

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 28, 2017

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

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)
(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)



Commission file number: 001-15136

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)
(Zip Code)

011 44 23 8065 5000

(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 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 and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filers

Accelerated filers

Non-accelerated filers

Smaller reporting companies

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

At March 24, 2017, Carnival Corporation had outstanding 536,614,851 shares of Common Stock, \$0.01 par value.

At March 24, 2017, Carnival plc had outstanding 214,138,487 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 536,614,851, Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

CARNIVAL CORPORATION & PLC

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended February 28/29,	
	2017	2016
Revenues		
Cruise		
Passenger tickets	\$ 2,804	\$ 2,718
Onboard and other	978	923
Tour and other	9	10
	<u>3,791</u>	<u>3,651</u>
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	569	582
Onboard and other	125	117
Payroll and related	519	492
Fuel	297	187
Food	251	247
Other ship operating	661	604
Tour and other	13	14
	<u>2,435</u>	<u>2,243</u>
Selling and administrative	549	551
Depreciation and amortization	439	423
	<u>3,423</u>	<u>3,217</u>
Operating Income	<u>368</u>	<u>434</u>
Nonoperating Income (Expense)		
Interest income	2	2
Interest expense, net of capitalized interest	(51)	(52)
Gains (losses) on fuel derivatives, net	27	(236)
Other income (expense), net	8	(5)
	<u>(14)</u>	<u>(291)</u>
Income Before Income Taxes	<u>354</u>	<u>143</u>
Income Tax Expense, Net	<u>(2)</u>	<u>(1)</u>
Net Income	<u>\$ 352</u>	<u>\$ 142</u>
Earnings Per Share		
Basic	<u>\$ 0.48</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 0.48</u>	<u>\$ 0.18</u>
Dividends Declared Per Share	<u>\$ 0.35</u>	<u>\$ 0.30</u>

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

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

	Three Months Ended February 28/29,	
	2017	2016
Net Income	\$ 352	\$ 142
Items Included in Other Comprehensive Income (Loss)		
Change in foreign currency translation adjustment	1	(208)
Other	14	6
Other Comprehensive Income (Loss)	15	(202)
Total Comprehensive Income (Loss)	\$ 367	\$ (60)

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

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

	February 28, 2017	November 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 437	\$ 603
Trade and other receivables, net	307	298
Inventories	361	322
Prepaid expenses and other	492	466
Total current assets	<u>1,597</u>	<u>1,689</u>
Property and Equipment, Net	32,328	32,429
Goodwill	2,911	2,910
Other Intangibles	1,279	1,275
Other Assets	588	578
	<u>\$ 38,703</u>	<u>\$ 38,881</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 169	\$ 457
Current portion of long-term debt	1,127	640
Accounts payable	669	713
Accrued liabilities and other	1,766	1,740
Customer deposits	3,734	3,522
Total current liabilities	<u>7,465</u>	<u>7,072</u>
Long-Term Debt	7,796	8,302
Other Long-Term Liabilities	782	910
Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 655 shares at 2017 and 654 shares at 2016 issued	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2017 and 2016 issued	358	358
Additional paid-in capital	8,660	8,632
Retained earnings	21,939	21,843
Accumulated other comprehensive loss	(2,440)	(2,454)
Treasury stock, 118 shares at 2017 and 2016 of Carnival Corporation and 28 shares at 2017 and 27 shares at 2016 of Carnival plc, at cost	(5,864)	(5,789)
Total shareholders' equity	<u>22,660</u>	<u>22,597</u>
	<u>\$ 38,703</u>	<u>\$ 38,881</u>

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

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

	Three Months Ended February 28/29,	
	2017	2016
OPERATING ACTIVITIES		
Net income	\$ 352	\$ 142
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	439	423
(Gains) losses on fuel derivatives, net	(27)	236
Share-based compensation	20	16
Other, net	20	9
	804	826
Changes in operating assets and liabilities		
Receivables	(2)	(18)
Inventories	(35)	(4)
Insurance recoverables, prepaid expenses and other	(10)	(12)
Accounts payable	(47)	(7)
Accrued and other liabilities	3	(75)
Customer deposits	219	88
Net cash provided by operating activities	932	798
INVESTING ACTIVITIES		
Additions to property and equipment	(412)	(330)
Payments of fuel derivative settlements	(52)	(88)
Collateral payments for fuel derivatives	—	(57)
Other, net	(10)	16
Net cash used in investing activities	(474)	(459)
FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings, net	(289)	235
Principal repayments of long-term debt	(101)	(628)
Proceeds from issuance of long-term debt	100	555
Dividends paid	(254)	(232)
Purchases of treasury stock	(69)	(916)
Sales of treasury stock	—	40
Other, net	(2)	(1)
Net cash used in financing activities	(615)	(947)
Effect of exchange rate changes on cash and cash equivalents	(9)	(9)
Net decrease in cash and cash equivalents	(166)	(617)
Cash and cash equivalents at beginning of period	603	1,395
Cash and cash equivalents at end of period	\$ 437	\$ 778

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

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – General

The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this joint Quarterly Report on Form 10-Q as “Carnival Corporation & plc,” “our,” “us” and “we.”

Basis of Presentation

The Consolidated Balance Sheet at February 28, 2017, and the Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income (Loss) and the Consolidated Statements of Cash Flows for the three months ended February 28/29, 2017 and 2016 are unaudited and, in the opinion of our management, contain all adjustments necessary for a fair statement. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2016 joint Annual Report on Form 10-K (“Form 10-K”) filed with the U.S. Securities and Exchange Commission on January 30, 2017. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) issued amended guidance regarding accounting for *Interest - Imputation of Interest*, which simplifies the presentation of debt issuance costs and which clarifies the presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. The guidance requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. On December 1, 2016, we adopted this guidance using the retrospective approach and reclassified \$55 million from *Other Assets* to *Long-Term Debt* on our November 30, 2016 Consolidated Balance Sheet.

The FASB issued amended guidance regarding *Compensation - Stock Compensation - Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. On December 1, 2016, we early adopted this guidance using the modified retrospective transition method. The impact of adopting this guidance was primarily related to forfeitures and immaterial to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Intangibles - Goodwill and Other - Internal-Use Software*, which clarifies the accounting for fees paid in a cloud computing arrangement. The amendments provide guidance to customers about whether a cloud computing arrangement includes a software license or if the arrangement should be accounted for as a service contract. The amendments impact the accounting for software licenses but will not change a customer’s accounting for service contracts. On December 1, 2016, we adopted this guidance on a prospective basis and it did not have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Derivatives and Hedging - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*, which clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This guidance is required to be adopted by us in the first quarter of 2018 and can be applied on either a prospective or modified retrospective basis. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Derivatives and Hedging - Contingent Put and Call Options in Debt Instruments*, which clarifies the requirements for assessing whether contingent call and put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts or whether the embedded call and put options should be bifurcated from the related debt instrument and accounted for separately as a derivative. This guidance is required to be adopted by us in the first quarter of 2018 and must be applied using a modified retrospective approach. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

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The FASB issued guidance regarding *Presentation of Financial Statements - Going Concern*, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. This guidance is required to be adopted by us in the first quarter of 2018. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. When effective, this standard will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles ("U.S. GAAP"). The standard also requires more detailed disclosures and provides additional guidance for transactions that were not comprehensively addressed in U.S. GAAP. This guidance is required to be adopted by us in the first quarter of 2019 by either recasting all years presented in our financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year of adoption. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Business Combinations - Clarifying the Definition of a Business*, which assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is required to be adopted by us in the first quarter of 2019 on a prospective basis. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued amended guidance regarding *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are aimed at reducing the existing diversity in practice. The guidance is required to be adopted by us in the first quarter of 2019 and should be applied using a retrospective transition method for each period presented. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Statement of Cash Flows - Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents in the statement of cash flows. This guidance is required to be adopted by us in the first quarter of 2019 and must be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued guidance regarding accounting for *Leases*, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance is required to be adopted by us in the first quarter of 2020. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Intangibles - Goodwill and Other - Simplifying the Accounting for Goodwill Impairment*, which simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test requiring a hypothetical purchase price allocation. This guidance is required to be adopted by us in the first quarter of 2021 on a prospective basis. Early adoption is permitted for any impairment tests performed after January 1, 2017. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

Other

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. The portion of these fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were \$143 million and \$136 million for the three months ended February 28/29, 2017 and 2016, respectively.

NOTE 2 – Unsecured Debt

At February 28, 2017, our short-term borrowings consisted of euro-denominated commercial paper of \$159 million and euro-denominated bank loans of \$10 million with an aggregate weighted-average floating interest rate of (0.04)%.

In January 2017, we borrowed \$100 million under a floating rate bank loan, due in January 2022.

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In January 2017, we entered into an approximately \$800 million export credit facility, which may be drawn in euro or U.S. dollars in 2021 and will be due in semi-annual installments through 2033. The interest rate on this export credit facility can be fixed or floating, at our discretion.

For the three months ended February 28, 2017, we had borrowings of \$111 million and repayments of \$240 million of commercial paper with original maturities greater than three months.

We use the net proceeds from our borrowings for general corporate purposes and purchases of new ships.

NOTE 3 – Contingencies

Litigation

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. We believe the ultimate outcome of these claims and lawsuits will not have a material impact on our consolidated financial statements.

Contingent Obligations – Lease Out and Lease Back Type (“LILO”) Transactions

At February 28, 2017, we had estimated contingent obligations totaling \$121 million. At the inception of the lease, we paid the aggregate of the net present value of the obligation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay these obligations. As a result, these contingent obligations are considered extinguished and neither the funds nor the contingent obligations have been included in our Consolidated Balance Sheets. In January 2016, we exercised our option to terminate, at no cost, this transaction as of January 2, 2018.

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 our lender's costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any material payments under such indemnification clauses in the past and we do not believe a request for material future indemnification payments is probable.

NOTE 4 – Fair Value Measurements, Derivative Instruments and Hedging Activities

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 and is classified 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

The carrying values and estimated fair values and basis of valuation of our financial instrument assets and liabilities not measured at fair value on a recurring basis were as follows (in millions):

	February 28, 2017				November 30, 2016			
	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)	\$ 111	\$ —	\$ 64	\$ 46	\$ 99	\$ 1	\$ 68	\$ 31
Total	\$ 111	\$ —	\$ 64	\$ 46	\$ 99	\$ 1	\$ 68	\$ 31
Liabilities								
Fixed rate debt (b)	\$ 5,370	\$ —	\$ 5,660	\$ —	\$ 5,436	\$ —	\$ 5,727	\$ —
Floating rate debt (b)	3,773	—	3,816	—	4,018	—	4,048	—
Total	\$ 9,143	\$ —	\$ 9,476	\$ —	\$ 9,454	\$ —	\$ 9,775	\$ —

- (a) Long-term other assets are substantially all comprised of notes and other receivables. The fair values of our Level 2 notes and other receivables 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 appropriate market interest rates being applied to this debt.

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

Valuation of Goodwill and Other Intangibles

The reconciliation of the changes in the carrying amounts of our goodwill was as follows (in millions):

	North America Segment	EAA (a) Segment	Total
Balance at November 30, 2016	\$ 1,898	\$ 1,012	\$ 2,910
Foreign currency translation adjustment	—	1	1
Balance at February 28, 2017	\$ 1,898	\$ 1,013	\$ 2,911

(a) Europe, Australia & Asia (“EAA”)

At July 31, 2016, we performed our annual goodwill impairment reviews and no goodwill was impaired.

The reconciliation of the changes in the carrying amounts of our other intangible assets not subject to amortization, which represent trademarks, was as follows (in millions):

	North America Segment	EAA Segment	Total
Balance at November 30, 2016	\$ 927	\$ 279	\$ 1,206
Foreign currency translation adjustment	—	1	1
Balance at February 28, 2017	\$ 927	\$ 280	\$ 1,207

At July 31, 2016, our cruise brands that have significant trademarks recorded include AIDA, P&O Cruises (Australia), P&O Cruises (UK) and Princess. As of that date, we performed our annual trademark impairment reviews for these cruise brands and no trademarks were impaired.

The determination of our reporting unit goodwill and trademark fair values includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments. If there is a change in the conditions, circumstances or strategy influencing fair values in the future, then we may need to recognize an impairment charge.

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The reconciliation of the changes in the net carrying amounts of our other intangible assets subject to amortization, which represent port usage rights and other amortizable intangibles, was as follows (in millions):

	Cruise Support Segment	EAA Segment	Tour and Other Segment	Total
Balance at November 30, 2016	\$ 57	\$ 12	\$ —	\$ 69
Additions	—	—	4	4
Amortization	(1)	—	—	(1)
Balance at February 28, 2017	<u>\$ 56</u>	<u>\$ 12</u>	<u>\$ 4</u>	<u>\$ 72</u>

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

The estimated fair value and basis of valuation of our financial instrument assets and liabilities measured at fair value on a recurring basis were as follows (in millions):

	February 28, 2017			November 30, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents (a)	\$ 437	\$ —	\$ —	\$ 603	\$ —	\$ —
Restricted cash	53	—	—	60	—	—
Short-term investments (b)	—	—	—	—	—	21
Marketable securities held in rabbi trusts (c)	94	3	—	93	4	—
Derivative financial instruments	—	13	—	—	15	—
Total	<u>\$ 584</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 756</u>	<u>\$ 19</u>	<u>\$ 21</u>
Liabilities						
Derivative financial instruments	\$ —	\$ 321	\$ —	\$ —	\$ 434	\$ —
Total	<u>\$ —</u>	<u>\$ 321</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 434</u>	<u>\$ —</u>

- (a) Cash and cash equivalents are comprised of cash and marketable securities with maturities of less than 90 days.
- (b) The fair value of the auction rate security included in short-term investments, as of November 30, 2016, was based on a broker quote in an inactive market, which is considered a Level 3 input. This auction-rate security was sold in December 2016.
- (c) At February 28, 2017, marketable securities held in rabbi trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks and money market funds and Level 2 other investments. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

Derivative Instruments and Hedging Activities

The estimated fair values of our derivative financial instruments and their location in the Consolidated Balance Sheets were as follows (in millions):

	Balance Sheet Location	February 28, 2017	November 30, 2016
Derivative assets			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	\$ 9	\$ 12
	Other assets – long-term	4	3
Total derivative assets		<u>\$ 13</u>	<u>\$ 15</u>
Derivative liabilities			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Accrued liabilities and other	\$ —	\$ 26
Interest rate swaps (b)	Accrued liabilities and other	10	10
	Other long-term liabilities	22	23
Foreign currency zero cost collars (c)	Accrued liabilities and other	6	12
	Other long-term liabilities	19	21
		<u>57</u>	<u>92</u>
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	161	198
	Other long-term liabilities	103	144
		<u>264</u>	<u>342</u>
Total derivative liabilities		<u>\$ 321</u>	<u>\$ 434</u>

- (a) We had foreign currency forwards totaling \$11 million at February 28, 2017 and \$456 million at November 30, 2016 that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At February 28, 2017, these foreign currency forwards settle through July 2017. We also had foreign currency swaps totaling \$289 million at February 28, 2017 and \$291 million at November 30, 2016 that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At February 28, 2017, these foreign currency swaps settle through September 2019.
- (b) We have euro 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 \$486 million at February 28, 2017 and \$500 million at November 30, 2016 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At February 28, 2017, these interest rate swaps settle through March 2025.
- (c) At February 28, 2017 and November 30, 2016, 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.
- (d) At February 28, 2017 and November 30, 2016, we had fuel derivatives consisting of zero cost collars on Brent crude oil (“Brent”) to cover a portion of our estimated fuel consumption through 2018. See “Fuel Price Risks” below for additional information regarding these derivatives.

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Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties. The amounts recognized within assets and liabilities were as follows (in millions):

February 28, 2017					
	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	\$ 14	\$ (1)	\$ 13	\$ (13)	\$ —
Liabilities	\$ 322	\$ (1)	\$ 321	\$ (13)	\$ 308

November 30, 2016					
	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	\$ 15	\$ —	\$ 15	\$ (15)	\$ —
Liabilities	\$ 434	\$ —	\$ 434	\$ (15)	\$ 419

The effective gain (loss) portions of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income (loss) were as follows (in millions):

	Three Months Ended February 28/29,	
	2017	2016
Net investment hedges	\$ 1	\$ (13)
Foreign currency zero cost collars – cash flow hedges	\$ 8	\$ 10
Interest rate swaps – cash flow hedges	\$ 2	\$ (3)

There are no credit risk related contingent features in our derivative agreements, except for bilateral credit provisions within our fuel derivative counterparty agreements. These provisions require cash collateral to be posted or received to the extent the fuel derivative fair value payable to or receivable from an individual counterparty exceeds \$100 million. At February 28, 2017 and November 30, 2016, no collateral was required to be posted to or received from our fuel derivative counterparties.

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 significant. We have not provided additional disclosures of the impact that derivative instruments and hedging activities have on our consolidated financial statements as of February 28, 2017 and November 30, 2016 and for the three months ended February 28/29, 2017 and 2016 where such impacts were not significant.

Fuel Price Risks

Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have Brent call options and Brent put options, collectively referred to as zero cost collars, that establish ceiling and floor prices and mitigate a portion of our economic risk attributable to potential fuel price increases. To maximize operational flexibility we utilized derivative markets with significant trading liquidity.

Our zero cost collars are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. We will not realize any economic gain or loss upon the monthly maturities of our zero cost collars unless the average monthly price of Brent is above the ceiling price or below the floor price. We believe that these zero cost collars will act as economic hedges; however, hedge accounting is not applied.

Our unrealized and realized gains (losses), net on fuel derivatives were as follows (in millions):

	Three Months Ended February 28/29,	
	2017	2016
Unrealized gains (losses) on fuel derivatives, net	\$ 72	\$ (145)
Realized losses on fuel derivatives, net	(45)	(91)
Gains (losses) on fuel derivatives, net	\$ 27	\$ (236)

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At February 28, 2017, our outstanding fuel derivatives consisted of zero cost collars on Brent as follows:

Maturities (a)	Transaction Dates	Barrels (in thousands)	Weighted-Average Floor Prices	Weighted-Average Ceiling Prices
Fiscal 2017 (Q2 - Q4)				
	February 2013	2,457	\$ 80	\$ 115
	April 2013	1,521	\$ 75	\$ 110
	January 2014	1,350	\$ 75	\$ 114
	October 2014	765	\$ 80	\$ 113
		<u>6,093</u>		
Fiscal 2018				
	January 2014	2,700	\$ 75	\$ 110
	October 2014	3,000	\$ 80	\$ 114
		<u>5,700</u>		

(a) Fuel derivatives mature evenly over each month within the above fiscal periods.

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 EAA segment operations generate significant revenues and incur significant expenses in their functional currencies, which subjects us to “foreign currency translational” risk related to these currencies. Accordingly, exchange rate fluctuations in their functional currencies against the U.S. dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar. Any strengthening of the U.S. dollar against these foreign currencies has the financial statement effect of decreasing the U.S. dollar values reported for these segment’s revenues and expenses. Any weakening of the U.S. dollar has the opposite effect.

Substantially all of our operations also have non-functional currency risk related to their international sales. In addition, we have a portion of our operating expenses denominated in non-functional currencies. Accordingly, we also have “foreign currency transactional” risks related to changes in the exchange rates for our revenues and expenses that are in a currency other than the functional currency. The revenues and expenses which occur in the same non-functional currencies create some degree of natural offset.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies. Our investments in foreign operations are of a long-term nature. We have \$5.1 billion of euro-denominated debt, including the effect of foreign currency swaps, which provides an economic offset for our operations with euro functional currency. We also partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations’ functional currencies.

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 and have used non-derivative financial instruments to manage foreign currency exchange rate risk for some of our ship construction payments.

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At February 28, 2017, we had foreign currency zero cost collars that are designated as cash flow hedges for a portion of euro-denominated shipyard payments for the following newbuilds:

	<u>Entered Into</u>	<u>Matures in</u>	<u>Weighted-Average Floor Rate</u>	<u>Weighted- Average Ceiling Rate</u>
<i>Majestic Princess</i>	2015	March 2017	\$ 1.07	\$ 1.25
<i>Carnival Horizon</i>	2016	March 2018	\$ 1.02	\$ 1.25
<i>Seabourn Ovation</i>	2016	April 2018	\$ 1.02	\$ 1.25
Holland America <i>Nieuw Statendam</i>	2016	November 2018	\$ 1.05	\$ 1.25

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

At March 24, 2017, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of \$5.6 billion and substantially relates to newbuilds to be delivered 2019 through 2022 to non-euro functional currency brands.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' is expected to be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our desire 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 and the issuance of new debt or the early retirement of existing debt.

The composition of our debt, including the effect of foreign currency swaps and interest rate swaps, was as follows:

	<u>February 28, 2017</u>	<u>November 30, 2016</u>
Fixed rate	29%	28%
Euro fixed rate	35%	35%
Floating rate	15%	14%
Euro floating rate	21%	23%

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 minimize these credit risk exposures, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by:

- Conducting business with large, 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

We currently believe the risk of nonperformance by any of our significant counterparties is remote. At February 28, 2017, our exposures under foreign currency and fuel derivative contracts and interest rate swap agreements 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 prior to sailing. 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. Concentrations of credit risk associated with these trade 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. We have not experienced significant credit losses on our trade receivables, charter-hire agreements and contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 5 – Segment Information

We have four reportable segments that are comprised of (1) North America, (2) EAA, (3) Cruise Support and (4) Tour and Other. Our 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 North America segment includes Carnival Cruise Line, Holland America Line, Princess and Seabourn. Our EAA segment includes AIDA, Costa, Cunard, P&O Cruises (Australia) and P&O Cruises (UK). The operations of these reporting units have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, maintenance requirements, supporting systems and processes and products and services they provide. Our Cruise Support segment represents certain of our port and related facilities and other services that are provided 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.

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Selected information for our segments was as follows (in millions):

	Three Months Ended February 28/29,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
2017					
North America	\$ 2,405	\$ 1,470	\$ 320	\$ 273	\$ 342
EAA	1,338	946	172	146	74
Cruise Support	39	6	55	11	(33)
Tour and Other	9	13	2	9	(15)
	<u>\$ 3,791</u>	<u>\$ 2,435</u>	<u>\$ 549</u>	<u>\$ 439</u>	<u>\$ 368</u>
2016					
North America	\$ 2,218	\$ 1,315	\$ 311	\$ 255	\$ 337
EAA	1,389	910	175	147	157
Cruise Support	34	5	63	11	(45)
Tour and Other	10	13	2	10	(15)
	<u>\$ 3,651</u>	<u>\$ 2,243</u>	<u>\$ 551</u>	<u>\$ 423</u>	<u>\$ 434</u>

NOTE 6 – Earnings Per Share

Our basic and diluted earnings per share were computed as follows (in millions, except per share data):

	Three Months Ended February 28/29,	
	2017	2016
Net income for basic and diluted earnings per share	\$ 352	\$ 142
Weighted-average common and ordinary shares outstanding	725	766
Dilutive effect of equity plans	3	3
Diluted weighted-average shares outstanding	728	769
Basic and diluted earnings per share	<u>\$ 0.48</u>	<u>\$ 0.18</u>

NOTE 7 – Shareholders' Equity

During the three months ended February 28, 2017, we repurchased 1.4 million shares of Carnival plc ordinary shares for \$75 million under our general repurchase authorization program (the "Repurchase Program"). From March 1, 2017 through March 24, 2017, we repurchased 0.8 million shares of Carnival plc ordinary shares for \$44 million under the Repurchase Program. Accordingly, at March 24, 2017, the remaining Carnival Corporation availability under the Repurchase Program was \$280 million.

Item 2. 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 joint Quarterly Report on Form 10-Q are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the 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” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that may impact our outlook including, but not limited to, the forecasting of our:

- Net revenue yields
- Booking levels
- Pricing and occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Net cruise costs, excluding fuel per available lower berth day
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity
- Adjusted earnings per share

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this joint Quarterly Report on Form 10-Q. 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. 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:

- Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew
- Economic conditions and adverse world events affecting the safety and security of travel, such as civil unrest, armed conflicts and terrorist attacks
- Changes in and compliance with laws and regulations relating to environment, health, safety, security, tax and anti-corruption under which we operate
- Disruptions and other damages to our information technology and other networks and operations, and breaches in data security
- Ability to recruit, develop and retain qualified personnel
- Increases in fuel prices
- Fluctuations in foreign currency exchange rates
- Misallocation of capital among our ship, joint venture and other strategic investments
- Future operating cash flow may not be sufficient to fund future obligations and we may be unable to obtain financing
- Overcapacity in the cruise ship and land-based vacation industry
- Deterioration of our cruise brands’ strengths and our inability to implement our strategies
- Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain and reductions in the availability of, and increases in the prices for, the services and products provided by these vendors
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations and increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages
- Failure to keep pace with developments in technology
- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect and our international operations are subject to additional risks not generally applicable to our U.S. operations
- Competition from the cruise ship and land-based vacation industry
- Economic, market and political factors that are beyond our control

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- Litigation, enforcement actions, fines or penalties
- Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations
- Union disputes and other employee relationship issues
- Decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates
- Reliance on third-party providers of various services integral to the operations of our business
- Business activities that involve our co-investment with third parties
- Disruptions in the global financial markets or other events that may negatively affect the ability of our counterparties and others to perform their obligations to us
- Our shareholders may be subject to the uncertainties of a foreign legal system since Carnival Corporation and Carnival plc are not U.S. corporations
- Small group of shareholders may be able to effectively control the outcome of shareholder voting
- Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests
- The DLC arrangement involves risks not associated with the more common ways of combining the operations of two companies

The ordering of the risk factors set forth above is not intended to reflect any Company 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 joint Quarterly Report on Form 10-Q, 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.

Outlook

On March 28, 2017, we said that we expected our adjusted diluted earnings per share for the 2017 second quarter to be in the range of \$0.43 to \$0.47 and 2017 full year to be in the range of \$3.50 to \$3.70 (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on the following assumptions:

	2017 Second Quarter	2017 Full Year
Fuel price per metric ton	\$359	\$362
Currencies		
U.S. dollar to euro	\$1.08 to €1	\$1.07 to €1
U.S. dollar to sterling	\$1.25 to £1	\$1.25 to £1
U.S. dollar to Australian dollar	\$0.76 to A\$1	\$0.76 to A\$1

The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions. We have not provided a reconciliation of forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

The above forward-looking statements involve risks, uncertainties and assumptions with respect to us. There are many factors that could cause our actual results to differ materially from those expressed above. You should read the above forward-looking statements together with the discussion of the risks under "Cautionary Note Concerning Factors That May Affect Future Results."

Critical Accounting Estimates

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" that is included in the 2016 Form 10-K.

[Table of Contents](#)**Seasonality**

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. 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. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

Statistical Information

	Three Months Ended February 28/29,	
	2017	2016
Available Lower Berth Days ("ALBDs") (in thousands) (a) (b)	20,024	19,290
Occupancy percentage (c)	104.6%	104.0%
Passengers carried (in thousands)	2,769	2,559
Fuel consumption in metric tons (in thousands)	818	816
Fuel consumption in metric tons per thousand ALBDs	40.9	42.3
Fuel cost per metric ton consumed	\$ 362	\$ 229
Currencies		
U.S. dollar to euro	\$ 1.06	\$ 1.10
U.S. dollar to sterling	\$ 1.24	\$ 1.45
U.S. dollar to Australian dollar	\$ 0.75	\$ 0.71

- (a) 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.
- (b) For the three months ended February 28, 2017 compared to the three months ended February 29, 2016, we had a 3.8% capacity increase in ALBDs comprised of a 5.2% capacity increase in our North America segment and a 1.8% capacity increase in our EAA segment.

Our North America segment's capacity increase was caused by:

- Full quarter impact from one Carnival Cruise Line 3,930-passenger capacity ship delivered in 2016
- Full quarter impact from one Holland America Line 2,650-passenger capacity ship delivered in 2016
- Fewer ship dry-dock days in 2017 compared to 2016
- Full quarter impact from one Seabourn 600-passenger capacity ship delivered in 2016
- Partially offset by the full quarter impact from one Princess Cruises 670-passenger capacity ship removed from service in 2016

Our EAA segment's capacity increase was caused by:

- Full quarter impact from one AIDA 3,290-passenger capacity ship delivered in 2016

This increase was partially offset by:

- Less ship operating days in 2017 compared to 2016 due to the 2016 leap year
- More ship dry-dock days in 2017 compared to 2016

- (c) 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.

Three Months Ended February 28, 2017 (“2017”) Compared to Three Months Ended February 29, 2016 (“2016”)

Revenues

Consolidated

Cruise passenger ticket revenues made up 74% of our 2017 total revenues. Cruise passenger ticket revenues increased by \$86 million, or 3.2%, to \$2.8 billion in 2017 from \$2.7 billion in 2016.

This increase was caused by:

- \$103 million - 3.8% capacity increase in ALBDs
- \$71 million - increase in cruise ticket revenue, driven primarily by price improvements due to demand in our Caribbean program for our North America segment and European and Caribbean programs for our EAA segment, partially offset by net unfavorable foreign currency transactional impacts
- \$15 million - a slight increase in occupancy

These increases were partially offset by:

- \$77 million - foreign currency translational impact from a stronger U.S. dollar against the functional currencies of our foreign operations (“foreign currency translational impact”)
- \$26 million - decrease in air transportation revenues from guests who purchased their tickets from us

The remaining 26% of 2017 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by \$55 million, or 6.0%, to \$978 million in 2017 from \$923 million in 2016.

This increase was caused by:

- \$35 million - 3.8% capacity increase in ALBDs
- \$31 million - higher onboard spending by our guests

These increases were partially offset by the foreign currency translational impact, which accounted for \$14 million.

Onboard and other revenues included concession revenues that were \$227 million in both 2017 and 2016.

North America Segment

Cruise passenger ticket revenues made up 72% of our North America segment’s 2017 total revenues. Cruise passenger ticket revenues increased by \$133 million, or 8.4%, to \$1.7 billion in 2017 compared to \$1.6 billion in 2016.

The increase was substantially due to:

- \$82 million - 5.2% capacity increase in ALBDs
- \$39 million - increase in cruise ticket revenue, driven primarily by price improvements due to demand in our Caribbean program, partially offset by net unfavorable foreign currency transactional impacts

The remaining 28% of our North America segment’s 2017 total revenues were comprised of onboard and other cruise revenues, which increased by \$53 million, or 8.5%, to \$683 million in 2017 from \$630 million in 2016.

This increase was caused by:

- \$33 million - 5.2% capacity increase in ALBDs
- \$21 million - higher onboard spending by our guests

Onboard and other revenues included concession revenues that increased by \$4 million, or 2.4%, to \$155 million in 2017 from \$151 million in 2016.

EAA Segment

Cruise passenger ticket revenues made up 81% of our EAA segment’s 2017 total revenues. Cruise passenger ticket revenues decreased by \$50 million, or 4.4%, and was \$1.1 billion in both 2017 and 2016.

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This decrease was caused by:

- \$77 million - foreign currency translational impact
- \$25 million - decrease in air transportation revenues from guests who purchased their tickets from us

These decreases were partially offset by:

- \$20 million - 1.8% capacity increase in ALBDs
- \$19 million - increase in cruise ticket revenue driven primarily by price improvements due to demand in our European and Caribbean programs, partially offset by net unfavorable foreign currency transactional impacts

The remaining 19% of our EAA segment's 2017 total revenues were comprised of onboard and other cruise revenues, which remained the same at \$254 million in both 2017 and 2016.

Onboard and other revenues included concession revenues that decreased by \$4 million, or 5.3%, to \$72 million in 2017 from \$76 million in 2016.

Costs and Expenses

Consolidated

Operating costs and expenses increased by \$192 million, or 8.6%, to \$2.4 billion in 2017 from \$2.2 billion in 2016.

This increase was caused by:

- \$109 million - higher fuel prices
- \$85 million - 3.8% capacity increase in ALBDs
- \$29 million - higher ship port costs
- \$22 million - higher cruise payroll and related expenses
- \$16 million - higher dry-dock expenses and ship repair and maintenance expenses

These increases were partially offset by:

- \$56 million - foreign currency translational impact
- \$25 million - decrease in air transportation revenues from guests who purchased their tickets from us

Selling and administrative expenses slightly decreased by \$2 million to \$549 million in 2017 from \$551 million in 2016.

This decrease was caused by:

- \$12 million - foreign currency translational impact
- \$12 million - various selling and administrative initiatives

These decreases were partially offset by a 3.8% capacity increase in ALBDs, which accounted for \$21 million.

Depreciation and amortization expenses increased by \$16 million, or 3.8%, to \$439 million in 2017 from \$423 million in 2016. This increase was primarily caused by the delivery of new ships and improvements to ship and shoreside assets, which accounted for \$27 million, partially offset by the foreign currency translational impact, which accounted for \$9 million.

North America Segment

Operating costs and expenses increased by \$155 million, or 11.8%, to \$1.5 billion in 2017 from \$1.3 billion in 2016.

This increase was caused by:

- \$70 million - higher fuel prices
- \$68 million - 5.2% capacity increase in ALBDs
- \$13 million - higher ship port costs
- \$10 million - higher cruise payroll and related expenses

Selling and administrative expenses increased by \$9 million, or 2.9%, to \$320 million in 2017 from \$311 million in 2016.

Depreciation and amortization expenses increased by \$17 million, or 6.8%, to \$273 million in 2017 from \$255 million in 2016. This increase was primarily driven by a 5.2% capacity increase in ALBDs, which accounted for \$13 million.

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EAA Segment

Operating costs and expenses increased by \$36 million, or 4.0%, to \$946 million in 2017 from \$910 million in 2016.

This increase was caused by:

- \$39 million - higher fuel prices
- \$29 million - higher dry-dock expenses and other ship repair and maintenance expenses
- \$18 million - higher ship port costs
- \$16 million - 1.8% capacity increase in ALBDs
- \$12 million - higher cruise payroll and related expenses

These increases were partially offset by:

- \$56 million - foreign currency translational impact
- \$26 million - decrease in air transportation revenues from guests who purchased their tickets from us

Selling and administrative expenses decreased by \$3 million, or 1.7%, to \$172 million in 2017 from \$175 million in 2016.

Depreciation and amortization expenses slightly decreased by \$1 million to \$146 million in 2017 from \$147 million in 2016.

Operating Income

Our consolidated operating income decreased by \$66 million, or 15.3%, to \$368 million in 2017 from \$434 million in 2016. Our North America segment's operating income increased by \$5 million, or 1.5%, to \$342 million in 2017 from \$337 million in 2016, and our EAA segment's operating income decreased by \$82 million, or 52.4%, to \$74 million in 2017 from \$157 million in 2016. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

Gains (losses) on fuel derivatives, net were comprised of the following (in millions):

	Three Months Ended February 28/29,	
	2017	2016
Unrealized gains (losses) on fuel derivatives, net	\$ 72	\$ (145)
Realized losses on fuel derivatives, net	(45)	(91)
Gains (losses) on fuel derivatives, net	<u>\$ 27</u>	<u>\$ (236)</u>

Key Performance Non-GAAP Financial Indicators

Non-GAAP Financial Measures

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs excluding fuel per ALBD, adjusted net income 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 gross cruise revenues per ALBD ("gross revenue yields"), gross cruise costs per ALBD and U.S. GAAP net income and U.S. GAAP earnings per share.

We believe that gains and losses on ship sales and ship impairments and restructuring and certain other expenses are not part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we exclude these items from non-GAAP measures. Net revenue yields and net cruise costs excluding fuel per ALBD enable us to separate the impact of predictable capacity or ALBD changes from price and other changes that affect our business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

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.

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Net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees.

Net passenger ticket revenues reflect gross passenger ticket revenues, net of commissions, transportation and other costs.

Net onboard and other revenues reflect gross onboard and other revenues, net of onboard and other cruise costs.

Net cruise costs excluding fuel per ALBD is the measure we use to monitor our ability to control our cruise segments' costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues as well as fuel expense to calculate net cruise costs without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. Substantially all of our net cruise costs excluding fuel are largely fixed, except for the impact of changing prices once the number of ALBDs has been determined.

We have not provided a reconciliation of forecasted gross cruise revenues to forecasted net cruise revenues or forecasted gross cruise costs to forecasted net cruise costs without fuel or forecasted U.S. GAAP net income to forecasted adjusted net income or forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of gross cruise revenues, gross cruise costs, net income and earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

Constant Dollar and Constant Currency

Our EAA segment and Cruise Support segment operations utilize the euro, sterling and Australian dollar as their functional currencies to measure their results and financial condition. This subjects us to foreign currency translational risk. Our North America, EAA and Cruise Support segment operations also have revenues and expenses that are in a currency other than their functional currency. This subjects us to foreign currency transactional risk.

We report net revenue yields, net passenger revenue yields, net onboard and other revenue yields and net cruise costs excluding fuel per ALBD on a "constant dollar" and "constant currency" basis assuming the 2017 periods' currency exchange rates have remained constant with the 2016 periods' rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting is a non-GAAP financial measure that removes only the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment operations.

Constant currency reporting is a non-GAAP financial measure that removes the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment operations (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency for our North America, EAA and Cruise Support segments.

Examples:

- The translation of our EAA segment operations to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies.
- Our North American segment operations have a U.S. dollar functional currency but also have revenue and expense transactions in currencies other than the U.S. dollar. If the U.S. dollar strengthens against these other currencies, it reduces the U.S. dollar revenues and expenses. If the U.S. dollar weakens against these other currencies, it increases the U.S. dollar revenues and expenses.

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- Our EAA segment operations have euro, sterling and Australian dollar functional currencies but also have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.

Under U.S. GAAP, the realized and unrealized gains and losses on fuel derivatives not qualifying as fuel hedges are recognized currently in earnings. We believe that unrealized gains and losses on fuel derivatives are not an indication of our earnings performance since they relate to future periods and may not ultimately be realized in our future earnings. Therefore, we believe it is more meaningful for the unrealized gains and losses on fuel derivatives to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these unrealized gains and losses.

We believe that gains and losses on ship sales and ship impairments and restructuring and other expenses 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 gains and losses on ship sales and ship impairments and restructuring and other non-core gains and charges to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these items.

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Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows (dollars in millions, except yields):

	Three Months Ended February 28/29,		
	2017	2017 Constant Dollar	2016
Passenger ticket revenues	\$ 2,804	\$ 2,881	\$ 2,718
Onboard and other revenues	978	993	923
Gross cruise revenues	3,782	3,874	3,641
Less cruise costs			
Commissions, transportation and other	(569)	(587)	(582)
Onboard and other	(125)	(127)	(117)
	(694)	(714)	(699)
Net passenger ticket revenues	2,235	2,294	2,136
Net onboard and other revenues	853	866	806
Net cruise revenues	\$ 3,088	\$ 3,160	\$ 2,942
ALBDs	20,024,045	20,024,045	19,289,910

Gross revenue yields	\$ 188.87	\$ 193.44	\$ 188.77
% increase vs. 2016	0.1%	2.5%	
Net revenue yields	\$ 154.22	\$ 157.75	\$ 152.50
% increase vs. 2016	1.1%	3.4%	
Net passenger ticket revenue yields	\$ 111.60	\$ 114.53	\$ 110.71
% increase vs. 2016	0.8%	3.4%	
Net onboard and other revenue yields	\$ 42.62	\$ 43.22	\$ 41.78
% increase vs. 2016	2.0%	3.4%	

	Three Months Ended February 28/29,		
	2017	2017 Constant Currency	2016
Net passenger ticket revenues	\$ 2,235	\$ 2,308	\$ 2,136
Net onboard and other revenues	853	861	806
Net cruise revenues	\$ 3,088	\$ 3,169	\$ 2,942
ALBDs	20,024,045	20,024,045	19,289,910

Net revenue yields	\$ 154.22	\$ 158.25	\$ 152.50
% increase vs. 2016	1.1%	3.8%	
Net passenger ticket revenue yields	\$ 111.60	\$ 115.26	\$ 110.71
% increase vs. 2016	0.8%	4.1%	
Net onboard and other revenue yields	\$ 42.62	\$ 42.99	\$ 41.78
% increase vs. 2016	2.0%	2.9%	

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Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel by ALBDs as follows (dollars in millions, except costs per ALBD):

	Three Months Ended February 28/29,		
	2017	2017 Constant Dollar	2016
Cruise operating expenses	\$ 2,422	\$ 2,478	\$ 2,229
Cruise selling and administrative expenses	546	558	549
Gross cruise costs	2,968	3,036	2,778
Less cruise costs included above			
Commissions, transportation and other	(569)	(587)	(582)
Onboard and other	(125)	(127)	(117)
Gain on ship sale	—	—	2
Restructuring expenses	—	—	—
Other	1	1	(16)
Net cruise costs	2,275	2,323	2,065
Less fuel	(297)	(297)	(187)
Net cruise costs excluding fuel	\$ 1,978	\$ 2,026	\$ 1,878
ALBDs	20,024,045	20,024,045	19,289,910
Gross cruise costs per ALBD	\$ 148.24	\$ 151.60	\$ 144.02
% increase vs. 2016	2.9%	5.3%	
Net cruise costs excluding fuel per ALBD	\$ 98.81	\$ 101.13	\$ 97.35
% increase vs. 2016	1.5%	3.9%	

	Three Months Ended February 28/29,		
	2017	2017 Constant Currency	2016
Net cruise costs excluding fuel	\$ 1,978	\$ 2,012	\$ 1,878
ALBDs	20,024,045	20,024,045	19,289,910
Net cruise costs excluding fuel per ALBD	\$ 98.81	\$ 100.47	\$ 97.35
% increase vs. 2016	1.5%	3.2%	

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Adjusted fully diluted earnings per share was computed as follows (in millions, except per share data):

	Three Months Ended February 28/29,	
	2017	2016
Net income		
U.S. GAAP net income	\$ 352	\$ 142
Unrealized (gains) losses on fuel derivatives, net	(72)	145
Gain on ship sale	—	(2)
Restructuring expenses	—	—
Other	(1)	16
Adjusted net income	\$ 279	\$ 301
Weighted-average shares outstanding	728	769
Earnings per share		
U.S. GAAP earnings per share	\$ 0.48	\$ 0.18
Unrealized (gains) losses on fuel derivatives, net	(0.10)	0.19
Gain on ship sale	—	—
Restructuring expenses	—	—
Other	—	0.02
Adjusted earnings per share	\$ 0.38	\$ 0.39

Net cruise revenues increased by \$146 million, or 5.0%, to \$3.1 billion in 2017 from \$2.9 billion in 2016.

The increase in net cruise revenues was caused by:

- \$112 million - 3.8% capacity increase in ALBDs
- \$115 million - 3.8% increase in constant currency net revenue yields

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for \$81 million.

The 3.8% increase in net revenue yields on a constant currency basis was due to a 4.1% increase in net passenger ticket revenue yields and a 2.9% increase in net onboard and other revenue yields.

The 4.1% increase in net passenger ticket revenue yields was driven primarily by price improvements due to demand in our Caribbean program for our North America segment and European and Caribbean programs for our EAA segment, partially offset by net unfavorable foreign currency transactional impacts. This 4.1% increase in net passenger ticket revenue yields was comprised of a 3.3% increase from our North America segment and a 5.0% increase from our EAA segment.

The 2.9% increase in net onboard and other revenue yields was caused by similar increases in our North America and EAA segments.

Gross cruise revenues increased by \$141 million, or 3.9%, to \$3.8 billion in 2017 from \$3.6 billion in 2016 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by \$101 million, or 5.4%, to \$2.0 billion in 2017 from \$1.9 billion in 2016.

The increase in net cruise costs excluding fuel was caused by:

- \$71 million - 3.8% capacity increase in ALBDs
- \$63 million - 3.2% increase in constant currency net cruise costs excluding fuel

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for \$33 million.

The 3.2% increase in constant currency net cruise costs excluding fuel per ALBD was principally due to the timing of ship repair and maintenance, dry-dock and general and administrative expenses.

Fuel costs increased by \$110 million, or 58.8%, to \$297 million in 2017 from \$187 million in 2016. This increase was substantially all due to higher fuel prices, which accounted for \$109 million.

Gross cruise costs increased by \$190 million, or 6.8%, to \$3.0 billion in 2017 from \$2.8 billion in 2016 for principally the same reasons as discussed above.

Liquidity, Financial Condition and Capital Resources

Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital (“ROIC”), reaching double digit returns, while maintaining a strong balance sheet and strong investment grade credit ratings. We define ROIC as the twelve month adjusted earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress. Our ability to generate significant operating cash flow allows us to internally fund our capital investments. We are committed to returning free cash flow to our shareholders in the form of dividends and/or share repurchases. As we continue to profitably grow our cruise business, we plan to increase our debt level in a manner consistent with maintaining our strong credit metrics. This will allow us to return both free cash flow and incremental debt proceeds to our shareholders in the form of dividends and/or share repurchases. Other objectives of our capital structure policy are to maintain a sufficient level of liquidity with our available cash and cash equivalents and committed financings for immediate and future liquidity needs, and a reasonable debt maturity profile.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital projects including shipbuilding commitments, ship improvements, debt service requirements, working capital needs and other firm commitments over the next several years. We believe that our ability to generate significant operating cash flows and our strong balance sheet as evidenced by our investment grade credit ratings provide us with the ability, in most financial credit market environments, to obtain debt financing.

We had a working capital deficit of \$5.9 billion as of February 28, 2017 compared to a working capital deficit of \$5.4 billion as of November 30, 2016. The increase in working capital deficit was primarily due to the increase in customer deposits and our net current portion of our borrowings. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, a vast majority of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts 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, invest in long term investments or any other use of cash. Included within our working capital deficit are \$3.7 billion and \$3.5 billion of customer deposits as of February 28, 2017 and November 30, 2016, respectively. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We generate substantial cash flows from operations and our business model has historically allowed us to maintain this working capital deficit and still meet our operating, investing and financing needs. We expect that we will continue to have working capital deficits in the future.

Sources and Uses of Cash

Operating Activities

Our business provided \$932 million of net cash from operations during the three months ended February 28, 2017, an increase of \$134 million, or 17%, compared to \$798 million for the same period in 2016. This increase was substantially all due to an increase in our customer deposits.

Investing Activities

During the three months ended February 28, 2017, net cash used in investing activities was \$474 million. This was substantially due to:

- Capital expenditures of \$262 million for ship improvements and replacements
- Capital expenditures of \$114 million for information technology, buildings and improvements and other assets
- Payment of \$52 million of fuel derivative settlements
- Our expenditures for capital projects, of which \$36 million was spent on our ongoing new shipbuilding program

During the three months ended February 29, 2016, net cash used in investing activities was \$459 million. This was primarily due to:

- Our expenditures for capital projects, of which \$54 million was spent on our ongoing new shipbuilding program
- Capital expenditures of \$207 million for ship improvements and replacements
- Capital expenditures of \$69 million for information technology, buildings and improvements and other assets
- \$88 million of fuel derivative settlements
- \$57 million of collateral to one of our fuel derivative counterparties

Financing Activities

During the three months ended February 28, 2017, net cash used in financing activities of \$615 million was substantially due to the following:

- Repaid \$289 million of short-term borrowings, net of new borrowings, in connection with our availability of, and needs for, cash at various times throughout the period
- Paid cash dividends of \$254 million
- Purchased \$69 million of Carnival plc ordinary shares in open market transactions under our Repurchase Program

During the three months ended February 29, 2016, net cash used in financing activities of \$947 million was substantially due to the following:

- Borrowed a net \$235 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the period
- Repaid \$628 million of long-term debt
- Issued \$555 million of publicly-traded notes, which net proceeds are being used for general corporate purposes
- Paid cash dividends of \$232 million
- Purchased \$916 million of shares of Carnival Corporation common stock in open market transactions of which \$877 million were purchased under our Repurchase Program and \$39 million were purchased under our Stock Swap Program
- Sold \$40 million of treasury stock under our Stock Swap program

Future Commitments and Funding Sources

Our total annual capital expenditures consist of ships under contract for construction, including ship construction contracts entered into through March 24, 2017, and estimated improvements to existing ships and shoreside assets and are expected to be (in billions):

	2017	2018	2019	2020	2021	2022
Total annual capital expenditures	\$ 3.0	\$ 3.7	\$ 4.6	\$ 4.5	\$ 3.5	\$ 2.8

The year-over-year percentage increases in our annual capacity are expected to result primarily from contracted new ships entering service and are currently expected to be:

	2017	2018	2019	2020	2021	2022
Annual capacity increase (a)	2.9%	2.7%	5.4%	7.8%	6.9%	3.3%

(a) These percentage increases exclude unannounced future ship orders, acquisitions, retirements, charters or sales.

At February 28, 2017, we had liquidity of \$10.5 billion. Our liquidity consisted of \$182 million of cash and cash equivalents, which excludes \$255 million of cash used for current operations, \$2.7 billion available for borrowing under our revolving credit facilities, net of our outstanding commercial paper borrowings, and \$7.6 billion under our committed future financings, which are comprised of ship export credit facilities. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us. The committed future financing will be available as follows (in millions):

	2017	2018	2019	2020	2021
Availability of committed future financing at February 28, 2017	\$ 359	\$ 1,851	\$ 2,441	\$ 2,143	\$ 799

At February 28, 2017, all of our revolving credit facilities are scheduled to mature in 2021, except for \$300 million that matures in 2020.

Substantially all of our debt agreements contain financial covenants as described in Note 6 - "Unsecured Debt" in the annual consolidated financial statements, which is included within our 2016 Form 10-K. At February 28, 2017, we were in compliance with our debt covenants. In addition, based on our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants for the foreseeable future. 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.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our hedging strategies and market risks, see the discussion below and Note 4 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in these consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within our 2016 Form 10-K.

Operational Currency Risks

We have foreign operations that have functional currencies other than the U.S. dollar, which result in foreign currency translational impacts. We execute transactions in a number of currencies other than their functional currencies, which result in foreign currency transactional impacts. Based on a 10% change in all currency exchange rates that were used in our March 28, 2017 guidance, we estimate that our adjusted diluted earnings per share March 28, 2017 guidance would change by the following:

- \$0.25 per share for the remaining three quarters of 2017
- \$0.03 per share for the second quarter of 2017

Interest Rate Risks

The composition of our debt, including the effect of foreign currency swaps and interest rate swaps, was as follows:

	February 28, 2017	November 30, 2016
Fixed rate	29%	28%
Euro fixed rate	35%	35%
Floating rate	15%	14%
Euro floating rate	21%	23%

Fuel Price Risks

Based on a 10% change in fuel prices versus the current spot price that was used to calculate fuel expense in our March 28, 2017 guidance, we estimate that our adjusted diluted earnings per share March 28, 2017 guidance would change by the following:

- \$0.13 per share for the remaining three quarters of 2017
- \$0.04 per share for the second quarter of 2017

Based on a 10% change in Brent prices versus the current spot price that was used to calculate realized gains (losses) on fuel derivatives in our March 28, 2017 guidance, we estimate that our adjusted diluted earnings per share March 28, 2017 guidance would change by the following:

- \$0.04 per share for the remaining three quarters of 2017
- \$0.01 per share for the second quarter of 2017

At February 28, 2017, the unrealized losses on our outstanding fuel derivative contracts were \$249 million.

Item 4. 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

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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 February 28, 2017, that they are effective at a reasonable level of assurance, as described above.

B. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended February 28, 2017 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

The risk factors that affect our business and financial results are discussed in “Item 1A. Risk Factors,” included in the 2016 Form 10-K, and there has been no material change to these risk factors since the 2016 Form 10-K filing. We wish to caution the reader that the risk factors discussed in “Item 1A. Risk Factors,” included in the 2016 Form 10-K, and those described elsewhere in this report or other Securities and Exchange Commission filings, could cause future results to differ materially from those stated in any forward-looking statements. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A. Repurchase Authorizations

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of \$1.0 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the “Repurchase Program”). On January 28, 2016 and on June 27, 2016, the Boards of Directors approved modifications of the Repurchase Program authorization that increased the remaining authorized repurchases at the time of each approval by \$1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During the three months ended February 28, 2017, purchases of Carnival Corporation common stock and/or Carnival plc ordinary shares pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival plc Purchased (in millions)	Average Price Paid per Share of Carnival plc	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (in millions)
December 1, 2016 through December 31, 2016	0.2	\$ 49.51	\$ 389
January 1, 2017 through January 31, 2017	0.2	\$ 54.04	\$ 378
February 1, 2017 through February 28, 2017	1.0	\$ 54.09	\$ 324
Total	1.4	\$ 53.43	

No shares of Carnival Corporation common stock and Carnival plc ordinary shares were purchased outside of publicly announced plans or programs. No shares of Carnival Corporation common stock were repurchased during this period. From March 1, 2017 through March 24, 2017, we repurchased 0.8 million shares of Carnival plc ordinary shares for \$44 million under the Repurchase Program. Accordingly, at March 24, 2017, the remaining availability under the Repurchase Program was \$280 million.

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In addition to the Repurchase Program, the Boards of Directors authorized, in January 2017, the repurchase of up to 22.0 million Carnival plc ordinary shares and, in February 2016, the repurchase of up to 26.9 million shares of Carnival Corporation common stock under the Stock Swap programs described below. At March 24, 2017, the remaining availability under the Stock Swap programs was 22.0 million Carnival plc ordinary shares and 26.0 million shares of Carnival Corporation common stock.

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.6 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2017 annual general meeting or July 13, 2017. At March 24, 2017, the remaining Carnival plc availability under the Repurchase Program and the Stock Swap program was 18.7 million ordinary shares.

B. Stock Swap Programs

We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program.

In the event that Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to issue and sell shares of Carnival Corporation common stock through a sales agent, from time to time at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in January 2017, Carnival Corporation was authorized to issue and sell up to 22.0 million shares of its common stock in the U.S. market and had 22.0 million shares remaining at March 24, 2017. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act of 1933.

In the event that Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may elect to sell existing ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited ("CIL") through its sales agent from time to time at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in February 2016, Carnival Corporation or CIL was authorized to sell up to 26.9 million Carnival plc ordinary shares in the UK market and had 26.0 million shares remaining at March 24, 2017. Any sales of Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

During the three months ended February 28, 2017, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs.

Item 6. Exhibits.**INDEX TO EXHIBITS**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed/ Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/2003	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/2009	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/2009	
Material contracts					
10.1	Form of Management Incentive Plan Tied Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.				X
10.2	Form of Management Incentive Plan Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.				X
10.3	Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.				X
Statement regarding computations of ratios					
12	Ratio of Earnings to Fixed Charges.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	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.				X
31.2	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.				X
31.3	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.				X
31.4	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.				X
Section 1350 certifications					
32.1*	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.				X
32.2*	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.				X
32.3*	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.				X
32.4*	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.				X

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed/ Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
Articles of incorporation and by-laws					
Interactive Data File					
101	The consolidated financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2017, as filed with the Securities and Exchange Commission on March 30, 2017, formatted in XBRL, are as follows: (i) the Consolidated Statements of Income for the three months ended February 28/29, 2017 and 2016; (ii) the Consolidated Statements of Comprehensive Income (Loss) for the three months ended February 28/29, 2017 and 2016; (iii) the Consolidated Balance Sheets at February 28, 2017 and November 30, 2016; (iv) the Consolidated Statements of Cash Flows for the three months ended February 28/29, 2017 and 2016 and (v) the notes to the consolidated financial statements, tagged in summary and detail.				X X X X X

* These items are furnished and not filed.

SIGNATURES

Pursuant to the requirements 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

By: /s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Date: March 30, 2017

CARNIVAL PLC

By: /s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Date: March 30, 2017

**Form of Management Incentive Plan Tied Restricted Stock Unit Agreement
for the
Carnival Corporation
2011 Stock Plan**

THIS MANAGEMENT INCENTIVE PLAN TIED RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), shall apply to the grant of Management Incentive Plan Tied Restricted Stock Units made to Executives of Carnival Corporation, a corporation organized under the laws of the Republic of Panama, (the "Company") or executives of an Affiliate, on [GRANT DATE] (the "Grant Date") under the Carnival Corporation 2011 Stock Plan (the "Plan").

1. Grant of Management Incentive Plan Tied Restricted Stock Units.

(a) Grant. The Company hereby makes to the Executive a Management Incentive Plan Tied restricted stock unit grant consisting of that number of Management Incentive Plan Tied restricted stock units (the "MTE RSUs") set forth in the Executive's EquatePlus portfolio, on the terms and conditions set forth in the Plan and this Agreement. Each MTE RSU represents the right to receive payment in respect of one Share as of the Settlement Date (as defined below), to the extent the Executive is vested in such MTE RSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan. The MTE RSUs are subject to the restrictions described herein, including forfeiture under the circumstances described in Section 3 hereof (the "Restrictions"). The Restrictions shall lapse and the MTE RSUs shall vest and become nonforfeitable in accordance with Section 2 and Section 3 hereof.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement, and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Executive and his legal representative in respect of any questions arising under the Plan or this Agreement. In the event there is any inconsistency between the provisions of the Plan and this Agreement, the provisions of the Plan shall govern.

2. Terms and Conditions.

(a) Vesting. Except as otherwise provided in Section 3 hereof, the MTE RSUs shall vest on the [NUMBER OF YEARS] anniversary of the Grant Date. Notwithstanding the foregoing, the Committee shall have the authority to remove the Restrictions on the MTE RSUs whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

(b) Settlement. The obligation to make payments and distributions with respect to MTE RSUs shall be satisfied through the issuance of one Share for each vested MTE RSU, less applicable withholding taxes (the "settlement"), and the settlement of the MTE RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The MTE RSUs shall be settled on the first trading date occurring on or after the date that the MTE RSUs vest (as applicable, the "Settlement Date"), except as otherwise provided in Section 6(a). Notwithstanding the foregoing, the payment date set forth in this Section 2(b) has been specified for the purpose of complying with Section 409A of the Code. To the extent payments are made during the periods permitted under Section 409A of the Code, the Company shall be deemed to have satisfied its obligations under the Plan and shall not be in breach of its payments obligations hereunder.

(c) Dividends and Voting Rights. Each outstanding MTE RSU shall be credited with dividend equivalents equal to the dividends (including extraordinary dividends if so determined by the Committee) declared and paid to shareholders of the Company in respect of one Share. Dividend equivalents shall not bear interest. On the Settlement Date, such dividend equivalents in respect of each vested MTE RSU shall be settled by delivery to

the Executive of a number of Shares equal to the quotient obtained by dividing (i) the aggregate accumulated value of such dividend equivalents by (ii) the Fair Market Value of a Share on the date that is 30 days prior to the applicable vesting date, rounded down to the nearest whole share, less any applicable withholding taxes. No dividend equivalents shall be accrued for the benefit of the Executive with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Executive has forfeited the MTE RSUs. The Executive shall have no voting rights with respect to the MTE RSUs or any dividend equivalents.

3. Termination of Employment or Service with the Company.

(a) Termination by the Company for Cause. If the Executive's employment or service with the Company or an Affiliate terminates for Cause, then all outstanding MTE RSUs shall immediately terminate on the date of termination of employment or service.

(b) Termination by the Company Not for Cause. If the Executive's employment is terminated by the Combined Group and its Affiliates other than for Cause (as defined below) (and other than by reason of Disability), the Restrictions on the RSUs shall lapse as to 100% of the RSUs and the RSUs shall fully vest in accordance with the schedule set forth in Section 2(a) (without regard to the requirement that Executive remain employed by a member of the Combined Group or an Affiliate); provided, that all unreleased RSUs and all rights under this Agreement shall be forfeited upon Executive's violation of the provisions of Section 4 (Non-competition) or Section 5 (Non-disclosure) of this Agreement.

(c) Death or Disability. If the Executive's employment or service with the Company or an Affiliate terminates by reason of his or her death or Disability, the Restrictions shall lapse as to 100% of the MTE RSUs and the MTE RSUs shall fully vest on the date of termination and shall be settled in accordance with Section 2(b).

(d) Diagnosis of Terminal Illness. If the Executive voluntarily terminates employment as a direct result of Executive being diagnosed with a terminal medical condition, the Restrictions on the RSUs shall lapse as to 100% of the RSUs and the RSUs shall fully vest in accordance with the schedule set forth in Section 2(a); provided, that all unreleased RSUs and all rights under this Agreement shall be forfeited upon Executive's violation of the provisions of Section 4 (Non-Competition) or Section 5 (Non-Disclosure) of this Agreement

(e) Attaining Retirement Age. The MTE RSUs shall become non-forfeitable upon the Executive's attainment of Retirement Age while in the employ of the Company or an Affiliate, but shall remain subject to all other Restrictions. Notwithstanding the foregoing, if the Executive becomes subject to U.S. federal income tax withholding as a direct result of such lapse of the forfeiture restrictions, then the Restrictions shall lapse as to 50% of the MTE RSUs upon the Executive's attainment of Retirement Age and such MTE RSUs shall vest. The Restrictions on the remaining 50% of the MTE RSUs shall lapse (and such MTE RSUs shall vest) in accordance with the schedule set forth in Section 2(a) or as otherwise set forth in this Agreement. Any vested MTE RSUs will be settled in accordance with Section 2(b).

(f) Other Termination. If the Executive's employment or service with the Company terminates for any reason other than as otherwise described in the foregoing provisions of this Section 3 (whether due to voluntary termination or otherwise), then all outstanding MTE RSUs shall immediately terminate on the date of termination of employment or service.

(g) Breach of Restrictive Covenants. Notwithstanding anything herein to the contrary, no release of MTE RSUs shall be made, and all unreleased MTE RSUs issued hereunder and all rights under this Agreement shall be forfeited, if (i) the Executive shall engage in competition, as more particularly described in Section 4, or (ii) the Executive violates the nondisclosure provisions set forth in Section 5.

(h) Released MTE RSUs. Following Executive's termination of employment or service with the Company or an Affiliate for any reason, the Executive (or the Executive's beneficiary or legal representative, if applicable) must provide for all Stock underlying released MTE RSUs (including those issued under this Agreement as well as Shares underlying released MTE RSUs issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker after all required documentation and tax withholding guidance is received no

later than six months following the later of (i) Executive's date of termination or (ii) the latest Settlement Date or other applicable vesting or settlement date (whether under this Agreement or a similar agreement) occurring following the Executive's termination. If the Executive (or the Executive's beneficiary, as applicable) fails to liquidate or transfer the Stock prior to the end of the applicable six month period, the Company is hereby authorized and directed by the Executive either, in the Company's discretion: (i) to sell any such remaining Stock on the Executive's (or the Executive's beneficiary's) behalf on the first trading date following the end of such period on which the Company is not prohibited from selling such Stock; or (ii) to transfer such Shares to the Company's stock transfer agent for registration in the Executive's (or the Executive's beneficiary's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Stock underlying the released MTE RSUs in connection with such liquidation or transfer.

4. **Non-Competition.** The services of the Executive are unique, extraordinary and essential to the business of the Combined Group and its Affiliates. Accordingly, in consideration of the MTE RSUs granted hereunder, the Executive agrees that he/she will not, without the prior written approval of the Board, at any time during the term of his/her employment with the Combined Group or its Affiliates and (except as provided below) for the then remaining duration of the Restrictions on the MTE RSUs, if any, following the date on which the Executive's employment with the Combined Group or its Affiliates terminates, directly or indirectly, within the cruise industry wherever located, engage in any business activity directly or indirectly competitive with the business of the Combined Group or its Affiliates, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with the Combined Group or its Affiliates. In addition, the Executive agrees that during such restricted period following his/her employment with the Combined Group or its Affiliates, he/she will not solicit, either directly or indirectly, any employee of the Combined Group or its Affiliates, its subsidiaries or division, who was such at the time of the Executive's separation from employment hereunder. In the event that the provisions of this Section 4 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

5. **Non-Disclosure.** The Executive expressly agrees and understands that Combined Group or its Affiliates own and/or control information and material which is not generally available to third parties and which Combined Group or its Affiliates consider confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the "**Confidential Information**"). The Executive hereby acknowledges that each element of the Confidential Information constitutes a unique and valuable asset of Combined Group or its Affiliates, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to Combined Group or its Affiliates and its officers and agents other than in the ordinary course of business. The Executive hereby acknowledges that disclosure of Combined Group or its Affiliates' Confidential Information to and/or use by anyone other than in Combined Group or its Affiliates' ordinary course of business would result in irreparable and continuing damage to Combined Group or its Affiliates. Accordingly, the Executive agrees to hold the Confidential Information in the strictest secrecy, and covenants that, during the term of his/her employment with Combined Group or its Affiliates (or any member of the Combined Group or its Affiliates) or at any time thereafter, he/she will not, without the prior written consent of the Board, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting Executive's duties for Combined Group or its Affiliates in the ordinary course of business. The Executive agrees to keep all such records in connection with the Executive's employment as Combined Group or its Affiliates may direct, and all such records shall be the sole and absolute property of Combined Group or its Affiliates. The Executive further agrees that, within five (5) days of Combined Group or its Affiliates' request, he/she shall surrender to Combined Group or its Affiliates any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to Combined Group or its Affiliates' business or any Confidential Information.

Notwithstanding the foregoing, nothing in this Agreement prohibits the Executive from voluntarily communicating, without notice to or approval by the Company, with any federal or state government agency about a potential violation of a federal or state law or regulation or to participate in investigations, testify in proceedings regarding the Company's or an Affiliate's past or future conduct, or engage in any activities protected under whistle

blower statutes. Further, pursuant to the Defend Trade Secrets Act of 2016, the Executive shall not be held criminally, or civilly, liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a federal, state, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, the Executive may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if the Executive files a lawsuit alleging retaliation by the Company or an Affiliate for reporting a suspected violation of the law, the Executive may disclose the trade secret to the Executive's attorney and use the trade secret in the court proceeding, if the Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

6. Miscellaneous.

(a) Compliance with Legal Requirements. The granting and settlement of the MTE RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the settlement of the MTE RSUs would be prohibited by law, the settlement shall be delayed until the earliest date on which the settlement would not be so prohibited.

(b) Transferability. Unless otherwise provided by the Committee in writing, the MTE RSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive other than by will or the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(c) Tax Withholding. The Executive acknowledges that, regardless of any action taken by the Company or, if different, the Executive's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Executive's participation in the Plan and legally applicable to the Executive (Tax-Related Items), is and remains the Executive's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Executive further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the MTE RSUs, including, but not limited to, the grant, vesting or settlement of the MTE RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the MTE RSUs to reduce or eliminate the Executive's liability for Tax-Related Items or achieve any particular tax result. Further, if the Executive is subject to Tax-Related Items in more than one jurisdiction, the Executive acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Executive agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Executive authorizes the Company or its agent to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Executive's wages or other cash compensation paid to the Executive by the Company and/or the Employer; or (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the MTE RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Executive's behalf pursuant to this authorization without further consent); or (iii) withholding in Shares to be issued upon settlement of the MTE RSUs.

Notwithstanding the foregoing, if the Executive is an officer subject to Section 16 of the Exchange Act, the Company will withhold in Shares upon the relevant taxable or tax withholding event only upon advance approval by the Committee or the Board.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Executive will receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Executive is deemed to have been issued the full number of Shares

subject to the vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Executive agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Executive's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Executive fails to comply with the Executive's obligations in connection with the Tax-Related Items.

(d) Nature of Grant. In accepting the grant, the Executive acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(ii) the grant of the MTE RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of MTE RSUs, or benefits in lieu of MTE RSUs, even if MTE RSUs have been granted in the past;

(iii) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Company;

(iv) the Executive is voluntarily participating in the Plan;

(v) the MTE RSUs and the Shares subject to the MTE RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(vi) the MTE RSUs and the Shares subject to the MTE RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

(vii) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(viii) no claim or entitlement to compensation or damages shall arise from forfeiture of the MTE RSUs resulting from the termination of the Executive's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Executive is employed or the terms of the Executive's employment agreement, if any), and in consideration of the grant of the MTE RSUs, the Executive agrees not to institute any claim against the Company, the Employer, or any member of the Combined Group and its Affiliates;

(ix) unless otherwise agreed with the Company, the MTE RSUs and the Shares, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Executive may provide as a director of the Company or any member of the Combined Group and its Affiliates;

(x) unless otherwise provided in the Plan or by the Company in its discretion, the MTE RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the MTE RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(xi) if the Executive resides outside of the United States or is otherwise subject to the laws of a country outside the United States:

(A) the MTE RSUs and the Shares subject to the MTE RSUs, and the income from and value of same, are not part of normal or expected compensation for any purpose; and

(B) neither the Company, the Employer or any member of the Combined Group or its Affiliates shall be liable for any foreign exchange rate fluctuation between the Executive's local currency and the United States Dollar that may affect the value of the MTE RSUs or of any amounts due to the Executive pursuant to the settlement of the MTE RSUs or the subsequent sale of any Shares acquired upon settlement.

(e) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Executive's participation in the Plan, or the Executive's acquisition or sale of the underlying Shares. The Executive should consult with the Executive's own personal tax, legal and financial advisors regarding the Executive's participation in the Plan before taking any action related to the Plan.

(f) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, in the case of fraud, negligence, intentional or gross misconduct or other wrongdoing on the part of Executive (or any other event or circumstance set forth in any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) that results in a material restatement of the Company's issued financial statements, such Executive will (i) forfeit any unvested MTE RSUs and (ii) be required to reimburse the Company for all or a portion, as determined by the Committee in its sole discretion, of any income or gain realized on the settlement of the MTE RSUs or the subsequent sale of Shares acquired upon settlement of the MTE RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. The Executive agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding grants, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Grant Date and the Company shall promptly notify the Executive of such additional provision. In addition, if a Executive has engaged or is engaged in Detrimental Activity after the Executive's employment or service with the Company or its subsidiaries has ceased, then the Executive, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the MTE RSUs or the subsequent sale of Shares acquired upon settlement of the MTE RSUs.

(g) Code Section 409A. To the extent that the Executive is subject to U.S. federal tax and the MTE RSUs are considered "nonqualified deferred compensation" subject to Section 409A of the Code: (i) references in this Agreement to "termination of employment" or "termination of service" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code; and (ii) if the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, any settlement of the MTE RSUs upon the Executive's separation from service shall be made to the Executive on the first trading date following the date that is six months after the date of the Executive's separation from service or, if earlier, the Executive's date of death. For purposes of Section 409A of the Code, each payment that may be made in respect of the MTE RSUs is designated as a separate payment.

(h) No Rights as Stockholder. The Executive shall not be deemed for any purpose to be the owner of any Shares subject to the MTE RSUs. The Company shall not be required to set aside any fund for the payment of the MTE RSUs.

(i) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(j) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Executive, at the Executive's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(k) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(l) No Rights to Continued Employment. Nothing in the Plan or in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever. The rights and obligations of the Executive under the terms and conditions of the Executive's office or employment shall not be affected by this Agreement. The Executive waives all and any rights to compensation and damages in consequence of the termination of the Executive's office or employment with any member of the Combined Group or any of its Affiliates for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from the Executive's ceasing to have rights under or the Executive's entitlement to the MTE RSUs under this Agreement as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of conflict between the terms of this Section 6(l) and the Executive's terms of employment, this Section will take precedence.

(m) Beneficiary. In the event of the Executive's death, any Shares that vest pursuant to Section 3(b) of this Agreement will be issued to the legal representative of the Executive's estate.

(n) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Executive and the beneficiaries, legal representatives, executors, administrators, heirs and successors of the Executive.

(o) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of the Executive in accordance with the Plan.

(p) Governing Law; JURY TRIAL WAIVER. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Florida. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(q) Data Protection. *The Executive hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Executive's personal data as described in this Agreement and any other MTE RSU grant materials ("Data") by and among, as applicable, the Employer, the Company and any member of the Combined Group or its Affiliates for the exclusive purpose of implementing, administering and managing the Executive's participation in the Plan.*

The Executive understands that the Company and the Employer may hold certain personal information about the Executive, including, but not limited to, the Executive's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all MTE RSUs or any other entitlement to Shares granted, canceled, exercised, vested, unvested or outstanding in the Executive's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Executive understands that Data will be transferred to Equatex AG and its affiliates, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Executive understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Executive's country. The Executive understands that if the Executive resides outside of the United States, the Executive may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Human Resources Department. The Executive

authorizes the Company, Equatex AG and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Executive's participation in the Plan. The Executive understands that Data will be held only as long as is necessary to implement, administer and manage the Executive's participation in the Plan. The Executive understands that if the Executive resides outside of the United States, the Executive may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Global Human Resources Department. Further, the Executive understands that the Executive is providing the consents herein on a purely voluntary basis. If the Executive's country does not consent, or if the Executive later seeks to revoke the Executive's consent, the Executive's employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the Executive's consent is that the Company would not be able to grant MTE RSUs or other equity grants to the Executive or administer or maintain such grants. Therefore, the Executive understands that refusing or withdrawing the Executive's consent may affect the Executive's ability to participate in the Plan. For more information on the consequences of the Executive's refusal to consent or withdrawal of consent, the Executive understands that the Executive may contact the Global Human Resources Department.

(r) Insider Trading/Market Abuse Laws. The Executive may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, the United Kingdom, and the Executive's country, which may affect the Executive's ability to directly or indirectly, for his- or her- self or a third party, acquire or sell, or attempt to sell, Shares under the Plan during such times as the Executive is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction, including the United States, the United Kingdom, and the Executive's country), or may affect the trade in Shares or the trade in rights to Shares under the Plan. These laws may be the same or different from any Company insider trading policy. The Executive acknowledges that it is the Executive's responsibility to be informed of and compliant with such regulations, and the Executive should speak to the Executive's personal advisor on this matter.

(s) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(t) Language. If the Executive has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(u) Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Executive hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

7. Country-Specific Provisions. The MTE RSUs shall be subject to the additional terms and conditions set forth in Appendix A to this Agreement for the Executive's country, if any. Moreover, if the Executive relocates to one of the countries included in Appendix A, the terms and conditions for such country will apply to the Executive, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan.

8. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Executive's participation in the Plan, on the MTE RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Executive to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

CARNIVAL CORPORATION

By: /s/ Jerry Montgomery
Jerry Montgomery
Chief Human Resources Officer

APPENDIX A

Country Specific Information

TERMS AND CONDITIONS

This Appendix A includes additional terms and conditions that govern the Award granted to the Executive if the Executive resides in one of the countries listed herein. This Appendix A forms part of the Agreement. These terms and conditions are in addition to, or if so indicated, in place of, the terms and conditions in the Agreement.

If the Executive is a citizen or resident of a country other than the one in which the Executive is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Grant Date, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to the Executive under these circumstances.

NOTIFICATIONS

This Appendix A also includes information regarding exchange controls, securities laws and certain other issues of which the Executive should be aware with respect to the Executive's participation in the Plan. The information is based on the exchange control, securities laws and other laws in effect in the respective countries as of November [YEAR]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Executive not rely on the information noted herein as the only source of information relating to the consequences of the Executive's participation in the Plan because the information may be out of date at the time the Executive vests in the Award or when the Executive sell the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Executive's particular situation, and the Company is not in a position to assure the Executive of any particular result. Accordingly, the Executive is advised to seek appropriate professional advice as to how the relevant laws in the Executive's country may apply to the Executive's situation.

Finally, if the Executive is a citizen or resident of a country other than the one in which the Executive is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Grant Date, the information contained herein may not be applicable in the same manner to the Executive.

Capitalized terms not explicitly defined in this Appendix A but defined in the Agreement or Plan shall have the same definitions as in the Plan and/or the Agreement.

[COUNTRY SPECIFIC PROVISIONS]

**Form of Management Incentive Plan Tied Restricted Share Unit Agreement
for the
Carnival plc 2014 Employee Share Plan**

Grant Agreement - Conditional Right to Receive

This Management Incentive Plan Tied Restricted Share Unit Grant Agreement (the *Agreement*), shall apply to the grant of Management Incentive Plan Tied Restricted Share Units made to select Executives of Carnival plc (the *Company*), on [GRANT DATE] under the Carnival plc 2014 Employee Share Plan (the *Plan*).

The Company hereby makes to you a Management Incentive Plan Tied restricted share unit (the *MTE RSUs*) grant consisting of that number of MTE RSUs set forth in your EquatePlus portfolio, on the terms and conditions set forth in the Plan and this Agreement. In the event of any inconsistency, the rules of the Plan shall take precedence. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan.

Nature of Grant

Each MTE RSU comprised in your grant is equivalent to a hypothetical investment in one ordinary share of \$1.66 each in the capital of the Company (a *Share*). Your grant is in the form of a conditional right to acquire the number of Shares equal to the number of MTE RSUs comprised in your grant at a nil cost.

You will have no beneficial interest in any Shares during the Restricted Period.

Restricted Period

Your grant is subject to a Restricted Period. In this case, the Restricted Period on the MTE RSUs shall expire on the [NUMBER OF YEARS] anniversary of the grant date specified in your EquatePlus portfolio (the *Grant Date*).

Generally, your grant will be forfeited automatically on you ceasing to be an employee of the plc Group (whether lawfully or unlawfully) before the expiry of the Restricted Period. However, upon the termination of your employment with the Combined Group or an Affiliate due to death, disability or Retirement, the grant shall be released according to the following, unless and until you engage in competition in violation of the Competition and Nondisclosure provisions below:

- a) In the event you terminate by reason of death or disability, the Restricted Period shall lapse on the date of your death or disability.
- b) In the event you terminate by reason of Retirement, the restrictions shall lapse in accordance with the rules of the Plan.
- c) In the event you voluntarily terminate employment as a direct result of you being diagnosed with a terminal medical condition, the Restricted Period shall lapse on the earlier of your death or the [NUMBER OF YEARS] anniversary of the Grant Date.
- d) In the event a member of the Combined Group or an Affiliate terminates your employment with such company for a reason other than for Cause, as defined in the Plan, the Restricted Period shall lapse on the [NUMBER OF YEARS] anniversary of the Grant Date.

Notwithstanding anything herein to the contrary, but subject to the above, no release of the grant shall be made, and all rights to this grant shall be forfeited, if any of the following events shall occur:

- a) Your employment with the Combined Group or an Affiliate is terminated for Cause. For purposes of this Agreement, "Cause" shall be defined set forth in the Plan;
- b) You voluntarily terminate employment with the Combined Group or an Affiliate prior to Retirement unless such voluntary termination is directly related to death, disability or you being diagnosed with a terminal medical condition;
- c) You engage in competition, as more particularly described below, either (i) during the term of your employment with the Combined Group or an Affiliate; (ii) following your voluntary termination of

employment with the Combined Group or an Affiliate; or (iii) following the employing company's termination of your employment for any reason; or

d) You violate the nondisclosure provisions set forth below.

Release of Grant

You will be deemed to have called for the release of your grant on the date on which your grant vests following expiration of the Restricted Period and attainment of the vesting criteria set out in the Vesting Schedule contained in Appendix A to this Agreement unless the release of your grant would be prohibited by law, the Model Code for Securities Transactions by Directors of Listed Companies or the Company's dealing code. In such a case you will be deemed to have called for the release of your grant on the first date following vesting of your grant on which the release of your grant would not be prohibited. This grant may only be settled in Shares.

Dividends

The Compensation Committee has determined that on each occasion on which a dividend is paid in respect of one Share, a notional amount of cash and shares equal to the cash and share dividend paid in respect of one Share will be credited to each Restricted Share Unit comprised in your grant (the *Dividend Equivalents*). Dividend Equivalents will be withheld by the Company for your account and will be distributed to you in the form of additional Shares on settlement of your grant. If your grant is forfeited, you will have no entitlement to such Dividend Equivalents.

Taxation

You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the *Employer*), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (*Tax-Related Items*), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant, including, but not limited to, the grant, vesting or settlement of the grant, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or any Dividend Equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the grant to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company or its agent to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; or (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the grant either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); or (iii) withholding in Shares to be issued upon settlement of the grant.

Notwithstanding the foregoing, if you are an officer subject to Section 16 of the Exchange Act, the Company will withhold in Shares upon the relevant taxable or tax withholding event only upon advance approval by the Committee or the Board.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested grant, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, you agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

Nature of Grant

In accepting the grant, you acknowledge, understand and agree that:

- e) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- f) the grant of your grant is voluntary and occasional and does not create any contractual or other right to receive future grants of MTE RSUs, or benefits in lieu of MTE RSUs, even if MTE RSUs have been granted in the past;
- g) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Company;
- h) the grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer, or any member of the Combined Group and its Affiliates and shall not interfere with the ability of the Company, the Employer or any member of the Combined Group and its Affiliates, as applicable, to terminate your employment or service relationship (if any);
- i) you are voluntarily participating in the Plan;
- j) the grant and the Shares subject to the grant, and the income and value of same, are not intended to replace any pension rights or compensation;
- k) the grant and the Shares subject to the grant, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- l) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- m) no claim or entitlement to compensation or damages shall arise from forfeiture of the grant resulting from the termination of your employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the making of the grant, you agree not to institute any claim against the Company, the Employer, or any member of the Combined Group and its Affiliates;
- n) unless otherwise agreed with the Company, the grant and the Shares, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of the Company or any member of the Combined Group and its Affiliates;
- o) unless otherwise provided in the Plan or by the Company in its discretion, the grant, and the benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and
- p) neither the Company, the Employer or any member of the Combined Group or its Affiliates shall be liable for any foreign exchange rate fluctuation between your local currency and the British Pound Sterling that may affect the value of the grant or of any amounts due to you pursuant to the settlement of the grant or the subsequent sale of any Shares acquired upon settlement.

No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Data Privacy

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials (Data) by and

among, as applicable, the Employer, the Company and any member of the Combined Group or its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all grants or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data will be transferred to UBS AG, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Human Resources Department. You authorize the Company, UBS AG and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Global Human Resources Department. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant MTE RSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact the Global Human Resources Department.

Competition

The services you provide are unique, extraordinary and essential to the business of the Combined Group or its Affiliates, particularly in view of your access to the Combined Group or its Affiliates' confidential information and trade secrets. Accordingly, in consideration of the grant, you agree that you will not, without the prior written approval of the Board of Directors, at anytime during the term of your employment with the Combined Group or its Affiliates and (except as provided below) for the then remaining duration of the Restricted Period, if any, following the date on which your employment with the Combined Group or its Affiliates terminates, directly or indirectly, within the cruise industry wherever located, engage in any business activity directly or indirectly competitive with the business of the Combined Group or its Affiliates, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with the Combined Group or its Affiliates. In addition, you agree that during such restricted period following your employment with the Combined Group or its Affiliates, you will not solicit, either directly or indirectly, any employee of the Combined Group or its Affiliates, its subsidiaries or division, who was such at the time of your separation from employment hereunder. In the event that this provision should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

Nondisclosure

You expressly agree and understand that the Combined Group or its Affiliates own and/or control information and material which is not generally available to third parties and which Combined Group or its Affiliates consider confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the **Confidential Information**). You acknowledge that each element of the Confidential Information constitutes a unique and valuable asset of Combined Group or its Affiliates, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to Combined Group or its Affiliates and its officers and agents other than in the ordinary course of business. You acknowledge that disclosure of Combined Group or its Affiliates' Confidential Information to and/or use by anyone other than in Combined Group or its Affiliates' ordinary course of business would result in

irreparable and continuing damage to Combined Group or its Affiliates. Accordingly, you agree to hold the Confidential Information in the strictest secrecy, and covenant that, during the term of your employment with Combined Group or its Affiliates (or any member of the Combined Group or its Affiliates) or at any time thereafter, you will not, without the prior written consent of the Board of Directors, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting your duties for Combined Group or its Affiliates in the ordinary course of business. You agree to keep all such records in connection with your employment as Combined Group or its Affiliates may direct, and all such records shall be the sole and absolute property of Combined Group or its Affiliates. You further agree that, within five (5) days of Combined Group or its Affiliates' request, you shall surrender to Combined Group or its Affiliates any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to Combined Group or its Affiliates' business or any Confidential Information.

Notwithstanding the foregoing, nothing in this Agreement prohibits you from voluntarily communicating, without notice to or approval by the Company, with any federal or state government agency about a potential violation of a federal or state law or regulation or to participate in investigations, testify in proceedings regarding the Company's or an Affiliate's past or future conduct, or engage in any activities protected under whistle blower statutes. Further, pursuant to the Defend Trade Secrets Act of 2016, you shall not be held criminally, or civilly, liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a federal, state, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, you may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if you file a lawsuit alleging retaliation by the Company or an Affiliate for reporting a suspected violation of the law, you may disclose the trade secret to your attorney and use the trade secret in the court proceeding, if you file any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

Clawback / Forfeiture

- (a) In the case of fraud, negligence, intentional or gross misconduct or other wrongdoing on your part (or any other event or circumstance set forth in any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) that results in a material restatement of the Company's issued financial statements, you will (i) forfeit any unvested MTE RSUs and (ii) be required to reimburse the Company for all or a portion, as determined by the Committee in its sole discretion, of any income or gain realized on the settlement of the MTE RSUs or the subsequent sale of Shares acquired upon settlement of the MTE RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. You agree to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Grant Date and the Company shall promptly notify you of such additional provision. In addition, if you have engaged or are engaged in Detrimental Activity after your employment or service with the Company or its Affiliates has ceased, then, within 30 days after written demand by the Company, you shall return any income or gain realized on the settlement of the MTE RSUs or the subsequent sale of Shares acquired upon settlement of the MTE RSUs.
- (b) For purposes of this Agreement, "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any Confidential Information or proprietary information of the Combined Group, (ii) any activity that would be grounds to terminate your employment or service with the Combined Group for Cause, (iii) whether in writing or orally, maligning, denigrating or disparaging the Combined Group or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Combined Group. For purposes of the preceding sentence the phrase "the Combined Group" shall mean "any member of the Combined Group or any Affiliate".

General

The grant is not transferable and may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered, other than in the limited circumstances specified in rule 14(b) of the Plan.

Sale or Transfer of Shares upon Death / Separation from Employment

Following your death or termination of employment or service with the Company and its Affiliates for any reason, you (or your legal representative, if applicable) must provide for all Shares underlying the released grant (including those issued under this Agreement as well as Shares underlying released grants issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker after all required documentation and tax withholding guidance is received no later than six months following the later of (i) your death or the date of termination, as applicable, or (ii) the latest Settlement Date (whether under this Agreement or a similar agreement) occurring following your death or termination. If you (or your legal representative, as applicable) fail to liquidate or transfer the Shares prior to the end of the applicable six month period, the Company is hereby authorized and directed by you to either, in the Company's discretion: (i) sell any such remaining Shares on your (or your legal representative's) behalf on the next trading date following the end of such period on which the Company is not prohibited from selling such Shares; or (ii) transfer such Shares to the Company's stock transfer agent for registration in your (or your legal representative's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Shares underlying the released grants in connection with such liquidation or transfer.

Compliance with Law

Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the grant prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (*SEC*) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

Insider Trading/Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, the United Kingdom, and your country, which may affect your ability to directly or indirectly, for yourself or a third party, acquire or sell, or attempt to sell, Shares under the Plan during such times you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction, including the United States, the United Kingdom, and your country of residence), or may affect the trade in Shares or the trade in rights to Shares under the Plan. These laws may be the same or different from any Company insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you should speak to your personal advisor on this matter.

Foreign Asset/Account, Exchange Control and Tax Reporting

You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends, Dividend Equivalents and the proceeds arising from the sale of Shares) derived from your participation in the Plan, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult your personal legal advisor on this matter.

Governing Law

The grant and the provisions of this Agreement are governed by, and subject to, the laws of England. All disputes arising out of or in connection with the rules shall be subject to the exclusive jurisdiction of the courts of England and Wales.

Language

If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Electronic Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Severability

If any provision of the Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or grant, or would disqualify the Plan or any grant under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or grant, such provision shall be stricken as to such jurisdiction, person or grant and the remainder of the Plan and any such grant shall remain in full force and effect.

Waiver

You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

Country-Specific Provisions

The grant shall be subject to the additional terms and conditions set forth in Appendix A to this Agreement and to any special terms and provisions as set forth in Appendix B for your country, if any. Moreover, if you relocate to one of the countries included in Appendix B, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendices A and B constitute part of this Agreement.

Imposition of Other Requirements

The Company reserves the right to impose other requirements on your participation in the Plan, on the grant and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

This Agreement is notice of your grant under the Plan and should be kept in a safe place.

**EXECUTED AND DELIVERED)
AS A DEED BY CARNIVAL PLC)
ACTING BY A DIRECTOR)
AND A DIRECTOR)
OR THE SECRETARY)**

/s/ Arnold W. Donald /s/ Arnaldo Perez
Arnold W. Donald, Director Arnaldo Perez, Secretary

APPENDIX A
VESTING SCHEDULE

Your grant is subject to a Restricted Period. In this case the Restricted Period commenced on the Grant Date of the grant and expires on the [NUMBER OF YEARS] anniversary of the Grant Date specified in your EquatePlus portfolio. Vesting of the grant is subject to your being employed by the Combined Group or an Affiliate through the Restricted Period.

APPENDIX B

Country Specific Information

TERMS AND CONDITIONS

This Appendix B includes additional terms and conditions that govern the grant made to you if you reside in one of the countries listed herein. This Appendix B forms part of the Agreement. These terms and conditions are in addition to, or if so indicated, in place of, the terms and conditions in the Agreement.

If you are a citizen or resident of a country other than the one in which you are currently working, are considered a resident of another country for local law purposes or transfer employment and/or residency between countries after the Grant Date, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to you under these circumstances.

NOTIFICATIONS

This Appendix B also includes information regarding exchange controls, securities laws and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control, securities laws and other laws in effect in the respective countries as of November [YEAR]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in the grant or when you sell the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, are considered a resident of another country for local law purposes or transfer employment and/or residency between countries after the Grant Date, the information contained herein may not be applicable in the same manner to you.

Capitalized terms not explicitly defined in this Appendix B but defined in the Agreement or Plan shall have the same definitions as in the Plan and/or the Agreement.

[COUNTRY SPECIFIC TERMS]

**Form of Shareholder Equity Alignment Restricted Stock Unit Agreement
for the
Carnival Corporation 2011 Stock Plan**

THIS SHAREHOLDER EQUITY ALIGNMENT RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), shall apply to any grant of Shareholder Equity Alignment Restricted Stock Units made to executives of Carnival Corporation, a corporation organized under the laws of the Republic of Panama, (the "Company") or executives of an Affiliate, on [GRANT DATE] under the Carnival Corporation 2011 Stock Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which restricted stock units may be granted in respect of Shares; and

WHEREAS, the Company desires to grant to Participant restricted stock units pursuant to the terms of this Agreement and the Plan; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Committee") has determined that it is in the best interests of the Company and its shareholders to grant the shareholder equity alignment restricted stock units provided for herein to the Participant subject to the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to select executives (each a "Participant") as of [GRANT DATE] (the "Date of Grant") a target number of shareholder equity alignment restricted stock units (the "SEA RSUs") as listed in the Participant's EquatePlus portfolio (the "Target Amount"), on the terms and conditions set forth in this Agreement and the Plan. Each SEA RSU represents the right to receive payment in respect of one Share as of the Settlement Date (as defined below), to the extent the Participant earns and is vested in such SEA RSUs as of such Settlement Date, subject to the terms of this Agreement and the Plan. The SEA RSUs are subject to the restrictions described herein, including forfeiture under the circumstances described in Section 3 hereof (the "Restrictions"). The Restrictions shall lapse and the SEA RSUs shall vest and become nonforfeitable in accordance with Section 2 and Section 3 hereof.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any questions arising under the Plan or this Agreement. In the event there is any inconsistency between the provisions of the Plan and this Agreement, the provisions of the Plan shall govern.

(c) Acceptance of Agreement. Unless the Participant notifies the Company's Global Human Resources Department in writing to ownership@carnival.com within 10 days after delivery of this Agreement that the Participant does not wish to accept this Agreement, the Participant will be deemed to have accepted this Agreement and will be bound by the terms of this Agreement and the Plan.

2. Terms and Conditions of Vesting and Settlement.

(a) Performance and Service Conditions to Vesting. A specified percentage of the SEA RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company or an Affiliate through the Settlement Date (defined in Section 2(b) below), except as provided in Section 3(b), and (B) the Company achieves the Performance Goals set forth on Exhibit A at a level equal to or above the threshold level of absolute performance, also set forth on Exhibit A (the "Performance Threshold"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of SEA RSUs that may vest ranges from zero to six (6) times the Target Amount, based on the extent to which the Performance Goals are achieved, in accordance with the methodology set forth on Exhibit A, or if less, the Maximum Grant Amount set forth on Exhibit A. Except as otherwise provided in Section 3(b), in no event shall any SEA RSUs vest unless and until (i) at least the Performance Threshold is achieved, (ii) the Committee certifies that the Performance Threshold has been met and determines the level of attainment of the Performance Goals (the "Certification"), and (iii) the Participant has remained in the continuous employment or continuous service of the Company or an Affiliate through the Settlement Date. If the foregoing vesting requirements are not met, no SEA RSUs shall vest and this grant of SEA RSUs shall be cancelled in its entirety.

(b) Settlement. The obligation to make payments and distributions with respect to SEA RSUs shall be satisfied through the issuance of one Share for each vested SEA, less applicable withholding taxes (the "settlement"), and the settlement of the SEA RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. Except as otherwise provided in Section 3(b), Earned SEA RSUs (as defined in Exhibit A) shall vest and be settled as soon as practicable after the end of the Performance Cycle (as defined in Exhibit A) and Certification (the "Settlement Date"), but in no event later than March 15 of the year following the calendar year in which Certification occurs.

3. Termination of Employment or Service with the Company.

(a) Termination by the Company for Cause. If the Participant's employment or service with the Company or an Affiliate terminates for Cause, then all outstanding SEA RSUs shall immediately terminate on the date of termination of employment or service.

(b) Death or Disability or Termination by the Company Without Cause. If the Participant's employment or service with the Company or an Affiliate terminates due to the Participant's death or if the Participant's employment or service is terminated by the Company or an Affiliate without Cause or due to the Participant's Disability, then the Participant shall be deemed to have vested on the date of termination in a number of SEA RSUs equal to the product of (i) the Target Amount of SEA RSUs multiplied by (ii) a fraction, the numerator of which is the number of days elapsed during the period commencing on the Date of Grant through and including the date of termination, and the denominator of which is 1,095, rounded down to the nearest whole SEA, and the remaining unvested portion of the SEA RSUs shall terminate on the date of termination of employment or service. The vested SEA RSUs shall be settled as soon as practicable after the date of the Participant's termination of employment or service, but in no event later than March 15 of the year following the calendar year in which the Participant's termination date occurs.

(c) Other Termination. If the Participant's employment or service with the Company or an Affiliate terminates for any reason other than as otherwise described in the foregoing provisions of this Section 3 (whether due to voluntary termination, Retirement, or otherwise) then all outstanding SEA RSUs shall immediately terminate on the date of termination of employment or service.

4. Dividends and Voting Rights. The Participant shall not be deemed for any purpose to be the owner of any Shares subject to the SEA RSUs and shall not have any rights of a shareholder with respect to the SEA RSUs, including, but not limited to, voting or dividend rights, until delivery of the applicable Shares underlying the SEA RSUs on the Settlement Date. The Company shall not be required to set aside any fund for the payment of the SEA RSUs. Further, the SEA RSUs subject to this grant shall not be credited with Dividend Equivalents.

5. Released SEA RSUs. Following the Participant's termination of employment or service with the Company or an Affiliate for any reason, the Participant (or the Participant's beneficiary, if applicable) must provide for all Shares underlying released SEA RSUs (including those issued under this Agreement as well as Shares underlying released SEA RSUs issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker after all required documentation and tax withholding guidance is received no later than six months following the later of (i) the Participant's date of termination or (ii) the latest Settlement Date or other applicable vesting or settlement date (whether under this Agreement or a similar agreement) occurring following the Participant's termination. If the Participant (or the Participant's beneficiary, as applicable) fails to liquidate or transfer the Shares prior to the end of the applicable six month period, the Company is hereby authorized and directed by the Participant either, in the Company's discretion: (i) to sell any such remaining Shares on the Participant's (or the Participant's beneficiary's) behalf on the first trading date following the end of such period on which the Company is not prohibited from selling such Shares; or (ii) to transfer such Shares to the Company's stock transfer agent for registration in the Participant's (or the Participant's beneficiary's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Shares underlying the released SEA RSUs in connection with such liquidation or transfer.

6. Miscellaneous.

(a) Compliance with Legal Requirements. The granting and settlement of the SEA RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the settlement of the SEA RSUs would be prohibited by law, the settlement shall be delayed until the earliest date on which the settlement would not be so prohibited.

(b) Transferability. Unless otherwise provided by the Committee in writing, the SEA RSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(c) Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Participant's employer (the Employer), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant (Tax-Related Items), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the SEA RSUs, including, but not limited to, the grant, vesting or settlement of the SEA RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the SEA RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company or its agent to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; or (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the SEA RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); or (iii) withholding in Shares to be issued upon settlement of the SEA RSUs.

Notwithstanding the foregoing, if the Participant is an officer subject to Section 16 of the Exchange Act, the Company will withhold in Shares only upon advance approval by the Committee or the Board.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Grant, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

(d) Nature of Grant. In accepting the grant, the Participant acknowledges, understands and agrees that:

- (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (ii) the grant of the SEA RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of SEA RSUs, or benefits in lieu of SEA RSUs, even if SEA RSUs have been granted in the past;
- (iii) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Company;
- (iv) the Participant is voluntarily participating in the Plan;
- (v) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (vi) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (vii) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(viii) no claim or entitlement to compensation or damages shall arise from forfeiture of the SEA RSUs resulting from the termination of the Participant's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the SEA RSUs, the Participant agrees not to institute any claim against the Company, the Employer, or any member of the Combined Group and its Affiliates;

(ix) unless otherwise agreed with the Company, the SEA RSUs and the Shares, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of the Company or any member of the Combined Group and its Affiliates;

(x) unless otherwise provided in the Plan or by the Company in its discretion, the SEA RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the SEA RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(xi) if the Participant resides outside of the United States or is otherwise subject to the laws of a country outside the United States:

(A) the SEA RSUs and the Shares subject to the SEA RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose; and

(B) neither the Company, the Employer or any member of the Combined Group or its Affiliates shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the SEA RSUs or of any amounts due to the Participant pursuant to the settlement of the SEA RSUs or the subsequent sale of any Shares acquired upon settlement.

(e) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

(f) Clawback/Forfeiture.

(i) Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Participant and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to (A) cancel all outstanding SEA RSUs and/or (B) recover all or a portion of any income or gain realized on the settlement of the SEA RSUs or the subsequent sale of Shares acquired upon settlement of the SEA RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Participant, then the Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding grants, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's

employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the SEA RSUs or the subsequent sale of Shares acquired upon settlement of the SEA RSUs.

(ii) For purposes of this Agreement, "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Combined Group, (ii) any activity that would be grounds to terminate the Participant's employment or service with the Combined Group for Cause, (iii) whether in writing or orally, maligning, denigrating or disparaging the Combined Group or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Combined Group. For purposes of the preceding sentence the phrase "the Combined Group" shall mean "any member of the Combined Group or any Affiliate". Notwithstanding the foregoing, nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal or state government agency about a potential violation of a federal or state law or regulation or to participate in investigations, testify in proceedings regarding the Company's or an Affiliate's past or future conduct, or engage in any activities protected under whistle blower statutes. Further, pursuant to the Defend Trade Secrets Act of 2016, the Participant shall not be held criminally, or civilly, liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a federal, state, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, the Participant may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if the Participant files a lawsuit alleging retaliation by the Company or an Affiliate for reporting a suspected violation of the law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret in the court proceeding, if the Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(g) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(h) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(i) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(j) No Rights to Continued Employment. Nothing in the Plan or in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever. The rights and obligations of the Participant under the terms and conditions of the Participant's office or employment shall not be affected by this Agreement. The Participant waives all and any rights to compensation and damages in consequence of the termination of the

Participant's office or employment with any member of the Combined Group or any of its Affiliates for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from the Participant's ceasing to have rights under or the Participant's entitlement to the SEA RSUs under this Agreement as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of conflict between the terms of this Section 6(j) and the Participant's terms of employment, this Section will take precedence.

(k) **Beneficiary.** In the event of the Participant's death, any Shares that vest pursuant to Section 3(b) of this Agreement will be issued to the legal representative of the Participant's estate.

(l) **Successors.** The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, legal representatives, executors, administrators, heirs and successors of the Participant.

(m) **Entire Agreement.** This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant in accordance with the Plan.

(n) **Governing Law: JURY TRIAL WAIVER.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Florida. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(o) **Data Protection.** *The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other SEARSU grant materials ("Data") by and among, as applicable, the Employer, the Company and any member of the Combined Group or its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.*

The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all SEA RSUs or any other entitlement to shares of stock granted, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Participant understands that Data will be transferred to Equatex AG and its affiliates, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that if the Participant resides outside of the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Human Resources Department. The Participant authorizes the Company, Equatex AG and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing

the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside of the United States, the Participant may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Global Human Resources Department. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant's country does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant SEA RSUs or other equity grants to the Participant or administer or maintain such grants. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Global Human Resources Department.

(p) Insider Trading/Market Abuse Laws. The Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, the United Kingdom, and the Participant's country, which may affect the Participant's ability to directly or indirectly, for his- or her- self or a third party, acquire or sell, or attempt to sell, Shares under the Plan during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction, including the United States, the United Kingdom, and the Participant's country), or may affect the trade in Shares or the trade in rights to Shares under the Plan. These laws may be the same or different from any Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to be informed of and compliant with such regulations, and the Participant should speak to the Participant's personal advisor on this matter.

(q) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(r) Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(s) Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

7. Change in Control. In the event of a Change in Control after the end of the Performance Cycle but prior to the vesting or settlement of the SEA RSUs, the level of attainment of the Performance Goals and the number of Earned SEA RSUs (if any) will be determined and certified by the Committee in the manner set forth on Exhibit A. If a Change in Control occurs prior to the end of the Performance Cycle, the Performance Cycle will end on the Accelerated End Date set forth on Exhibit A and the level of attainment of the Performance Goals and the number of Earned SEA RSUs (if any) will be determined and certified by the Committee in the manner set forth on Exhibit A. Any such Earned SEA RSUs will vest and be settled in accordance with Section 2 and Section 3 of this Agreement.

8. Country-Specific Provisions. The SEA RSUs shall be subject to the additional terms and conditions set forth in Appendix I to this Agreement for the Participant's country, if any. Moreover, if the Participant relocates to one of the countries included in Appendix I, the terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such

terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan.

9. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the SEA RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

Jerry Montgomery

By: /s/ Jerry Montgomery

Chief Human Resources Officer

APPENDIX I

Country Specific Information

TERMS AND CONDITIONS

This Appendix I includes additional terms and conditions that govern the SEA RSUs granted to the Participant if the Participant resides in one of the countries listed herein. This Appendix I forms part of the Agreement. These terms and conditions are in addition to, or if so indicated, in place of, the terms and conditions in the Agreement.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Date of Grant, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to the Participant under these circumstances.

NOTIFICATIONS

This Appendix I also includes information regarding exchange controls, securities laws and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the exchange control, securities laws and other laws in effect in the respective countries as of November [YEAR]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time the Participant vests in the SEA RSUs or when the Participant sells the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Grant Date, the information contained herein may not be applicable in the same manner to the Participant.

Capitalized terms not explicitly defined in this Appendix I but defined in the Agreement or Plan shall have the same definitions as in the Plan and/or the Agreement.

[COUNTRY SPECIFIC PROVISIONS]

EXHIBIT A

TSR Performance Schedule

The multiple of the Target Amount of SEA RSUs that shall be earned and become eligible to vest will be based upon the Company's level of attainment of the Performance Goals during the Performance Cycle. For this purpose:

[PERFORMANCE CRITERIA FOR GRANT]

CARNIVAL CORPORATION & PLC
Ratio of Earnings to Fixed Charges
(in millions, except ratios)

	Three Months Ended	
	February 28/29,	
	2017	2016
Net income	\$ 352	\$ 142
Income tax expense, net	2	1
Income before income taxes	354	143
Fixed charges		
Interest expense, net of capitalized interest	51	52
Interest portion of rent expense (a)	5	6
Capitalized interest	6	8
Total fixed charges	62	66
Fixed charges not affecting earnings		
Capitalized interest	(6)	(8)
Earnings before fixed charges	\$ 410	\$ 201
Ratio of earnings to fixed charges	6.6	3.0

(a) Represents one-third of rent expense, which we believe to be representative of the interest portion of rent expense.

I, Arnold W. Donald, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: March 30, 2017

By: /s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

I, David Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: March 30, 2017

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

I, Arnold W. Donald, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: March 30, 2017

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

I, David Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: March 30, 2017

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2017 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: March 30, 2017

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2017 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: March 30, 2017

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2017 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: March 30, 2017

By: /s/ Arnold W. Donald

Arnold W. Donald

President and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2017 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: March 30, 2017

By: /s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting Officer

