[NOTIFY] 72731,737

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 1997

OR

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

For the transition period from ______________ to ________________

Commission file number 1-9610

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

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

None.
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of April 7, 1997.

Class A Common Stock, $.01 par value: 242,104,352 shares
Class B Common Stock, $.01 par value: 54,957,142 shares

CARNIVAL CORPORATION

I N D E X

		Page
Part I.	Financial Information	
Item 1:	Financial Statements	
	Consolidated Balance Sheets - February 28, 1997 and November 30, 1996	1
	Consolidated Statements of Operations - Three Months Ended February 28, 1997 and February 29, 1996	2
	Consolidated Statements of Cash Flows - Three Months Ended February 28, 1997 and February 29, 1996	3
	Notes to Consolidated Financial Statements	4
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Part II.	Other Information	

Item 1:	Legal Proceedings	15
Item 5:	Other Information	15
Item 6:	Exhibits and Reports on Form 8-K	15

PART I. FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

CARNIVAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

ASSETS	February 28, 1997	November 30, 1996
CURRENT ASSETS		
Cash and cash equivalents	$ 88,928	$ 111,629
Short-term investments	12,443	12,486
Accounts receivable	42,860	38,109
Consumable inventories, at average cost	53,667	53,281
Prepaid expenses and other	84,853	75,428
Total current assets	282,751	290,933
PROPERTY AND EQUIPMENT, NET	4,122,496	4,099,038
OTHER ASSETS		
Investments in and advances to affiliates	405,123	430,330
Goodwill, less accumulated amortization of $57,020 in 1997 and $55,274 in 1996	217,843	219,589
Other assets	58,812	61,998
	$5,087,025	$5,101,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 66,368	$ 66,369
Accounts payable	110,021	84,748
Accrued liabilities	116,570	126,511
Customer deposits	404,462	352,698
Dividends payable	32,674	32,416
Total current liabilities	730,095	662,742
LONG-TERM DEBT	1,116,235	1,277,529
CONVERTIBLE NOTES		39,103
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	91,385	91,630
COMMITMENTS AND CONTINGENCIES (Note 5)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 242,091 and 239,733 shares issued and outstanding	2,421	2,397
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; 54,957 shares issued and outstanding	550	550
Paid-in-capital	862,093	819,610
Retained earnings	2,260,467	2,207,781
Other	23,779	546
Total shareholders' equity	3,149,310	3,030,884
	$5,087,025	$5,101,888

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended, February 28, 1997	Three Months Ended, February 29, 1996
REVENUES	$521,082	$448,788
COSTS AND EXPENSES		
Operating expenses	296,938	263,696
Selling and administrative	79,503	71,282
Depreciation and amortization	40,697	32,835
	417,138	367,813
OPERATING INCOME BEFORE LOSS FROM AFFILIATED OPERATIONS	103,944	80,975
LOSS FROM AFFILIATED OPERATIONS	(8,982)	(3)
OPERATING INCOME	94,962	80,972
NONOPERATING INCOME (EXPENSE)		
Interest income	1,817	7,845
Interest expense, net of capitalized interest	(17,090)	(16,038)
Other income	1,646	760
Income tax benefit	4,025	3,526
	(9,602)	(3,907)
NET INCOME	$ 85,360	$ 77,065
EARNINGS PER SHARE	$.29	$.27

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended, February 28, 1997	February 29, 1996
OPERATING ACTIVITIES		
Net income	$ 85,360	$ 77,065
Adjustments		
Depreciation and amortization	40,697	32,835
Equity in loss from affiliates and dividends received	15,857	3
Other	240	2,854
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(4,776)	2,666
Increase in consumable inventories	(386)	(722)
Increase in prepaid and other	(9,488)	(2,226)
Increase (decrease) in accounts payable	25,273	(197)
(Decrease) increase in accrued liabilities	(9,941)	4,297
Increase in customer deposits	51,764	51,339
Net cash provided from operations	194,600	167,914
INVESTING ACTIVITIES		
Decrease in short-term investments, net	43	21,026
Additions to property and equipment, net	(62,346)	(253,452)
Repayment of advances to affiliates	32,135	794
Decrease (increase) in other non-current assets	3,186	(2,974)
Net cash used for investing activities	(26,982)	(234,606)
FINANCING ACTIVITIES		
Principal payments of long-term debt	(182,853)	(115,555)
Dividends paid	(32,416)	(25,632)
Proceeds from long-term debt	21,546	444,922
Issuance of common stock	3,404	1,286
Net cash (used for) provided from financing activities	(190,319)	305,021
Net (decrease) increase in cash and cash equivalents	(22,701)	238,329
Cash and cash equivalents at beginning of period	111,629	53,365
Cash and cash equivalents at end of period	$ 88,928	$291,694
Supplemental disclosure of non-cash transactions		
Conversion of 4-1/2% Convertible Notes into Common Stock	$39,085	

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements included herein have been prepared by Carnival Corporation without audit pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at February 28, 1997, and the consolidated statements of operations and cash flows for the three months ended February 28, 1997 and February 29, 1996 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. The operations of Carnival Corporation and its subsidiaries (the "Company") are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

The accompanying financial statements include the consolidated balance sheets and statements of operations and cash flows of the Company and its subsidiaries. All material intercompany transactions and accounts have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements".

General

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

The following table presents selected segment and statistical information for the periods indicated:

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
	(in thousands, except selected statistical information)	
REVENUES:		
Cruise	$514,022	$441,687
Tour	7,195	7,239
Intersegment revenues	(135)	(138)
	$521,082	$448,788
OPERATING EXPENSES:		
Cruise	$287,717	$254,687
Tour	9,356	9,147
Intersegment expenses	(135)	(138)
	$296,938	$263,696
OPERATING INCOME:		
Cruise	116,057	$ 90,824
Tour	(10,729)	(9,145)
Income (loss) from affiliates and corporate expenses	(10,366)	(707)
	$ 94,962	$ 80,972
SELECTED STATISTICAL INFORMATION:		
Passengers Carried	455,000	408,000
Passenger Cruise Days	2,818,000	2,454,000

Occupancy Percentage	106.4%	107.1%

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

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
REVENUES	100%	100%
COSTS AND EXPENSES:		
Operating expenses	57	59
Selling and administrative	15	16
Depreciation and amortization	8	7
OPERATING INCOME BEFORE LOSS FROM AFFILIATED OPERATIONS	20	18
Loss from affiliated operations	(2)	
OPERATING INCOME	18	18
NONOPERATING INCOME (EXPENSE)	(2)	(1)
NET INCOME	16%	17%

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

In April 1996 the Company made an investment in Airtours plc ("Airtours") which it records using the equity basis of accounting. Starting with the Company's quarter ended August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are seasonal due to the nature of the European leisure travel industry. Demand for Airtours vacations is highest during the summer months when Europeans typically take extended vacations. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Three Months Ended February 28, 1997 Compared
To Three Months Ended February 29, 1996

Revenues

The increase in total revenues of $72.3 million, or 16.1%, from the first quarter of 1996 to the first quarter of 1997 was due to an increase in cruise revenues. The increase in cruise revenues was primarily the result of a 15.6% increase in capacity for the period resulting from the addition of Carnival Cruise Lines' cruise ships Inspiration and Carnival Destiny in March and November 1996, respectively, and Holland America Line's cruise ship Veendam in May 1996, partially offset by the removal from service from the Carnival Cruise Lines fleet of the Festivale in April 1996. Occupancy rates were down .7% and gross revenue per passenger cruise day was up 1.3% resulting in an increase of .7% in gross yield (total revenue per lower berth day). Gross revenue per passenger cruise day increased primarily due to higher pricing associated with the Carnival Destiny as well as the other cruise products. This higher pricing was partially offset by the effect resulting from a reduction in the percentage of passengers electing the Company's air program. When a passenger elects to purchase his/her own air transportation, rather than use the Company's air program, both the Company's cruise revenues and operating expenses decrease by approximately the same amount.

Average capacity is expected to increase approximately 14.7%, 10.3% and 7.3% during the second, third and fourth fiscal quarters of 1997, respectively, as compared with the same periods in 1996. Average capacity is expected to increase approximately 11.9% during the fiscal year ending November 30, 1997 as compared with the fiscal year ended November 30, 1996. The increases in capacity are primarily as a result of the introduction into service of the Inspiration in March 1996, the Veendam in May 1996, the Carnival Destiny in November 1996, and the Rotterdam VI in October 1997. The existing Rotterdam V is scheduled to discontinue service in September 1997.

Costs and Expenses

Operating expenses increased $33.2 million, or 12.6%, from the first quarter of 1996 to the first quarter of 1997. Cruise operating costs increased by $33.0 million, or 13.0%, to $287.7 million in the first quarter of 1997 from $254.7 million in the first quarter of 1996, primarily due to additional costs associated with the increased capacity.

Selling and administrative costs increased $8.2 million, or 11.5%, primarily due to an increase in advertising expense during the first quarter of 1997 as compared with the same quarter of 1996 mainly resulting from the increase in capacity.

Depreciation and amortization increased by $7.9 million, or 23.9%, to $40.7 million in the first quarter of 1997 from $32.8 million in the first quarter of 1996 primarily due to the addition of the Inspiration, the Veendam and the Carnival Destiny.

Affiliated Operations

During the first quarter of 1997, the Company recorded $9.0 million of losses from affiliated operations. Approximately $6 million of such losses were attributable to the Company's 29.5% interest in Airtours, acquired in April 1996. Airtours' earnings are seasonal, historically incurring losses during their first two fiscal quarters and profits during their last two fiscal quarters. See "General" above for a further discussion of Airtours' seasonality. Had the Company owned its interest in Airtours during the first fiscal quarter of 1996, the Company's earnings for that period, excluding the cost of capital, would have been reduced by $7.7 million.

Nonoperating Income (Expense)

Interest income decreased $6.0 million in 1997 primarily due to a decrease in cash balances and notes receivable. Cash balances were unusually high in 1996, because of United Kingdom regulatory requirements which caused the Company to deposit funds in escrow approximately three months prior to acquiring an interest in Airtours. Notes receivable decreased due to the sale by the Company in the second quarter of 1996 of its holding of 13% senior secured notes due 2003 of Kloster Cruise Limited. Gross interest expense (excluding capitalized interest) decreased $1.3 million as a result of lower debt balances. Capitalized interest decreased $2.3 million due to lower levels of investments in ship construction projects during the first quarter of 1997 as compared with the same period in 1996.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $194.6 million of net cash from operations during the three months ended February 28, 1997, an increase of 15.9% compared to the corresponding period in 1996.

During the three months ended February 28, 1997, the Company expended approximately $62.3 million on capital projects, of which $13 million was spent in connection with its ongoing shipbuilding program. The remainder was spent on the acquisition of a private island in the Caribbean, to be used as a destination for the HAL ships, transportation equipment, vessel refurbishments, tour assets and other equipment.

The Company made scheduled principal payments totaling approximately $9.4 million under various individual vessel mortgage loans during the three months ended February 28, 1997. During this same period, the Company made net repayments of $155 million under its commercial paper programs.

Future Commitments

The Company has contracts for the delivery of seven new vessels over the next four years. The Company will pay approximately $600 million during the twelve month period ending February 28, 1998 relating to the construction and delivery of those new cruise ships and approximately $1.5 billion beyond

February 28, 1998. In addition, the Company has $1.2 billion of long-term debt of which $66.4 million is due during the twelve month period ending February 28, 1998. See Note 3 in the accompanying financial statements for more information regarding the Company's debt. The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

The Company and Airtours signed a letter of intent and entered into definitive agreements with the controlling shareholders of Costa to acquire up to 100% of the outstanding equity securities of Costa, an Italian cruise company listed on the Milan stock exchange. The total cost of the Costa acquisition, assuming all of the outstanding equity securities are tendered, would be approximately $300 million in cash with the Company and Airtours each contributing 50%. Closing of the transaction is subject to regulatory approvals and the successful completion of the tender offer. The tender offer for the ordinary shares is conditioned upon the receipt of acceptances from 90% of the ordinary shares and 75% of the total fully diluted capital of Costa. No assurance can be given that the foregoing conditions will be satisfied, that the minimum acceptance will be received or that the transaction will be successfully completed.

Funding Sources

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements, ship construction costs and potential Costa acquisition. In addition, the Company may fund a portion of the construction cost of new ships or the proposed investment in Costa from borrowings under its U.S. Dollar Revolver or commercial paper programs and/or through the issuance of long-term debt in the public or private markets. As of February 28, 1997, the Company had $838.7 million available for borrowing under its U.S. Dollar Revolver and $40.1 million available under the $200 Million Multi-currency Revolver.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities and/or commercial paper programs, the Company believes that it will be able to secure such financing from banks or through the offering of short-term or long-term debt and/or equity securities in the public or private markets. In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to $500 million aggregate principal amount of debt or equity securities. At February 28, 1997, a balance of $270 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The discussion of legal proceedings set forth in "PART I. FINANCIAL INFORMATION, Item 1. FINANCIAL STATEMENTS, NOTE 5 - Commitments and Contingencies" contained herein and "PART I. ITEM 3. LEGAL PROCEEDINGS" in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 is incorporated by reference into this Item.

ITEM 5: Other Information

(a) Forward-Looking Statements

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of an authorized executive officer constitute "forward-looking statements" within the meaning of the Reform Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations (especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code of 1986, as amended) (see "Market for the Registrant's Common Equity and Related Stockholders' Matters - Taxation of the Company" in the Company's Annual Report on Form 10-K for the year ended November 30, 1996); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in Federal Maritime Commission surety and guaranty arrangements).

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11 Statement Regarding Computation of Per Share Earnings
12 Ratio of Earnings to Fixed Charges
23 Consent of Price Waterhouse LLP
27 Financial Data Schedule

(b) Reports on Form 8-K
None.

SIGNATURE

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

CARNIVAL CORPORATION

Dated: April 10, 1997 BY/s/ Micky Arison
Micky Arison
Chairman of the Board and Chief Executive Officer

Dated: April 10, 1997 BY/s/ Howard S. Frank
Howard S. Frank
Vice-Chairman, Chief Financial and Accounting Officer

INDEX TO EXHIBITS

Exhibits		Page No. in Sequential Numbering System
11	Statement regarding computation of per share earnings	
12	Ratio of Earnings to Fixed Charges	
23	Consent of Price Waterhouse LLP	
27	Financial Data Schedule	

EXHIBIT 11

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(in thousands, except per share data)

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
Net income	$ 85,360	$ 77,065
Adjustments to net income for the purpose of computing fully diluted earnings per share:		
Interest reduction from assumed conversion of 4.5% Convertible Subordinated Notes		1,386
Adjusted net income	$ 85,360	$ 78,451
Weighted average shares outstanding	297,688	285,389
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:		
Additional shares issuable upon assumed conversion of 4.5% Convertible Subordinated Notes		6,618
Adjusted weighted average shares outstanding	297,688	292,007
Earnings per share:		
Primary	$.29	$.27
Fully Diluted*	$.29	$.27

*In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the Company's convertible securities are anti-dilutive or result in a less than 3% dilution for the periods presented.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
Net income	$ 85,360	$ 77,065
Income tax benefit	(4,025)	(3,526)
Income before income tax benefit	81,335	73,539
Adjustment to earnings:		
Equity in loss of affiliates and dividends received	15,857	3
Earnings as adjusted	97,192	73,542
Fixed Charges:		
Interest expense, net	17,090	16,038
Interest portion of rental expense (1)	376	360
Capitalized interest	3,539	5,936
Total fixed charges	21,005	22,334
Fixed charges not affecting earnings:		
Capitalized interest	(3,539)	(5,936)
Earnings before fixed charges	$114,658	$ 89,940
Ratio of earnings to fixed charges	5.5 x	4.0 x

(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (No. 33-50947, No. 33-53136, No. 33-63563 and No.33-48756) and on Forms S-8 (No. 33-26898, No. 33-45288, No. 33-45287, No. 33-51195, and No. 33-53099) of Carnival Corporation of our report dated January 15, 1997 appearing on page 37 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ PRICE WATERHOUSE LLP

PRICE WATERHOUSE LLP
April 10, 1997

5
1,000

3-MOS
NOV-30-1997
FEB-28-1997
88,928
12,443
42,860
0
53,667
282,751
4,866,758
744,262
5,087,025
730,095
1,116,235
2,971
0
0
3,146,339
5,087,025
0
521,082
0
296,938
0
0
20,629
81,335
(4,025)
85,360
0
0
0
85,360
0.29
0.29