30,	
	2020	2019
Projected benefit obligation	\$ 280	\$ 254
Accumulated benefit obligation	\$ 272	\$ 247
Fair value of plan assets	\$ 17	\$ 18

The net benefit cost recognized in the Consolidated Statements of Income (Loss) were as follows:

<i>(in millions)</i>	UK Plan			All Other Plans		
	November 30,			November 30,		
	2020	2019	2018	2020	2019	2018
Service cost	\$ —	\$ —	\$ —	\$ 20	\$ 17	\$ 16
Interest cost	5	7	7	6	8	6
Expected return on plan assets	(8)	(11)	(12)	(1)	(1)	—
Amortization of prior service cost	—	—	—	—	—	—
Amortization of net loss (gain)	—	—	1	4	3	3
Settlement loss recognized	—	—	—	1	—	4
Net periodic benefit cost	\$ (3)	\$ (3)	\$ (2)	\$ 32	\$ 28	\$ 29

The components of net periodic benefit cost other than the service cost component are included in other income (expense), net in the Consolidated Statements of Income (Loss).

Weighted average assumptions used to determine the projected benefit obligation are as follows:

	UK Plan		All Other Plans	
	2020	2019	2020	2019
Discount rate	1.6 %	1.9 %	2.2 %	2.9 %
Rate of compensation increase	2.3 %	2.9 %	2.8 %	3.0 %

Weighted average assumptions used to determine net pension income are as follows:

	UK Plan			All Other Plans		
	2020	2019	2018	2020	2019	2018
Discount rate	1.9 %	3.0 %	2.6 %	2.9 %	3.5 %	3.3 %
Expected return on assets	3.0 %	4.2 %	4.0 %	3.0 %	3.0 %	3.0 %
Rate of compensation increase	2.9 %	3.4 %	3.2 %	2.7 %	3.0 %	3.0 %

The discount rate used to determine the UK Plan's projected benefit obligation was determined as the single equivalent rate based on applying a yield curve determined from AA credit rated bonds at the balance sheet date to the cash flows making up the pension plan's obligations. The discount rate used to determine the UK Plan's future net periodic benefit cost was determined as the equivalent rate based on applying each individual spot rate from a yield curve determined from AA credit rated bonds at the balance sheet date for each year's cash flow. The UK Plan's expected long-term return on plan assets is consistent with the long-term investment return target provided to the UK Plan's fiduciary manager (U.K. government fixed interest bonds (gilts) plus 1.0% to 1.8% per annum as of November 30, 2020).

Amounts recognized in AOCI are as follows:

	UK Plan		All Other Plans	
	November 30,		November 30,	
	2020	2019	2020	2019
Actuarial losses (gains) recognized in the current year	\$ 1	\$ 3	\$ 13	\$ 33
Amortization and settlements included in net periodic benefit cost	\$ —	\$ —	\$ (8)	\$ (3)

We anticipate making contributions of \$27 million to the plans during 2021. Estimated future benefit payments to be made during each of the next five fiscal years and in the aggregate during the succeeding five fiscal years are as follows:

<i>(in millions)</i>	UK Plan		All Other Plans	
2021	\$	6	\$	27
2022		6		25
2023		7		26
2024		7		27
2025		7		29
2026-2030		38		143
	\$	71	\$	277

Our investment strategy for our pension plan assets is to maintain a diversified portfolio of asset classes to produce a sufficient level of diversification and investment return over the long term. The investment policy for each plan specifies the type of investment vehicles appropriate for the plan, asset allocation guidelines, criteria for selection of investment managers and procedures to monitor overall investment performance, as well as investment manager performance. As of November 30, 2020 and 2019, respectively, the All Other Plans were all unfunded.

The fair values of the plan assets of the UK Plan by investment class are as follows:

	As of November 30,			
	2020		2019	
Equities	\$	55	\$	153
U.K. government fixed interest bonds (gilts)		270		159

Multiemployer Defined Benefit Pension Plans

We participate in two multiemployer defined benefit pension plans in the UK, the British Merchant Navy Officers Pension Fund (registration number 10005645) (“MNOFP”), which is divided into two sections, the “New Section” and the “Old Section” and the British Merchant Navy Ratings Pension Fund (registration number 10005646) (“MNRPF”). Collectively, we refer to these as “the multiemployer plans.” The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. The risks of participating in these multiemployer plans are different from single-employer plans, including:

- Contributions made by employers, including us, may be used to provide benefits to employees of other participating employers
- If any of the participating employers were to withdraw from the multiemployer plans or fail to make their required contributions, any unfunded obligations would be the responsibility of the remaining participating employers.

We are contractually obligated to make all required contributions as determined by the plans’ trustees. All of our multiemployer plans are closed to new membership and future benefit accrual. The MNOFP Old Section is fully funded.

We expense our portion of the MNOFP New Section deficit as amounts are invoiced by, and become due and payable to, the trustees. We accrue and expense our portion of the MNRPF deficit based on our estimated probable obligation from the most

recent actuarial review. Total expense for the multiemployer plans, was \$2 million in 2020, \$6 million in 2019 and \$8 million in 2018.

Based on the most recent valuation at March 31, 2018 of the MNOF New Section, it was determined that this plan was 98% funded. In 2020, 2019 and 2018, our contributions to the MNOF New Section did not exceed 5% of total contributions to the fund. Based on the most recent valuation at March 31, 2017 of the MNRPF, it was determined that this plan was 84% funded. In 2020, 2019 and 2018 our contributions to the MNRPF did not exceed 5% of total contributions to the fund. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future; however, such amounts are not expected to be material to our consolidated financial statements.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was \$24 million in 2020, \$41 million in 2019 and \$39 million in 2018.

NOTE 14 – Earnings Per Share

<i>(in millions, except per share data)</i>	Years Ended November 30,		
	2020	2019	2018
Net income (loss) for basic and diluted earnings per share	\$ (10,236)	\$ 2,990	\$ 3,152
Weighted-average shares outstanding	775	690	709
Dilutive effect of equity plans	—	2	2
Diluted weighted-average shares outstanding	775	692	710
Basic earnings per share	\$ (13.20)	\$ 4.34	\$ 4.45
Diluted earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44

Antidilutive shares excluded from diluted earnings per share computations were as follows:

<i>(in millions)</i>	November 30, 2020
Equity awards	1
Convertible Notes	103
Total antidilutive securities	104

There were no antidilutive shares excluded from our 2019 and 2018 diluted earnings per share computations.

NOTE 15 – Supplemental Cash Flow Information

<i>(in millions)</i>	November 30,	
	2020	2019
Cash and cash equivalents (Consolidated Balance Sheets)	\$ 9,513	\$ 518
Restricted cash included in prepaid expenses and other and other assets	179	13
Total cash, cash equivalents and restricted cash (Consolidated Statements of Cash Flows)	\$ 9,692	\$ 530

Cash paid for interest, net of capitalized interest, was \$610 million in 2020, \$171 million in 2019 and \$182 million in 2018. In addition, cash paid for income taxes, net was not material in 2020, \$46 million in 2019 and \$58 million in 2018.

In connection with the repurchase of the Convertible Notes as part of the August and November Registered Direct Offerings, as an administrative convenience, we permitted the purchasers of 151.2 million of Carnival Corporation common stock to offset the purchase price payable to us against our obligation to pay the purchase price for \$1.3 billion aggregate principal amount of the Convertible Notes held by them, which is reflected as a non-cash transaction for the year ended November 30, 2020.

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the “Company”) as of November 30, 2020 and 2019, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders’ equity and cash flows for each of the three years in the period ended November 30, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Notes 1 and 11 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the ongoing effects of COVID-19 on the Company’s operations and global bookings have had, and will continue to have, a material negative impact on the Company’s financial results and liquidity. Further, beginning on February 28, 2022, additional financial covenant amendments for the Company’s export credit facilities have been requested and will be needed in order to maintain covenant compliance. Management’s evaluation of these events and conditions and management’s plans to mitigate these matters are also described in Note 1.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Interim Impairment Assessment – Certain Reporting Units Within the North America & Australia (“NAA”) and Europe & Asia (“EA”) Reportable Segments

As described in Notes 2 and 10 to the consolidated financial statements, the Company's consolidated goodwill balance was \$807 million as of November 30, 2020. The goodwill associated with the NAA and EA reportable segments as of November 30, 2020 was \$579 million and \$228 million, respectively. Management reviews goodwill for impairment as of July 31 every year, or more frequently if events or circumstances dictate. The impairment review for goodwill allows management to first assess qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. Management performs the quantitative test if the qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount, or management may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. When performing the quantitative test, if the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required. However, if the estimated fair value of the reporting unit is less than the carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its fair value, limited to the amount of goodwill allocated to the reporting unit. As a result of the effect of COVID-19 on management's expected future operating cash flows, management performed interim discounted cash flow analyses for certain reporting units with goodwill as of February 29, 2020 and for all reporting units with goodwill as of May 31, 2020 (i.e., prior to the Company's annual test date of July 31, 2020). Consequently, management determined that the estimated fair values of two of the Company's NAA segment reporting units and two of the Company's EA segment reporting units no longer exceeded their carrying values. Management recognized goodwill impairment charges of \$1,319 million and \$777 million within the NAA and EA reportable segments, respectively and the Company has no remaining goodwill for those reporting units. As of July 31, 2020, management performed the annual goodwill impairment review and determined there was no incremental impairment for goodwill at the annual test date. As a result of the extended pause in operations, management performed an additional quantitative goodwill impairment review for all remaining reporting units as of November 30, 2020 and determined there was no incremental impairment for goodwill. The determination of the fair value of the Company's reporting units includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used in management's cash flow analyses consisted of the timing of the Company's return to service; changes in market conditions; and port or other restrictions; forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the allocation of new ships; the timing of the transfer or sale of ships amongst brands; and the estimated proceeds from ship sales; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate.

The principal considerations for our determination that performing procedures relating to the goodwill interim impairment assessment for certain reporting units within the NAA and EA reportable segments at May 31, 2020 is a critical audit matter are (i) the significant judgment by management in determining the fair value of the reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other

transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the timing of the transfer or sale of ships amongst brands; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Company's reporting units. These procedures also included, among others (i) testing management's process for determining the fair value estimates of certain reporting units within the NAA and EA reportable segments related to the interim impairment assessment; (ii) evaluating the appropriateness of the discounted cash flow analyses; (iii) testing the completeness and accuracy of underlying data used in the analyses; and (iv) evaluating the significant assumptions used by management related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; the timing of the transfer or sale of ships amongst brands; and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate. Evaluating management's assumptions related to forecasted revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the transfer or sale of ships amongst brands involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the discounted cash flow analyses and the weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate.

Certain Ship Impairment Assessments

As described in Notes 2, 3, and 10 to the consolidated financial statements, the Company's consolidated ship and ship improvements balance was \$49.8 billion as of November 30, 2020. Management reviews their long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the effect of COVID-19 on the Company's expected future operating cash flows and management's decision to dispose of certain ships, management determined certain impairment triggers occurred. Accordingly, management performed undiscounted cash flow analyses on certain ships in the Company's fleet throughout 2020. Based on these undiscounted cash flow analyses, management determined that certain ships, specifically those being disposed, had net carrying values that exceeded their estimated undiscounted future cash flows. Management determined the fair values of these ships based on their estimated selling value. Management then compared these estimated fair values to the net carrying values and, as a result, recognized ship impairment charges of \$1.5 billion and \$0.3 billion within the NAA and EA segments during 2020. The principal assumptions used in management's undiscounted cash flow analyses consisted of the timing of the respective ship's return to service; changes in market conditions; and port or other restrictions; forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees; and the timing of the sale of ships and estimated proceeds.

The principal considerations for our determination that performing procedures relating to certain ship impairment assessments is a critical audit matter are (i) the significant judgment by management in developing the undiscounted cash flow analyses for the ships with triggering events; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and estimated proceeds.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's ship impairment assessments, including controls over the analysis of the Company's ships that were subject to undiscounted cash flow impairment analyses. These procedures also included, among others (i) testing management's process for developing the undiscounted cash flow estimates for ships with triggering events; (ii) evaluating the appropriateness of the undiscounted cash flow methods; (iii) testing the completeness and accuracy of underlying data used in the estimates; and (iv) evaluating the significant assumptions used by management related to forecasted ship revenues net of the most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and estimated proceeds. Evaluating management's assumptions related to the forecasted ship revenues net of the most significant variable costs, which are travel agent commissions costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees and the timing of the sale of ships and

estimated proceeds involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Company; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.

Liquidity - Impact of COVID-19

As described in Note 1 to the consolidated financial statements, in the face of the global pandemic, management paused its guest cruise operations in mid-March 2020. In September 2020, the Company resumed limited guest operations as part of its phased return to service. Management believes that the ongoing effects of COVID-19 on their operations have had, and will continue to have, a material negative impact on their financial results and liquidity. Management has taken and continues to take actions to improve the Company's liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from the Company's fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital market transactions. Based on these actions and considering the Company's available liquidity including cash and cash equivalents of \$9.5 billion at November 30, 2020, management concluded there is sufficient liquidity to satisfy the Company's obligations for at least the next twelve months. The principal assumptions used in management's cash flow analyses used to estimate future liquidity requirements consisted of the expected continued gradual resumption of guest cruise operations; the expected lower than comparable historical occupancy levels; the expected incremental expenses for the resumption of guest cruise operations for the maintenance of additional public health protocols and complying with additional regulations.

The principal considerations for our determination that performing procedures relating to the impact of COVID-19 on the Company's liquidity is a critical audit matter are (i) the significant judgment by management when evaluating the uncertainty related to the effects of the COVID-19 pandemic on the Company's financial results and liquidity, which impacts the Company's forecasted financial results and estimated liquidity requirements to satisfy obligations; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's liquidity assessment to satisfy obligations for at least the next twelve months.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of the Company's liquidity. These procedures also included, among others, (i) testing management's process for forecasting financial results and liquidity within one year after the date the financial statements are issued and (ii) testing the completeness and accuracy of underlying data used in the forecast; and (iii) evaluation of management's liquidity assessment and their disclosure in the consolidated financial statements regarding having sufficient liquidity to satisfy its obligations for at least the next twelve months.

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 26, 2021

We have served as the Company's auditors since 2003. Prior to that, we served as Carnival Corporation's auditors since at least 1986. We have not been able to determine the specific year we began serving as auditor of Carnival Corporation.

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “depends,” “expect,” “goal,” “anticipate,” “forecast,” “project,” “future,” “intend,” “plan,” “estimate,” “target,” “indicate,” “outlook,” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Pricing
- Booking levels
- Occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity and credit ratings
- Adjusted earnings per share
- Impact of the COVID-19 coronavirus global pandemic on our financial condition and results of operations

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- *COVID-19 has had, and is expected to continue to have, a significant impact on our financial condition and operations, which impacts our ability to obtain acceptable financing to fund resulting reductions in cash from operations. The current, and uncertain future, impact of the COVID-19 outbreak, including its effect on the ability or desire of people to travel (including on cruises), is expected to continue to impact our results, operations, outlooks, plans, goals, reputation, litigation, cash flows, liquidity, and stock price.*
- *As a result of the COVID-19 outbreak, we may be out of compliance with one or more maintenance covenants in certain of our debt facilities, for which we currently have amendments for the period through November 30, 2021 with the next testing date of February 28, 2022.*
- *World events impacting the ability or desire of people to travel have and may continue to lead to a decline in demand for cruises.*
- *Incidents concerning our ships, guests or the cruise vacation industry as well as adverse weather conditions and other natural disasters have in the past and may, in the future, impact the satisfaction of our guests and crew and lead to reputational damage.*
- *Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection and tax have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties, and reputational damage.*
- *Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks, including the recent ransomware incidents, and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage.*
- *Ability to recruit, develop and retain qualified shipboard personnel who live away from home for extended periods of time may adversely impact our business operations, guest services and satisfaction.*
- *Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.*
- *Fluctuations in foreign currency exchange rates may adversely impact our financial results.*
- *Overcapacity and competition in the cruise and land-based vacation industry may lead to a decline in our cruise sales,*

pricing and destination options.

- *Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.*

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

2020 Executive Overview

2020 was an unprecedented year with significant impacts on our business from the effects of COVID-19. In response to the global pandemic, we paused our guest cruise operations in mid-March 2020. We returned over 260,000 guests home, repatriated 90,000 crew members, processed billions of dollars of guest refunds and cruise credits, accelerated the exit of 19 vessels, negotiated the delay of 16 ships on order, moved our entire fleet into full pause status, developed new cruise protocols and are putting them to test as we resume limited cruise operations in both Italy and Germany. Additionally, we extended debt maturities and secured financial covenant amendments, while completing various financing transactions for a cumulative \$19 billion of new capital. We ended the year with \$9.5 billion in cash and believe we have the liquidity in place to sustain ourselves throughout 2021.

We executed a rationalization of our fleet reducing capacity by 13 percent. As a result, we expect to be less reliant on new guests due to our recurring base of repeat guests, which will be spread over a smaller fleet. Our capacity reduction is also expected to deliver a structurally lower cost base. As the 19 ships leaving the fleet are smaller and less efficient ships, we expect to benefit by a reduction in unit costs and a reduction in unit fuel consumption when we resume guest cruise operations. Our efforts to right size our shore side operations may reduce our costs further, as well as our continued focus on finding efficiencies across our ship operations. Over time, we believe we may achieve an additional structural benefit to unit costs as we deliver new, larger and more efficient ships. This includes the deliveries of Princess Cruises' *Enchanted Princess* and P&O UK's *Iona* in 2020 and the upcoming deliveries of *Costa Firenze*, *Mardi Gras* and *Rotterdam* in 2021. As a result of these and other actions, we expect to emerge from the pause a more efficient company.

We continue to work diligently to resume operations in the U.S., including ongoing discussions with the CDC. We are also working towards resuming operations in many other parts of the world, including Asia, Australia and the UK and we are working hard to do so in a way that serves the best interests of public health. Currently, the company is unable to predict when the entire fleet will return to normal operations. The pause in guest operations continues to have a material negative impact on all aspects of the company's business, including the company's liquidity, financial position and results of operations. We expect a net loss on both a U.S. GAAP and adjusted basis for the full year ending November 30, 2021.

Our highest responsibility and top priorities are to be in compliance everywhere we operate in the world, to protect the environment and the health, safety and well-being of our guests, the people in the communities we touch and our shipboard and shoreside employees.

We have continued to make advancements in our sustainability efforts, reducing food waste and accelerating the reduction in single use plastics amongst others. We have dealt with many types of viruses previously, and already have effective protocols in place onboard our ships including screening measures, medical centers and enhanced sanitation procedures which prevent and reduce spread once brought onboard from land. We have been working with leading medical and science experts around the globe, to develop new and enhanced protocols and procedures based on the best available science to specifically address the risks associated with COVID-19. We expect these protocols to continue to evolve as society's understanding of COVID-19 strengthens. We intend to initially resume operations with a small percentage of the fleet. For our initial voyages, we have chosen to sail with low occupancy levels, enabling us to gain experience with our enhanced safety protocols.

Maintaining a strong balance sheet has historically been a key strength for our company. While we raised capital mainly through debt, we strengthened our capital structure through equity, raising \$3.0 billion during 2020 and strengthened our balance sheet through the early conversion of convertible debt. All of these efforts are in line with our primary financial objective going forward, to maximize cash generation. As we return to full operations, our cash flow will be the primary driver in our efforts to return to investment grade credit over time, creating greater shareholder value. With the aggressive actions we have taken, managing the balance sheet and reducing capacity, we believe we are positioned to capitalize on pent up demand and to emerge a more efficient company.

New Accounting Pronouncements

Refer to our consolidated financial statements for further information on *Accounting Pronouncements*.

Critical Accounting Estimates

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

Liquidity and COVID-19

We make several critical accounting estimates with respect to our liquidity.

The effects of COVID-19 have had a significant impact on our operations and liquidity. Significant events affecting travel, including COVID-19 and our pause in guest cruise operations, have had an impact on booking patterns. The full extent of the impact will be determined by our gradual return to service and the length of time COVID-19 influences travel decisions. We believe that the ongoing effects of COVID-19 on our operations and global bookings will continue to have a material negative impact on our financial results and liquidity.

The estimation of our future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- Expected continued gradual resumption of guest cruise operations
- Expected lower than comparable historical occupancy levels during the resumption of guest cruise operations
- Expected incremental expenses for the resumption of guest cruise operations, for the maintenance of additional public health protocols and procedures for additional regulations

We cannot make assurances that our assumptions used to estimate liquidity requirements may not change because we have never previously experienced a complete cessation of guest cruise operations, and as a consequence, our ability to be predictive is uncertain. In addition, the magnitude, duration and speed of the global pandemic are uncertain. We have made reasonable estimates and judgments of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods. We have taken and will continue to take actions to improve liquidity, including capital expenditure and operating expense reductions, amending credit agreements, accelerating the removal of certain ships from the fleet, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various capital transactions.

Ship Accounting

We make several critical accounting estimates with respect to our ship accounting.

We account for ship improvement costs, including replacements of certain significant components and parts, by capitalizing those costs we believe add value to our ships and have a useful life greater than one year and depreciating those improvements over their estimated remaining useful life. The costs of repairs and maintenance, including minor improvement costs and expenses related to dry-docks, are charged to expense as incurred. If we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs.

In order to compute our ships' depreciation expense, we apply judgment to determine their useful lives as well as their residual values. We estimate the useful life of our ships and ship improvements based on the expected period over which the assets will be of economic benefit to us, including the impact of marketing and technical obsolescence, competition, physical deterioration, historical useful lives of similarly-built ships, regulatory constraints and maintenance requirements. In addition, we consider estimates of the weighted-average useful lives of the ships' major component systems, such as the hull, cabins, main electric, superstructure and engines. Taking all of this into consideration, we have estimated our new ships' useful lives at 30 years.

We determine the residual value of our ships based on our long-term estimates of their resale value at the end of their useful life to us but before the end of their physical and economic lives to others, historical resale values of our and other cruise ships and viability of the secondary cruise ship market. We have estimated our residual values at 15% of our original ship cost.

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. Our 2020 ship depreciation expense would have increased by approximately \$46 million assuming we had reduced our estimated 30-year ship useful life estimate by one year at the time we took delivery or acquired each of our ships. In addition, our 2020 ship depreciation expense would have increased by approximately \$232 million assuming we had estimated our ships to have no residual value.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which we use them.

Valuation of Ships

Impairment reviews of our ships require us to make significant estimates.

We evaluate ship asset impairments at the individual ship level which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We review our ships for impairment whenever events or circumstances indicate that the carrying value of a ship may not be recoverable. If estimated future cash flows are less than the carrying value of a ship, an impairment charge is recognized to the extent its carrying value exceeds fair value.

The estimation of a ship's fair value includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used in our ship impairment reviews consist of:

- Timing of the respective ship's return to service, changes in market conditions and port or other restrictions
- Forecasted ship revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees
- Timing of the sale of ships and estimated proceeds

Refer to our consolidated financial statements for additional discussion of our property and equipment policy, ship impairment reviews and ship impairment charges recognized during 2020.

We believe that we have made reasonable estimates and judgments.

Valuation of Goodwill

Impairment reviews of our goodwill require us to make significant estimates.

We review our goodwill for impairment at the reporting unit level as of July 31 every year, or more frequently if events or circumstances dictate. If the estimated fair value of any of our reporting units is less than the reporting unit's carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its estimated fair value, limited to the amount of goodwill allocated to the reporting unit.

The estimation of our reporting unit fair value includes numerous assumptions that are subject to various risks and uncertainties. Our pause in guest cruise operations and the possibility of further extensions created some uncertainty in forecasting the operating results and future cash flows used in our impairment analyses. The principal assumptions used in our goodwill impairment reviews consist of:

- The timing of our return to service, changes in market conditions and port or other restrictions
- Forecasted revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues including credit and debit card fees
- The allocation of new ships and the timing of the transfer or sale of ships amongst brands, as well as the estimated proceeds from ship sales

- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

Refer to our consolidated financial statements for additional discussion of our goodwill accounting policy, impairment reviews and goodwill impairment charges recognized during 2020.

We believe that we have made reasonable estimates and judgments.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory and guest and crew matters. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine the appropriate amounts to record in our consolidated financial statements.

We accrue a liability and establish a reserve when we believe a loss is probable and the amount of the loss can be reasonably estimated. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets where appropriate. Such accruals and reserves are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverage.

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

Refer to our consolidated financial statements for additional discussion of contingencies.

Results of Operations

We have historically earned substantially all of our cruise revenues from the following:

- Sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. We also collect fees, taxes and other charges from our guests. The cruise ticket price typically includes the following:

Accommodations

Most meals, including snacks at numerous venues

Access to amenities such as swimming pools, water slides, water parks, whirlpools, a health club and sun decks

Supervised youth programs

Entertainment, such as theatrical and comedy shows, live music and nightclubs

Visits to multiple destinations

- Sales of onboard goods and services not included in the cruise ticket price. This generally includes the following:
 - Beverage sales
 - Casino gaming
 - Shore excursions
 - Retail sales
 - Photo sales
 - Internet and communication services
 - Full service spas
 - Specialty restaurants
 - Art sales
 - Laundry and dry cleaning services

These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. Concession revenues do not have direct expenses because the costs and services incurred for concession revenues are borne by our concessionaires.

We earn our tour and other revenues from our hotel and transportation operations, long-term leasing of ships and other revenues.

We incur cruise operating costs and expenses for the following:

- The costs of passenger cruise bookings, which include travel agent commissions, cost of air and other transportation, port fees, taxes, and charges that directly vary with guest head counts and credit and debit card fees
- Onboard and other cruise costs, which include the costs of beverage sales, costs of shore excursions, costs of retail sales, communication costs, credit and debit card fees, other onboard costs, costs of cruise vacation protection programs and pre- and post-cruise land packages
- Payroll and related costs, which include the costs of officers and crew in bridge, engineering and hotel operations. Substantially all costs associated with our shoreside personnel are included in selling and administrative expenses
- Fuel costs, which include fuel delivery costs
- Food costs, which include both our guest and crew food costs
- Other ship operating expenses, which include port costs that do not vary with guest head counts; repairs and maintenance, including minor improvements and dry-dock expenses; hotel costs; entertainment; gains and losses on ship sales; ship impairments; freight and logistics; insurance premiums and all other ship operating expenses

We incur tour and other costs and expenses for our hotel and transportation operations, long-term leasing of ships and other expenses.

Statistical Information

	Years Ended November 30,		
	2020	2019	2018
ALBDs (in thousands) (b) (c)	(a)	87,424	83,872
Occupancy percentage (d)	(a)	106.8 %	106.9 %
Passengers carried (in thousands)	(a)	12,866	12,407
Fuel consumption in metric tons (in thousands)	1,915	3,312	3,296
Fuel cost per metric ton consumed	\$ 430	\$ 472	\$ 491
Currencies (USD to 1)			
AUD	\$ 0.68	\$ 0.70	\$ 0.75
CAD	\$ 0.74	\$ 0.75	\$ 0.78
EUR	\$ 1.13	\$ 1.12	\$ 1.18
GBP	\$ 1.28	\$ 1.27	\$ 1.34
RMB	\$ 0.14	\$ 0.14	\$ 0.15

We paused our guest operations in mid-March 2020 and have been in a pause for a majority of the fiscal year. The pause in guest operation had a material negative impact on all aspects of our business, including the above statistical information.

Notes to Statistical Information

- (a) Due to the impact of COVID-19 in 2020, current year data is not meaningful and is not included in the table.
- (b) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (c) In 2019 compared to 2018, we had a 4.2% capacity increase in ALBDs comprised of a 1.8% capacity increase in our NAA segment and an 8.6% capacity increase in our EA segment.

Our NAA segment's capacity increase was caused by:

- Partial period impact from one Carnival Cruise Line 3,960-passenger capacity ship that entered into service in April 2018
- Partial period impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018
- Partial period impact from one Holland America Line 2,670-passenger capacity ship that entered into service in December 2018
- Partial period impact from one Princess Cruises 3,660-passenger capacity ship that entered into service in October 2019

These increases were partially offset by:

- Partial period impact from one P&O Cruises (Australia) 1,680-passenger capacity ship removed in March 2019
- Partial period impact from one P&O Cruises (Australia) 1,260-passenger capacity ship removed in April 2019
- Partial period impact from one Holland America Line 840-passenger capacity ship removed in July 2019

Our EA segment's capacity increase was caused by:

- Partial period impact from one AIDA 5,230-passenger capacity ship that entered into service in December 2018
- Partial period impact from one Costa 4,200-passenger capacity ship that entered into service in March 2019

These increases were partially offset by:

- Partial period impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Partial period impact from one Costa 1,300-passenger capacity ship removed from service in April 2018.
- Partial period impact from one P&O Cruises (UK) 1,880-passenger capacity ship removed from service in August 2019

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

2020 Compared to 2019

Results of Operations

Consolidated

<i>(in millions)</i>	Years Ended November 30,		Change	% increase (decrease)
	2020	2019		
Revenues				
Passenger ticket	\$ 3,684	\$ 14,104	\$ (10,420)	(74)%
Onboard and other	1,910	6,721	(4,810)	(72)%
	5,595	20,825	(15,230)	(73)%
Operating Costs and Expenses				
Commissions, transportation and other	1,139	2,720	(1,582)	(58)%
Onboard and other	605	2,101	(1,496)	(71)%
Payroll and related	1,780	2,249	(469)	(21)%
Fuel	823	1,562	(739)	(47)%
Food	413	1,083	(671)	(62)%
Ship and other impairments	1,967	26	1,941	7542 %
Other operating	1,518	3,167	(1,649)	(52)%
	8,245	12,909	(4,664)	(36)%
Selling and administrative	1,878	2,480	(601)	(24)%
Depreciation and amortization	2,241	2,160	81	4 %
Goodwill impairment	2,096	—	2,096	100 %
	14,460	17,549	(3,089)	(18)%
Operating Income (Loss)	\$ (8,865)	\$ 3,276	\$ (12,141)	(371)%

NAA

<i>(in millions)</i>	Years Ended November 30,		Change	% increase (decrease)
	2020	2019		
Revenues				
Passenger ticket	\$ 2,334	\$ 8,992	\$ (6,658)	(74)%
Onboard and other	1,293	4,620	(3,327)	(72)%
	3,627	13,612	(9,985)	(73)%
Operating Costs and Expenses	5,623	8,370	(2,747)	(33)%
Selling and administrative	1,066	1,427	(361)	(25)%
Depreciation and amortization	1,413	1,364	49	4 %
Goodwill impairment	1,319	—	1,319	100 %
	9,422	11,161	(1,739)	(16)%
Operating Income (Loss)	\$ (5,794)	\$ 2,451	\$ (8,246)	(336)%

EA

<i>(in millions)</i>	Years Ended November 30,		Change	% increase (decrease)
	2020	2019		
Revenues				
Passenger ticket	\$ 1,388	\$ 5,207	\$ (3,820)	(73)%
Onboard and other	402	1,442	(1,040)	(72)%
	<u>1,790</u>	<u>6,650</u>	<u>(4,860)</u>	<u>(73)%</u>
Operating Costs and Expenses	2,548	4,146	(1,599)	(39)%
Selling and administrative	523	744	(221)	(30)%
Depreciation and amortization	672	645	27	4 %
Goodwill impairment	777	—	777	100 %
	<u>4,519</u>	<u>5,534</u>	<u>(1,016)</u>	<u>(18)%</u>
Operating Income (Loss)	\$ (2,729)	\$ 1,115	\$ (3,845)	(345)%

We paused our guest operations in mid-March 2020. We resumed limited guest cruise operations in September 2020 as part of our phased return to service. As of January 14, 2021, none of our ships were operating with guests onboard. The pause in guest operations is continuing to have material negative impacts on all aspects of our business. The longer the pause in guest operations continues, the greater the impact on our liquidity and financial position.

During 2020, as a result of the pause in our guest cruise operations, we have experienced meaningfully lower revenues compared to the prior year. This has resulted in an operating loss for the current period. We are unable to predict when the entire fleet will return to normal operations, and as a result, unable to provide an earnings forecast. The pause in guest operations continues to have a material negative impact on all aspects of our business, including our liquidity, financial position and results of operations. We expect a net loss on both a U.S. GAAP and adjusted basis for the full year ending November 30, 2021.

While maintaining compliance, environmental protection and safety, we significantly reduced ship operating expenses, including cruise payroll and related expenses, food, fuel, insurance and port charges by transitioning ships into paused status, either at anchor or in port and staffed at a safe manning level. We continue to seek ways to further reduce our ongoing ship operating expenses.

In addition, during the year we incurred incremental COVID-19 related costs associated with repatriating guests and crew members, enhancing health protocols and sanitizing our ships, restructuring costs and defending lawsuits.

As a result of the effects of COVID-19 on our expected future operating cash flows, we recognized goodwill impairment charges of \$2.1 billion and ship impairment charges of \$1.8 billion during 2020.

Key Performance Non-GAAP Financial Indicators

The table below reconciles Adjusted net income (loss) and Adjusted EBITDA to Net Income (loss) and Adjusted earnings per share to Earnings per share for the periods presented:

<i>(dollars in millions, except per share data)</i>	Years Ended November 30,		
	2020	2019	2018
Net income (loss)			
U.S. GAAP net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152
Unrealized (gains) losses on fuel derivatives, net	—	—	(94)
(Gains) losses on ship sales and impairments	3,934	(6)	(38)
Restructuring expenses	47	10	1
Other	462	47	8
Adjusted net income (loss)	\$ (5,793)	\$ 3,041	\$ 3,029
Interest expense, net of capitalized interest	895	206	194
Interest income	(18)	(23)	(14)
Income tax expense, net	(17)	71	54
Depreciation and amortization	2,241	2,160	2,017
Adjusted EBITDA	\$ (2,692)	\$ 5,455	\$ 5,280
Weighted-average shares outstanding	775	692	710
Earnings per share			
U.S. GAAP earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44
Unrealized (gains) losses on fuel derivatives, net	—	—	(0.13)
(Gains) losses on ship sales and impairments	5.08	(0.01)	(0.05)
Restructuring expenses	0.06	0.01	—
Other	0.60	0.07	0.01
Adjusted earnings per share	\$ (7.47)	\$ 4.40	\$ 4.26

Explanations of Non-GAAP Financial Measures

We use adjusted net income (loss) and adjusted earnings per share as non-GAAP financial measures of our cruise segments' and the company's financial performance. These non-GAAP financial measures are provided along with U.S. GAAP net income (loss) and U.S. GAAP diluted earnings per share.

We believe that gains and losses on ship sales, impairment charges, restructuring costs and other gains and losses are not part of our core operating business and are not an indication of our future earnings performance. Therefore, we believe it is more meaningful for these items to be excluded from our net income (loss) and earnings per share and, accordingly, we present adjusted net income (loss) and adjusted earnings per share excluding these items.

Adjusted EBITDA is a non-GAAP measure, and we believe that the presentation of Adjusted EBITDA provides additional information to investors about our operating profitability adjusted for certain non-cash items and other gains and expenses that we believe are not part of our core operating business and are not an indication of our future earnings performance. Further, we believe that the presentation of Adjusted EBITDA provides additional information to investors about our ability to operate our business in compliance with the restrictions set forth in our debt agreements. We define Adjusted EBITDA as adjusted net income (loss) adjusted for (i) interest, (ii) taxes and, (iii) depreciation and amortization. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items that directly affect our net income (loss). These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income (loss) as calculated in accordance with U.S. GAAP.

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures

may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

2019 Compared to 2018

Revenues

Consolidated

Cruise passenger ticket revenues made up 68% of our 2019 total revenues. Cruise passenger ticket revenues increased by \$174 million, or 1.2%, to \$14.1 billion in 2019 from \$13.9 billion in 2018.

This increase was caused by:

- \$607 million - 4.2% capacity increase in ALBDs
- \$113 million - increase in air transportation revenues

These increases were partially offset by:

- \$305 million - net unfavorable foreign currency translational impact
- \$240 million - decrease in cruise ticket revenues, driven primarily by sourcing in Continental Europe, our Alaska programs and net unfavorable foreign currency transactional impact, partially offset by price improvements in the Caribbean program.

Onboard and other cruise revenues made up 30% of our 2019 total revenues. Onboard and other cruise revenues increased by \$1.7 billion, or 35%, to \$6.3 billion in 2019 from \$4.7 billion in 2018.

This increase was caused by:

- \$1.4 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$200 million - 4.2% capacity increase in ALBDs
- \$124 million - higher onboard spending by our guests

These increases were partially offset by net unfavorable foreign currency translational impact of \$89 million.

Tour and other revenues made up 1.9% of our 2019 total revenues. Tour and other revenues increased by \$118 million, or 43%, to \$390 million in 2019 from \$272 million in 2018.

This increase was driven by the sale of Advanced Air Quality Systems to third parties, which accounted for \$117 million.

Concession revenues, which are included in onboard and other revenues, increased by \$24 million, or 2.1%, to \$1.2 billion in 2019 from \$1.1 billion in 2018.

NAA Segment

Cruise passenger ticket revenues made up 66% of our NAA segment's 2019 total revenues. Cruise passenger ticket revenues increased by \$159 million, or 1.8% to \$9.0 billion in 2019 from \$8.8 billion in 2018.

This increase was caused by:

- \$152 million - 1.8% capacity increase in ALBDs
- \$57 million - increase in air transportation revenues

These increases were partially offset by net unfavorable foreign currency translational impact of \$20 million.

The remaining 34% of our NAA segment's 2019 total revenues were comprised of onboard and other cruise revenues, which increased by \$1.2 billion, or 36%, to \$4.6 billion in 2019 from \$3.4 billion in 2018.

This increase was caused by:

- \$1.1 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$58 million - 1.8% capacity increase in ALBDs
- \$39 million - higher onboard spending by our guests

Concession revenues, which are included in onboard and other revenues, increased by \$14 million, or 1.7%, to \$821 million in 2019 from \$807 million in 2018.

EA Segment

Cruise passenger ticket revenues made up 78% of our EA segment's 2019 total revenues. Cruise passenger ticket revenues increased by \$68 million, or 1.3%, to \$5.2 billion in 2019 from \$5.1 billion in 2018.

This increase was caused by:

- \$451 million - 8.6% capacity increase in ALBDs
- \$50 million - increase in air transportation revenues

These increases were partially offset by

- \$285 million - net unfavorable foreign currency translational impact
- \$159 million - decrease in cruise ticket revenues, driven primarily by sourcing in Continental Europe

The remaining 22% of our EA segment's 2019 total revenues were comprised of onboard and other cruise revenues, which increased by \$339 million, or 31%, to \$1.4 billion in 2019 from \$1.1 billion in 2018.

This increase was caused by:

- \$268 million - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$96 million - 8.6% capacity increase in ALBDs
- \$51 million - higher onboard spending by our guests

These increases were partially offset by net unfavorable foreign currency translational impact of \$79 million.

Concession revenues, which are included in onboard and other revenues, increased by \$10 million, or 3.0%, to \$337 million in 2019 from \$328 million in 2018.

Costs and Expenses

Consolidated

Operating costs and expenses increased by \$1.8 billion or 16%, to \$12.9 billion in 2019 from \$11.1 billion in 2018.

This increase was caused by:

- \$1.4 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$464 million - 4.2% capacity increase in ALBDs
- \$88 million - increase in tour and other costs
- \$87 million - higher commissions, transportation and other expenses
- \$67 million - increase in various other ship operating costs
- \$35 million - gains on ship sales in 2018, net of gains on ship sales in 2019

These increases were partially offset by:

- \$221 million - net favorable foreign currency translational impact
- \$63 million - lower fuel prices
- \$62 million - improved fuel consumption per ALBD
- \$46 million - lower dry-dock expenses and repair and maintenance expenses

Selling and administrative expenses increased by \$30 million, or 1.2%, to \$2.5 billion in 2019 compared to \$2.5 billion in 2018.

Depreciation and amortization expenses increased by \$143 million, or 7.1%, to \$2.2 billion in 2019 from \$2.0 billion in 2018.

NAA Segment

Operating costs and expenses increased by \$1.2 billion, or 17%, to \$8.4 billion in 2019 from \$7.2 billion in 2018.

This increase was caused by:

- \$1.1 billion - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$124 million - 1.8% capacity increase in ALBDs
- \$59 million - higher commissions, transportation and other

These increases were partially offset by:

- \$58 million - lower fuel prices
- \$40 million - lower cruise payroll and related expenses

Selling and administrative expenses increased by \$24 million, or 1.7%, to \$1.4 billion in 2019 compared to \$1.4 billion in 2018.

Depreciation and amortization expenses increased by \$100 million, or 7.9%, to \$1.4 billion in 2019 from \$1.3 billion in 2018.

EA Segment

Operating costs and expenses increased by \$470 million, or 13%, to \$4.1 billion in 2019 from 3.7 billion in 2018.

This increase was caused by:

- \$307 million - 8.6% capacity increase in ALBDs
- \$268 million - related to the gross presentation of shore excursions and other onboard revenues as a result of the adoption of new revenue accounting guidance
- \$46 million - gains on ship sales in 2018, net of gains on ship sales in 2019
- \$39 million - increase in various other ship operating costs
- \$36 million - higher commissions, transportation and other
- \$28 million - higher cruise payroll and related expenses

These increases were partially offset by:

- \$203 million - net favorable foreign currency translational impact
- \$38 million - improved fuel consumption per ALBD
- \$21 million - lower dry-dock expenses and repair and maintenance expenses

Selling and administrative expenses decreased by \$7 million, or 1.0%, to \$744 million in 2019 from \$751 million in 2018.

Depreciation and amortization expenses increased by \$34 million, or 5.5%, to \$645 million in 2019 from \$611 million in 2018.

Operating Income

Our consolidated operating income decreased by \$49 million, or 1.5%, to \$3.3 billion in 2019 compared to \$3.3 billion in 2018. Our NAA segment's operating income increased by \$62 million, or 2.6%, to \$2.5 billion in 2019 from \$2.4 billion in 2018, and our EA segment's operating income decreased by \$90 million, or 7.5%, to \$1.1 billion in 2019 from \$1.2 billion in 2018. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

<i>(in millions)</i>	Year Ended November 30, 2018	
Unrealized gains on fuel derivatives, net	\$	94
Realized losses on fuel derivatives, net		(35)
Gains on fuel derivatives, net	\$	59

There were no unrealized or realized gains or losses on fuel derivatives in 2019.

Liquidity, Financial Condition and Capital Resources

We have taken, and continue to take, significant actions to preserve cash and obtain additional financing to increase our liquidity. Since March 2020, we have raised \$19 billion through a series of transactions. We have completed the following transactions:

- In March 2020, we fully drew down our \$3.0 billion Revolving Facility.
- In March 2020, we settled outstanding derivatives resulting in proceeds of \$220 million.
- In April 2020, we completed (i) a public offering of 71,875,000 shares of Carnival Corporation's common stock at a price per share of \$8.00, resulting in net proceeds of \$556 million and (ii) a private offering of \$2.0 billion aggregate principal amount of 5.75% Convertible Notes.
- In April 2020, we completed a private offering of \$4.0 billion aggregate principal amount of 11.5% 2023 First Lien Notes that mature on April 1, 2023.
- In April 2020, we extended a \$166 million euro-denominated bank loan, originally maturing in 2020, to March 2021.
- Certain of the counterparties to our export credit facilities have offered the Debt Holiday. We have entered into supplemental agreements or side letters for the Debt Holiday amendments to defer certain principal repayments otherwise due through March 31, 2021 through the creation of separate tranches of loans with repayments made over the following four years. We have also entered into supplemental agreements or side letters to waive the Financial Covenant for our export credit facilities through November 30, 2021 or December 31, 2021, as applicable. We will be required to comply with the Financial Covenant beginning with the next testing date of February 28, 2022.
- We obtained amendments to waive compliance with the Financial Covenant for certain of our bank loans through November 30, 2022. We will be required to comply with the covenant (at various thresholds) beginning with the next testing date of February 28, 2023. We have also obtained covenant amendments for the remaining applicable bank loans through their respective maturity dates.
- To further enhance our liquidity, as well as comply with the dividend restrictions contained in our recent debt agreements, we have suspended the payment of dividends on, and the repurchase of, the common stock of Carnival Corporation and the ordinary shares of Carnival plc.
- In June 2020, we borrowed an aggregate principal amount of \$2.8 billion in two tranches (\$1.9 billion and €800 million), under the 2025 Secured Term Loan that matures on June 30, 2025. The U.S. dollar tranche bears interest at a rate per annum equal to adjusted LIBOR (with a 1% floor) plus 7.5%. The euro tranche bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus 7.5%.
- In July 2020, we extended a \$337 million euro-denominated floating rate bank loan originally maturing in 2021 to 2022.
- In July 2020, we issued an aggregate principal amount of \$1.3 billion in two tranches (\$775 million and €425 million), under 2026 Second Lien Notes, that mature on February 1, 2026. The U.S. dollar tranche bears interest at a rate of 10.5% per year. The euro tranche bears interest at a rate of 10.1% per year.
- In August 2020, we completed a registered direct offering of 99.2 million shares of Carnival Corporation's common stock at a price per share of \$14.02 to a limited number of holders of the Convertible Notes as part of the August Registered Direct Offering. We used the proceeds from the August Registered Direct Offering to repurchase \$886 million aggregate principal amount of the Convertible Notes and pay accrued interest thereon in privately negotiated transactions.
- In August 2020, we issued an aggregate principal amount of \$900 million of second-priority senior secured notes that mature on August 1, 2027. The 2027 Second Lien Notes bear interest at a rate of 9.9% per year.
- In October 2020, we completed our \$1.0 billion ATM equity offering program that was announced on September 15, 2020, under which we sold 67.1 million shares of Carnival Corporation common stock.
- In September 2020, we borrowed \$610 million under an export credit facility due in semi-annual installments through 2032.
- In October 2020, we borrowed \$889 million under an export credit facility due in semi-annual installments through 2032.
- In November 2020, we completed the sale of 94.5 million shares of Carnival Corporation common stock under our \$1.5 billion ATM equity offering program that was announced on November 10, 2020.
- In November 2020, we completed two registered direct offerings of 57.4 million shares and 10.4 million shares of Carnival Corporation common stock at a price per share of \$18.05 and \$17.59, respectively, to a limited number of holders of the Convertible Notes as part of the November Registered Direct Offerings. We used the proceeds from the November Registered Direct Offerings to repurchase \$590 million aggregate principal amount of the Convertible Notes and pay accrued interest thereon in privately negotiated transactions.
- In November 2020, we issued an aggregate principal amount of \$2.0 billion in two tranches (\$1.5 billion and €500 million) under the 2026 Senior Unsecured Notes that mature on March 1, 2026. The U.S. dollar tranche bears interest at a rate of 7.6% per year. The euro tranche bears interest at a rate of 7.6% per year.
- In December 2020, we borrowed \$1.5 billion under export credit facilities due in semi-annual installments through 2032.
- In December 2020 and January 2021, we entered into agreements to amend the Revolving Facility and the agreements governing our bank loans, respectively, for relief under the Debt to Capital Covenant. We are in the process of negotiating similar amendments to our funded export credit facilities and our unfunded export credit facilities to obtain amendments under the Debt to Capital Covenant (compliance with which is currently waived through November 30, 2021 or December 31, 2021, as applicable, with the next testing date of February 28, 2022).

We have raised significant capital and expect to further raise additional capital, including equity. Our access to and cost of financing depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. In addition, certain of our debt instruments contain provisions that may limit our ability to incur or guarantee additional indebtedness.

As of November 30, 2020, we have a total of \$9.5 billion of cash and cash equivalents. During fiscal 2021, the company expects to enter into financial transactions to optimize its capital structure which may include opportunistically enhancing liquidity.

The company's monthly average cash burn rate for the fourth quarter 2020 was \$500 million, which was slightly better than expected due to the timing of capital expenditures. The company expects the monthly average cash burn rate for the first quarter 2021 to be approximately \$600 million. This rate includes ongoing ship operating and administrative expenses, working capital changes (excluding changes in customer deposits), interest expense and capital expenditures (net of unfunded export credit facilities) and also excludes scheduled debt maturities as well as other cash collateral to be provided (which may increase in the future). The company continues to explore opportunities to further reduce its monthly cash burn rate.

Since March 2020, Moody's and S&P Global have downgraded our credit ratings. As of November 30, 2020 all of our ratings are non investment grade.

We had working capital of \$1.9 billion as of November 30, 2020 compared to a working capital deficit of \$7.1 billion as of November 30, 2019. The change from a working capital deficit to a working capital surplus was caused by an increase in cash and cash equivalents and a decrease in customer deposits, partially offset by increases in short-term borrowings. Historically, we operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts generally remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, make long-term investments or any other use of cash. Included within our working capital are \$1.9 billion and \$4.7 billion of customer deposits as of November 30, 2020 and 2019, respectively. We have provided and expect to continue to provide flexibility to guests with bookings on sailings cancelled due to the pause by allowing guests to receive enhanced FCCs or elect to receive refunds in cash. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of these cancelled cruises. The amount of cash refunds to be paid may depend on the level of guest acceptance of FCCs and future cruise cancellations. We record a liability for these FCCs only to the extent we have received cash from guests with bookings on cancelled sailings. As of November 30, 2020, approximately 55% of guests affected have requested cash refunds. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We expect that we will continue to have working capital deficits in the future.

Sources and Uses of Cash

Operating Activities

Our business used \$6.3 billion of net cash in operations during 2020, a decrease of \$11.8 billion, compared to \$5.5 billion provided in 2019. This decrease was due to the pause of our guest cruise operations during the year. During 2019, our business provided \$5.5 billion of net cash from operations, a decrease of \$73 million, or 1.3%, compared to \$5.5 billion in 2018.

Investing Activities

During 2020, net cash used in investing activities was \$3.2 billion. This was caused by:

- Capital expenditures of \$2.8 billion for our ongoing new shipbuilding program
- Capital expenditures of \$868 million for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$334 million
- Proceeds of \$220 million from the settlement of outstanding derivatives

During 2019, net cash used in investing activities was \$5.3 billion. This was caused by:

- Capital expenditures of \$3.8 billion for our ongoing new shipbuilding program
- Capital expenditures of \$1.7 billion for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$26 million

During 2018, net cash used in investing activities was \$3.5 billion. This was caused by:

- Capital expenditures of \$2.1 billion for our ongoing new shipbuilding program

- Capital expenditures of \$1.7 billion for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$389 million
- Purchase of minority interest of \$135 million

Financing Activities

During 2020, net cash provided by financing activities of \$18.6 billion was caused by the following:

- Net proceeds from short-term borrowings of \$2.9 billion in connection with our availability of, and needs for, cash at various times throughout the period, including proceeds of \$3.1 billion from the Revolving Facility
- Repayments of \$1.6 billion of long-term debt
- Issuances of \$15.0 billion of long-term debt
- Payments of cash dividends of \$689 million
- Net proceeds of \$3.0 billion from our public offerings of Carnival Corporation common stock
- Net proceeds of \$222 million from a registered direct offering of Carnival Corporation common stock used to repurchase a portion of the Convertible Notes

During 2019, net cash used in financing activities of \$655 million was substantially all due to the following:

- Net repayments from short-term borrowings of \$605 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$1.7 billion of long-term debt
- Issuances of \$3.7 billion of long-term debt
- Payments of cash dividends of \$1.4 billion
- Purchases of \$603 million of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

During 2018, net cash used in financing activities of \$1.5 billion was substantially all due to the following:

- Net proceeds of short-term borrowings of \$417 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of \$1.6 billion of long-term debt
- Issuances of \$2.5 billion of long-term debt
- Payments of cash dividends of \$1.4 billion
- Purchases of \$1.5 billion of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

Future Commitments

<i>(in millions)</i>	Payments Due by						Total
	2021	2022	2023	2024	2025	Thereafter	
Debt (a)	\$ 6,180	\$ 4,035	\$ 7,275	\$ 2,076	\$ 4,438	\$ 9,264	\$ 33,268
Port facilities and other operating leases	204	176	159	147	143	936	1,765
Other long-term liabilities reflected on the balance sheet (b)	7	225	88	71	57	243	690
New ship growth capital	3,201	4,692	3,273	793	1,076	—	13,036
Other long-term commitments	219	98	54	52	37	18	478
Short-term purchase obligations	249	—	—	—	—	—	249
Total Contractual Cash Obligations	\$ 10,061	\$ 9,225	\$ 10,849	\$ 3,139	\$ 5,751	\$ 10,461	\$ 49,487

(a) Includes principal as well as estimated interest payments. Excludes repayments of undrawn export credits.

(b) Represents cash outflows for certain of our long-term liabilities which can be reasonably estimated. The primary outflows are for estimates of our compensation plans' obligations, crew and guest claims and certain deferred income taxes. Customer deposits and certain other deferred income taxes have been excluded from the table because they do not require a cash settlement in the future.

Capital Expenditure Forecast

Our annual capital expenditure forecast consists of new ship growth capital and estimated capital improvements.

<i>(in billions)</i>	2021	2022	2023	2024	2025
Annual capital expenditure forecast	\$ 4.2	\$ 6.2	\$ 4.8	\$ 2.8	\$ 3.1

Funding Sources

As of November 30, 2020, we had \$9.5 billion of cash and cash equivalents. In addition, we had \$8.0 billion of export credit facilities to fund ship deliveries planned through 2024.

<i>(in billions)</i>	2021	2022	2023	2024
Future export credit facilities at November 30, 2020 (a)	\$ 2.1	\$ 3.4	\$ 1.9	\$ 0.6

- (a) Under the terms of these export credit facilities, we are required to comply with the Financial Covenant and the Debt to Capital Covenant, among others. We have entered into supplemental agreements or side letters to amend our agreements with respect to the Financial Covenant and the Debt to Capital Covenant for our unfunded export credit facilities to waive compliance through November 30, 2021 (with the next testing date of February 28, 2022) for an aggregate principal amount of \$5.2 billion, and through December 31, 2021 (with the next testing date of February 28, 2022) for an aggregate principal amount of \$2.8 billion.

Many of our debt agreements contain various other financial covenants as described in the consolidated financial statements. At November 30, 2020, we were in compliance with the applicable debt covenants.

Share Repurchase Program

Under a share repurchase program effective 2004, we had been authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On June 15, 2020, to enhance our liquidity and comply with restrictions in our recent financing transactions, the Boards of Directors terminated the Repurchase Program.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities that either have, or are reasonably likely to have, a current or future material effect on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our hedging strategies and market risks, see the discussion below and the consolidated financial statements.

Fuel Price Risks

Substantially all our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have been installing Advanced Air Quality Systems on our ships, which are aiding in partially mitigating the financial impact from the ECAs and global 0.5% sulfur requirements.

Foreign Currency Exchange Rate Risks**Operational Currency Risks**

Our operations primarily utilize the U.S. dollar, Australian dollar, euro or sterling as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates will affect our financial statements.

Investment Currency Risks

The foreign currency exchange rates were as follows:

USD to 1:	November 30,	
	2020	2019
AUD	\$ 0.74	\$ 0.68
CAD	\$ 0.77	\$ 0.75
EUR	\$ 1.20	\$ 1.10
GBP	\$ 1.33	\$ 1.29
RMB	\$ 0.15	\$ 0.14

If the November 30, 2019 currency exchange rates had been used to translate our November 30, 2020 non-U.S. dollar functional currency operations' assets and liabilities (instead of the November 30, 2020 U.S. dollar exchange rates), our total assets would have been lower by \$1.2 billion and our total liabilities would have been lower by \$869 million.

Newbuild Currency Risks

At November 30, 2020, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of \$6.9 billion and relates to newbuilds scheduled to be delivered from 2020 through 2025 to non-euro functional currency brands. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the unhedged payments are made under the shipbuilding contract. We may enter into additional foreign currency derivatives to mitigate some of this foreign currency exchange rate risk. Based on a 10% change in euro to U.S. dollar exchange rates as of November 30, 2020, the remaining unhedged cost of these ships would have a corresponding change of \$695 million.

Interest Rate Risks

The composition of our debt, including the effect of interest rate swaps, was as follows:

	November 30, 2020
Fixed rate	41 %
EUR fixed rate	16 %
Floating rate	23 %
EUR floating rate	16 %
GBP floating rate	3 %

At November 30, 2020, we had interest rate swaps that have effectively changed \$248 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% change in the November 30, 2020 market interest rates, our 2020 interest expense on floating rate debt, including the effect of our interest rate swaps, would have changed by an insignificant amount.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2016 through 2020 and as of the end of each such year, except for the statistical data, are derived from our consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

<i>(in millions, except per share, per ton and currency data)</i>	Years Ended November 30,				
	2020	2019	2018	2017	2016
Statements of Income Data					
Revenues	\$ 5,595	\$ 20,825	\$ 18,881	\$ 17,510	\$ 16,389
Operating income (loss)	\$ (8,865)	\$ 3,276	\$ 3,325	\$ 2,809	\$ 3,071
Net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152	\$ 2,606	\$ 2,779
Earnings per share					
Basic	\$ (13.20)	\$ 4.34	\$ 4.45	\$ 3.61	\$ 3.73
Diluted	\$ (13.20)	\$ 4.32	\$ 4.44	\$ 3.59	\$ 3.72
Adjusted net income (loss)	\$ (5,793)	\$ 3,041	\$ 3,029	\$ 2,770	\$ 2,580
Adjusted earnings per share - diluted	\$ (7.47)	\$ 4.40	\$ 4.26	\$ 3.82	\$ 3.45
Dividends declared per share	\$ 0.50	\$ 2.00	\$ 1.95	\$ 1.60	\$ 1.35
Statistical Data					
ALBDs (in thousands)	(a)	87,424	83,872	82,303	80,002
Occupancy percentage	(a)	106.8 %	106.9 %	105.9 %	105.9 %
Passengers carried (in thousands)	(a)	12,866	12,407	12,130	11,520
Fuel consumption in metric tons (in thousands)	1,915	3,312	3,296	3,286	3,233
Fuel cost per metric ton consumed	\$ 430	\$ 472	\$ 491	\$ 378	\$ 283
Currencies (USD to 1)					
AUD	\$ 0.68	\$ 0.70	\$ 0.75	\$ 0.77	\$ 0.74
CAD	\$ 0.74	\$ 0.75	\$ 0.78	\$ 0.77	\$ 0.75
EUR	\$ 1.13	\$ 1.12	\$ 1.18	\$ 1.12	\$ 1.11
GBP	\$ 1.28	\$ 1.27	\$ 1.34	\$ 1.28	\$ 1.37
RMB	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.15	\$ 0.15
As of November 30,					
<i>(in millions)</i>	2020	2019	2018	2017	2016
Balance Sheet					
Total assets	\$ 53,593	\$ 45,058	\$ 42,401	\$ 40,778	\$ 38,881
Total debt	\$ 26,957	\$ 11,503	\$ 10,323	\$ 9,195	\$ 9,399

(a) Due to the impact of COVID-19 in 2020, current year data is not meaningful and is not included in the table.

<i>(in millions, except for per share data):</i>	Years Ended November 30,				
	2020	2019	2018	2017	2016
Net income (loss)					
U.S. GAAP net income (loss)	\$ (10,236)	\$ 2,990	\$ 3,152	\$ 2,606	\$ 2,779
Unrealized (gains) losses on fuel derivatives, net	—	—	(94)	(227)	(236)
(Gains) losses on ship sales and impairments	3,934	(6)	(38)	387	(2)
Restructuring expenses	47	10	1	3	2
Other	462	47	8	—	37
Adjusted net income (loss)	<u>\$ (5,793)</u>	<u>\$ 3,041</u>	<u>\$ 3,029</u>	<u>\$ 2,770</u>	<u>\$ 2,580</u>
Interest expense, net of capitalized interest	895	206	194	198	223
Interest income	(18)	(23)	(14)	(9)	(6)
Income tax expense, net	(17)	71	54	60	49
Depreciation and amortization	2,241	2,160	2,017	1,846	1,738
Adjusted EBITDA	<u>\$ (2,692)</u>	<u>\$ 5,455</u>	<u>\$ 5,280</u>	<u>\$ 4,865</u>	<u>\$ 4,584</u>
Weighted-average shares outstanding	<u>775</u>	<u>692</u>	<u>710</u>	<u>725</u>	<u>747</u>
Earnings per share					
U.S. GAAP earnings per share	\$ (13.20)	\$ 4.32	\$ 4.44	\$ 3.59	\$ 3.72
Unrealized (gains) losses on fuel derivatives, net	—	—	(0.13)	(0.31)	(0.32)
(Gains) losses on ship sales and impairments	5.08	(0.01)	(0.05)	0.53	—
Restructuring expenses	0.06	0.01	—	—	—
Other	0.60	0.07	0.01	—	0.05
Adjusted earnings per share	<u>\$ (7.47)</u>	<u>\$ 4.40</u>	<u>\$ 4.26</u>	<u>\$ 3.82</u>	<u>\$ 3.45</u>

COMMON STOCK AND ORDINARY SHARES

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share of Carnival plc, is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's American Depositary Shares ("ADSs"), each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank, N.A.

As of January 14, 2021, there were 2,953 holders of record of Carnival Corporation common stock and 30,258 holders of record of Carnival plc ordinary shares and 382 holders of record of Carnival plc ADSs. The past performance of our share prices cannot be relied on as a guide to their future performance.

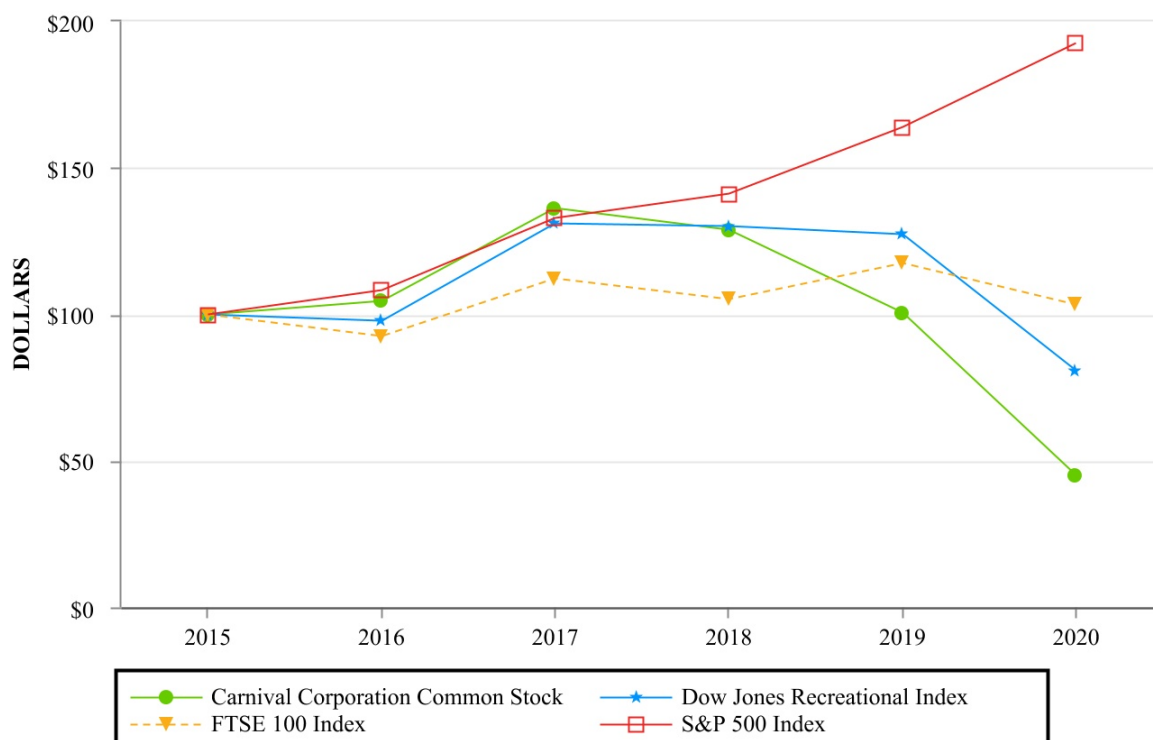
On March 30, 2020, we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc.

STOCK PERFORMANCE GRAPHS

Carnival Corporation

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

5-Year Cumulative Total Returns



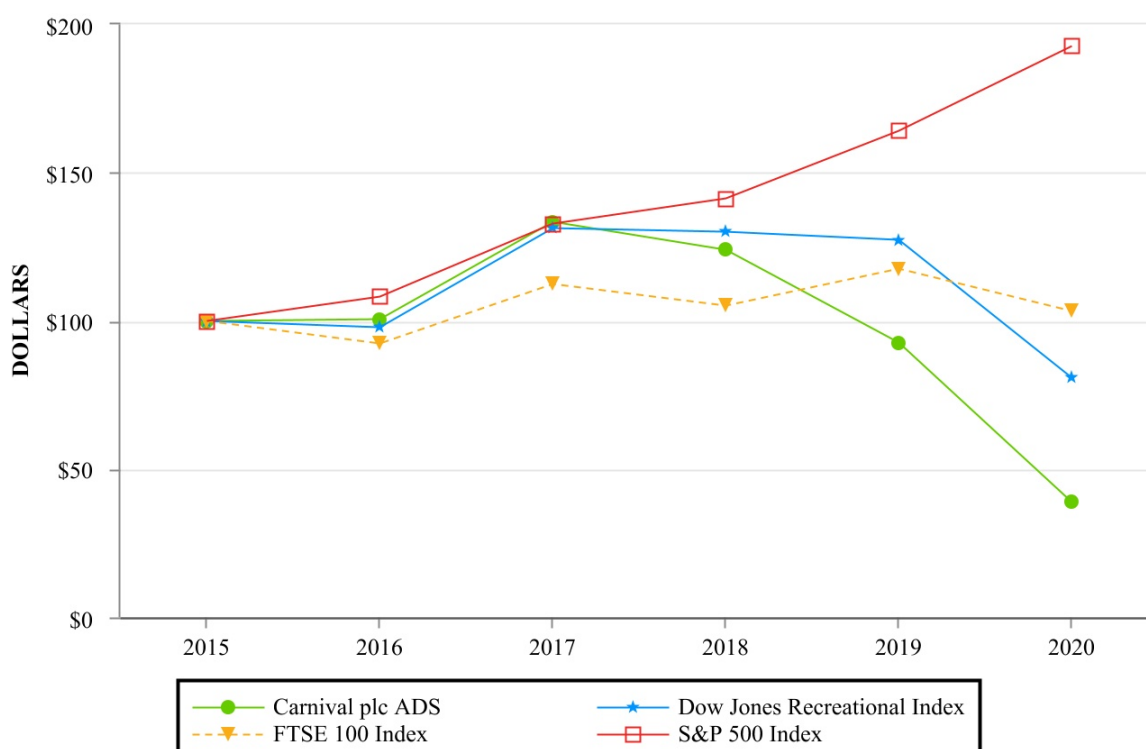
Assumes \$100 Invested on November 30, 2015
Assumes Dividends Reinvested
Years Ended November 30,

	2015	2016	2017	2018	2019	2020
Carnival Corporation Common Stock	\$ 100	\$ 105	\$ 136	\$ 129	\$ 100	\$ 45
Dow Jones Recreational Index	\$ 100	\$ 98	\$ 131	\$ 130	\$ 127	\$ 81
FTSE 100 Index	\$ 100	\$ 92	\$ 112	\$ 105	\$ 117	\$ 103
S&P 500 Index	\$ 100	\$ 108	\$ 133	\$ 141	\$ 164	\$ 192

Carnival plc

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

5-Year Cumulative Total Returns



Assumes \$100 Invested on November 30, 2015
Assumes Dividends Reinvested
Years Ended November 30,

	2015	2016	2017	2018	2019	2020
Carnival plc ADS	\$ 100	\$ 101	\$ 133	\$ 124	\$ 93	\$ 39
Dow Jones Recreational Index	\$ 100	\$ 98	\$ 131	\$ 130	\$ 127	\$ 81
FTSE 100 Index	\$ 100	\$ 92	\$ 112	\$ 105	\$ 117	\$ 103
S&P 500 Index	\$ 100	\$ 108	\$ 133	\$ 141	\$ 164	\$ 192

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Our passenger ticket revenues are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months, although 2020 was adversely impacted by COVID-19. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. This historical trend has been disrupted by the pause in our global cruise operations. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season. During 2020, the Alaska cruise season was adversely impacted by the effects of COVID-19. The quarterly data below, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods.

<i>(in millions, except per share data)</i>	2020 Quarters Ended			
	February 29	May 31	August 31	November 30
Revenues	\$ 4,789	\$ 740	\$ 31	\$ 34
Operating income (loss)	\$ (713)	\$ (4,177)	\$ (2,333)	\$ (1,642)
Net income (loss)	\$ (781)	\$ (4,374)	\$ (2,858)	\$ (2,222)
Earnings per share				
Basic	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
Diluted	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
Adjusted net income (loss) (a)	\$ 150	\$ (2,382)	\$ (1,699)	\$ (1,862)
Adjusted earnings per share - diluted (a)	\$ 0.22	\$ (3.30)	\$ (2.19)	\$ (2.02)
Dividends declared per share	\$ 0.50	\$ —	\$ —	\$ —

(a) Adjusted net income (loss) and adjusted fully diluted earnings per share were computed as follows:

<i>(in millions, except per share data)</i>	2020 Quarters Ended			
	February 29	May 31	August 31	November 30
Net income (loss)				
U.S. GAAP net income (loss)	\$ (781)	\$ (4,374)	\$ (2,858)	\$ (2,222)
(Gains) losses on ship sales and impairments	928	1,953	937	115
Restructuring expenses	—	39	3	5
Other	3	—	220	240
Adjusted net income (loss)	\$ 150	\$ (2,382)	\$ (1,699)	\$ (1,862)
Weighted-average shares outstanding	684	721	775	922
Earnings per share				
U.S. GAAP earnings per share	\$ (1.14)	\$ (6.07)	\$ (3.69)	\$ (2.41)
(Gains) losses on ship sales and impairments	1.36	2.71	1.21	0.12
Restructuring expenses	—	0.05	—	0.01
Other	0.01	—	0.28	0.26
Adjusted earnings per share	\$ 0.22	\$ (3.30)	\$ (2.19)	\$ (2.02)

<i>(in millions, except per share data)</i>	2019 Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	\$ 4,673	\$ 4,838	\$ 6,533	\$ 4,781
Operating income (loss)	\$ 386	\$ 515	\$ 1,890	\$ 484
Net income (loss)	\$ 336	\$ 451	\$ 1,780	\$ 423
Earnings per share				
Basic	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.62
Diluted	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.61
Adjusted net income (loss) (a)	\$ 338	\$ 457	\$ 1,819	\$ 427
Adjusted earnings per share - diluted (a)	\$ 0.49	\$ 0.66	\$ 2.63	\$ 0.62
Dividends declared per share	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50

(a) Adjusted net income (loss) and adjusted fully diluted earnings per share were computed as follows:

<i>(in millions, except per share data)</i>	2019 Quarters Ended			
	February 28	May 31	August 31	November 30
Net income (loss)				
U.S. GAAP net income (loss)	\$ 336	\$ 451	\$ 1,780	\$ 423
(Gains) losses on ship sales and impairments	2	(16)	14	(5)
Restructuring expenses	—	—	—	10
Other	—	22	25	—
Adjusted net income (loss)	\$ 338	\$ 457	\$ 1,819	\$ 427
Weighted-average shares outstanding	695	693	691	688
Earnings per share				
U.S. GAAP earnings per share	\$ 0.48	\$ 0.65	\$ 2.58	\$ 0.61
(Gains) losses on ship sales and impairments	—	(0.02)	0.02	(0.01)
Restructuring expenses	—	—	—	0.01
Other	—	0.03	0.04	—
Adjusted earnings per share	\$ 0.49	\$ 0.66	\$ 2.63	\$ 0.62

SUBSIDIARIES OF CARNIVAL CORPORATION AND CARNIVAL PLC

The following is a list of all of our subsidiaries, their jurisdiction of incorporation and the names under which they do business.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
1972 Productions, Inc.	Florida
6348 Equipment LLC	Florida
A.C.N. 098 290 834 Pty. Ltd.	Australia
A.J. Juneau Dock, LLC	Alaska
Adventure Island Ltd.	Bahamas
AIDA Kundencenter GmbH	Germany
Air-Sea Holiday GmbH	Switzerland
Alaska Hotel Properties LLC	Delaware
Barcelona Cruise Terminal SLU	Spain
Bay Island Cruise Port, S.A.	Honduras
Belize Cruise Terminal Limited	Belize
Carnival (UK) Limited	UK
Carnival Bahamas FC Limited	Bahamas
Carnival Bahamas Holdings Limited	Bahamas
Carnival Corporation & plc Asia Pte. Ltd.	Singapore
Carnival Corporation Hong Kong Limited	Hong Kong
Carnival Corporation Korea Ltd.	Korea
Carnival Corporation Ports Group Japan KK	Japan
Carnival Finance, LLC	Delaware
Carnival Grand Bahama Investment Limited	Bahamas
Carnival Investments Limited	Bahamas
Carnival Japan, Inc.	Japan
Carnival License Holdings Limited	Bahamas
Carnival Maritime GmbH	Germany
Carnival North America LLC	Florida
Carnival Port Holdings Limited	UK
Carnival Ports Inc.	Florida
Carnival Support Services India Private Limited	India
Carnival Technical Services (UK) Limited	UK
Carnival Technical Services Finland Limited	Finland
Carnival Technical Services GmbH	Germany
Carnival Technical Services, Inc.	Japan
Carnival Vanuatu Limited	Vanuatu
CC U.S. Ventures, Inc.	Delaware
CCL Gifts, LLC	Florida
Costa Crociere PTE Ltd.	Singapore
Costa Crociere S.p.A.	Italy
Costa Cruceros S.A.	Argentina

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Costa Cruise Lines Inc.	Florida
Costa Cruise Lines UK Limited	UK
Costa Cruises Shipping Services (Shanghai) Company Limited	China
Costa Cruises Travel Agency (Shanghai) Co., Ltd.	China
Costa Cruzeiros Agencia Maritima e Turismo Ltda.	Brazil
Costa Group Digital & Strategic Services GmbH	Germany
Costa International B.V.	Netherlands
Costa Kreuzfahrten GmbH	Switzerland
Cozumel Cruise Terminal S.A. de C.V.	Mexico
Creative Travel Lab, Ltd.	Bahamas
Cruise Ships Catering & Services International N.V.	Curacao
Cruise Terminal Services, S.A. de C.V.	Mexico
Cruiseport Curacao C.V.	Curacao
CSSC Carnival Italy Cruise Investment S.r.L	Italy
D.R. Cruise Port, Ltd.	Bahamas
Ecospray Technologies S.r.L.	Italy
F.P.M. SAS	French Polynesia
F.P.P. SAS	French Polynesia
Fleet Maritime Services (Bermuda) Limited	Bermuda
Fleet Maritime Services Holdings (Bermuda) Limited	Bermuda
Fleet Maritime Services International Limited	Bermuda
Gibs, Inc.	Delaware
Global Experience Innovators, Inc.	Florida
Global Fine Arts, Inc.	Florida
Global Shipping Service (Shanghai) Co., Ltd.	China
Grand Cruise Shipping Unipessoal Lda	Portugal (Madeira)
Grand Turk Cruise Center Ltd.	Turks & Caicos
GXI, LLC	Delaware
HAL Antillen N.V.	Curacao
HAL Beheer B.V.	Netherlands
HAL Cruises Limited	Bahamas
HAL Maritime Ltd.	British Virgin Islands
HAL Nederland N.V.	Curacao
HAL Properties Limited	Bahamas
HAL Services B.V.	Netherlands
Holding Division Iberocruceros SLU	Spain
Holland America Line Inc.	Washington
Holland America Line N.V.	Curacao
Holland America Line Paymaster of Washington LLC	Washington
Holland America Line U.S.A., Inc.	Delaware
HSE Hamburg School of Entertainment GmbH	Germany
Ibero Cruzeiros Ltda.	Brazil
Iberocruceros SLU	Spain

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Information Assistance Corporation	Bermuda
International Cruise Services, S.A. de C.V.	Mexico
International Leisure Travel Inc.	Panama
International Maritime Recruitment Agency, S.A. de C.V.	Mexico
Milestone N.V.	Curacao
Navitrans S.R.L.	Italy
Ocean Bahamas Innovation Ltd.	Bahamas
Ocean Medallion Fulfillment, Ltd.	Bahamas
Operadora Catalina S.r.L.	Dominican Republic
P&O Princess American Holdings	UK
P&O Princess Cruises International Limited	UK
P&O Princess Cruises Pension Trustee Limited	UK
P&O Properties (California), Inc.	California
P&O Travel Limited	UK
Prestige Cruises Management S.A.M.	Monaco
Prestige Cruises N.V.	Curacao
Princess Bermuda Holdings, Ltd.	Bermuda
Princess Cays Ltd.	Bahamas
Princess Cruise Corporation Inc.	Panama
Princess Cruise Lines, Ltd.	Bermuda
Princess Cruises and Tours, Inc.	Delaware
Princess U.S. Holdings, Inc.	California
RCT Maintenance & Related Services S.A.	Honduras
RCT Pilots & Related Services, S.A.	Honduras
RCT Security & Related Services S.A.	Honduras
Roatan Cruise Terminal S.A. de C.V.	Honduras
Royal Hyway Tours, Inc.	Alaska
Santa Cruz Terminal, S.L.	Spain
Seabourn Cruise Line Limited	Bermuda
SeaVacations Limited	UK
SeaVacations UK Limited	UK
Shanghai Coast Cruise Consulting Co. Lda	China
Ship Care (Bahamas) Limited	Bahamas
Sitmar Cruises Inc.	Panama
Spanish Cruise Services N.V.	Curacao
Sunshine Shipping Corporation Ltd.	Bermuda
T&T International, Inc.	Texas
Tour Alaska, LLC	Delaware
Transnational Services Corporation	Panama
Trident Insurance Company Ltd.	Bermuda
Westmark Hotels of Canada, Ltd.	Canada
Westmark Hotels, Inc.	Alaska
Westours Motor Coaches, LLC	Alaska

Name of Subsidiary

**Jurisdiction of
Incorporation
or Organization**

Wind Surf Limited

Bahamas

World Leading Cruise Management (Shanghai) Co., Ltd.

China

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 (File Nos. 333-106553, 333-106553-01, 333-223555 and 333-223555-01) of Carnival Corporation and Carnival plc, the joint Registration Statements on Form S-8 (File Nos. 333-173465, 333-173465-01, 333-237616 and 333-237616-01) of Carnival Corporation and Carnival plc, the Registration Statement on Form S-3 (File No. 033-63563) of Carnival Corporation, the Registration Statements on Form S-8 (File Nos. 333-105672, 333-43885 and 33-51195) of Carnival Corporation and the Registration Statements on Form S-8 (File Nos. 333-124640 and 333-104609) of Carnival plc, of our report dated January 26, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the 2020 Annual Report to Shareholders, which is incorporated by reference in this joint Annual Report on Form 10-K.

/s/PricewaterhouseCoopers LLP

Miami, Florida

January 26, 2021

POWER OF ATTORNEY

The undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Arnold W. Donald, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2020 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals on this 19th day of January, 2021.

CARNIVAL CORPORATION

/s/ Micky Arison

Micky Arison
Chairman of the Board of Directors

/s/ Sir Jonathon Band

Sir Jonathon Band
Director

/s/ Jason Glen Cahilly

Jason Glen Cahilly
Director

/s/ Helen Deeble

Helen Deeble
Director

/s/ Jeffrey J. Gearhart

Jeffrey J. Gearhart
Director

/s/ Richard J. Glasier

Richard J. Glasier
Director

/s/ Katie Lahey

Katie Lahey
Director

/s/ Sir John Parker

Sir John Parker
Director

/s/ Stuart Subotnick

Stuart Subotnick
Director

/s/ Laura Weil

Laura Weil
Director

/s/ Randall J. Weisenburger

Randall J. Weisenburger
Director

CARNIVAL PLC

/s/ Micky Arison

Micky Arison
Chairman of the Board of Directors

/s/ Sir Jonathon Band

Sir Jonathon Band
Director

/s/ Jason Glen Cahilly

Jason Glen Cahilly
Director

/s/ Helen Deeble

Helen Deeble
Director

/s/ Jeffrey J. Gearhart

Jeffrey J. Gearhart
Director

/s/ Richard J. Glasier

Richard J. Glasier
Director

/s/ Katie Lahey

Katie Lahey
Director

/s/ Sir John Parker

Sir John Parker
Director

/s/ Stuart Subotnick

Stuart Subotnick
Director

/s/ Laura Weil

Laura Weil
Director

/s/ Randall J. Weisenburger

Randall J. Weisenburger
Director

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2020 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 26, 2021

/s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2020 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 26, 2021

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2020 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 26, 2021

/s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Annual Report on Form 10-K for the year ended November 30, 2020 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 26, 2021

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer