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CARNIVAL CORP
Form 10-Q
June 29, 2007

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 May 31, 2007

OR

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

For the transition period from _____ to _____

Commission file number: 1-9610

Commission file number: 1-15136

Carnival Corporation

Carnival Plc

(Exact name of registrant as
specified in its charter)

(Exact name of registrant as
specified in its charter)

Republic of Panama

England and Wales

(State or other jurisdiction of
incorporation or organization)

(State or other jurisdiction of
incorporation or organization)

59-1562976

98-0357772

(I.R.S. Employer
Identification No.)

(I.R.S. Employer
Identification No.)

3655 N.W. 87th Avenue
Miami, Florida 33178-2428

Carnival House, 5 Gainsford Street,
London SE1 2NE, United Kingdom

(Address of principal
executive offices)
(Zip Code)

(Address of principal
executive offices)
(Zip Code)

(305) 599-2600

011 44 20 7940 5381

(Registrant's telephone number,
including area code)

(Registrant's telephone number,
including area code)

None

None

(Former name, former address
and former fiscal year, if
changed since last report)

(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

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Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large Accelerated filers Accelerated filers Non-Accelerated filers

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

At June 26, 2007 Carnival Corporation had outstanding 623,861,946 shares of Common Stock, \$.01 par value.

At June 26, 2007, Carnival plc had outstanding 213,155,388 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 623,861,946 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Six Months Ended May 31,		Three Months Ended May 31,	
	2007	2006	2007	2006
Revenues				
Cruise				
Passenger tickets	\$4,231	\$3,930	\$2,181	\$2,020
Onboard and other	1,304	1,139	678	600
Other	53	56	41	42
	5,588	5,125	2,900	2,662
Costs and Expenses				
Operating				
Cruise				
Commissions, transportation and other	910	813	439	405
Onboard and other	220	198	109	101
Payroll and related	632	560	321	288
Fuel	474	461	254	247
Food	356	311	181	159
Other ship operating	802	740	416	383
Other	60	53	43	37
Total	3,454	3,136	1,763	1,620
Selling and administrative	790	720	406	354
Depreciation and amortization	532	472	272	240
	4,776	4,328	2,441	2,214
Operating Income	812	797	459	448

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Nonoperating (Expense) Income	-----	-----	-----	-----
Interest income	27	12	17	5
Interest expense, net of capitalized interest	(178)	(151)	(94)	(75)
Other expense, net	(1)	(16)	(1)	(1)
	-----	-----	-----	-----
	(152)	(155)	(78)	(71)
	-----	-----	-----	-----
Income Before Income Taxes	660	642	381	377
Income Tax Benefit (Expense), Net	13	(11)	9	3
	-----	-----	-----	-----
Net Income	\$ 673	\$ 631	\$ 390	\$ 380
	=====	=====	=====	=====
Earnings Per Share				
Basic	\$ 0.85	\$ 0.78	\$ 0.49	\$ 0.47
	=====	=====	=====	=====
Diluted	\$ 0.83	\$ 0.77	\$ 0.48	\$ 0.46
	=====	=====	=====	=====
Dividends Per Share	\$0.625	\$ 0.50	\$ 0.35	\$ 0.25
	=====	=====	=====	=====

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

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

	May 31, 2007	November 30, 2006	May 31, 2006
	-----	-----	-----
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,859	\$ 1,163	\$ 570
Short-term investments	214	21	13
Trade and other receivables, net	401	280	405
Inventories	282	263	278
Prepaid expenses and other	263	268	240
	-----	-----	-----
Total current assets	3,019	1,995	1,506
	-----	-----	-----
Property and Equipment, Net	25,019	23,458	22,772
Goodwill	3,331	3,313	3,290
Trademarks	1,328	1,321	1,308

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Other Assets	490	465	428
	-----	-----	-----
	\$33,187	\$30,552	\$29,304
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings	\$ 1,075	\$ 438	\$ 767
Current portion of long-term debt	1,457	1,054	217
Convertible debt subject to current put options	1,170		218
Accounts payable	498	438	411
Accrued liabilities and other	1,209	1,149	946
Customer deposits	3,200	2,336	2,953
	-----	-----	-----
Total current liabilities	8,609	5,415	5,512
	-----	-----	-----
Long-Term Debt	5,425	6,355	6,045
Other Long-Term Liabilities And Deferred Income	574	572	652
Contingencies (Note 3)			
Shareholders' Equity			
Common stock of Carnival Corporation; \$.01 par value; 1,960 shares authorized; 642 shares at 2007, 641 shares at November 2006 and 640 shares at May 2006 issued	6	6	6
Ordinary shares of Carnival plc; \$1.66 par value; 226 shares authorized; 213 shares at 2007 and 2006 issued	354	354	353
Additional paid-in capital	7,556	7,479	7,418
Retained earnings	11,778	11,600	10,369
Accumulated other comprehensive income	772	661	473
Treasury stock; 18 shares at 2007 and November 2006 and 10 shares at May 2006 of Carnival Corporation and 42 shares at 2007 and 2006 of Carnival plc, at cost	(1,887)	(1,890)	(1,524)
	-----	-----	-----
Total shareholders' equity	18,579	18,210	17,095
	-----	-----	-----
	\$33,187	\$ 30,552	\$29,304
	=====	=====	=====

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

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

Six Months Ended May 31,

2007 2006

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	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 673	\$ 631
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	532	472
Share-based compensation	32	34
Non-cruise investment write-down		10
Accretion of original issue discount	5	5
Other	2	(1)
Changes in operating assets and liabilities, excluding businesses sold		
Receivables	(130)	38
Inventories	(19)	(22)
Prepaid expenses and other	(21)	(8)
Accounts payable	67	(75)
Accrued and other liabilities	74	(64)
Customer deposits	876	865
	-----	-----
Net cash provided by operating activities	2,091	1,885
	-----	-----
INVESTING ACTIVITIES		
Additions to property and equipment	(2,130)	(1,483)
Purchases of short-term investments	(899)	(4)
Sales of short-term investments	706	
Proceeds from the sale of assets and businesses, net	138	
Settlement of net investment hedges	(71)	
Other, net	2	3
	-----	-----
Net cash used in investing activities	(2,254)	(1,484)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,058	352
Proceeds from short-term borrowings, net	628	431
Principal repayments of long-term debt	(440)	(959)
Dividends paid	(435)	(404)
Purchases of treasury stock		(473)
Proceeds from exercise of stock options	40	36
Other	(5)	(1)
	-----	-----
Net cash provided by (used in) financing activities	846	(1,018)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	13	9
	-----	-----
Net increase (decrease) in cash and cash equivalents	696	(608)
Cash and cash equivalents at beginning of period	1,163	1,178
	-----	-----
Cash and cash equivalents at end of period	\$ 1,859	\$ 570
	=====	=====

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

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

NOTE 1 - Basis of Presentation

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association. Although the two companies have retained their separate legal identities they operate as if they were a single economic enterprise.

The accompanying 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."

The accompanying consolidated balance sheets at May 31, 2007 and 2006, the consolidated statements of operations for the six and three months ended May 31, 2007 and 2006 and the consolidated statements of cash flows for the six months ended May 31, 2007 and 2006 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. 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 2006 joint Annual Report on Form 10-K. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

NOTE 2 - Debt

At May 31, 2007, unsecured short-term borrowings consisted of U.S. and euro-denominated bank loans of \$285 million and \$790 million, respectively, with an aggregate weighted-average interest rate of 4.2%.

In February 2007, we repaid (pound)165 million (\$323 million U.S. dollars at the February 2007 average exchange rate) of variable rate debt prior to its March 2010 maturity date. In addition, in February, March and April 2007 we borrowed \$360 million, \$380 million and (euro)234 million (\$315 million U.S. dollars at the May 31, 2007 average exchange rate) under unsecured term loan facilities, which proceeds were used to pay a portion of the Carnival Freedom, Emerald Princess and AIDAdiva purchase prices, respectively. These facilities bear an aggregate weighted-average interest rate of 4.6% at May 31, 2007, and are repayable in semi-annual installments through 2019.

At May 31, 2007, our 2% and 1.75% convertible notes were classified as current liabilities, since we may be required to redeem these notes at the option of the holders on April 15, 2008 and April 29, 2008, respectively, at their face value plus any unpaid accrued interest. If the 2% and 1.75% noteholders do not exercise this option, then we will change the classification of the notes to long-term, as the next optional redemption date does not occur until April 15, 2011 and April 29, 2013, respectively.

NOTE 3 - Contingencies

Litigation

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other non-affiliated cruise lines in New York

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on behalf of a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. In the event that an award is given in favor of the plaintiffs, the amount of damages, if any, which Carnival Corporation and its subsidiaries and

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affiliates would have to pay is not currently determinable. The ultimate outcome of this matter cannot be determined at this time. However, we intend to vigorously defend this matter.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability, net of any insurance recoverable, is typically limited to our self-insurance retention levels. However, the ultimate outcome of these claims and lawsuits which are not covered by insurance cannot be determined at this time.

Contingent Obligations

At May 31, 2007, Carnival Corporation had contingent obligations totaling approximately \$1.06 billion to participants in lease out and lease back type transactions for three of its ships. At the inception of the leases, the entire amount of the contingent obligations was paid by Carnival Corporation to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither the funds nor the contingent obligations have been included on our balance sheets. Carnival Corporation would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AA or higher. In addition, Carnival Corporation obtained a direct guarantee from AA or higher rated financial institutions for \$272 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. In certain cases, if the credit ratings of the major financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to move those funds being held by those institutions to other financial institutions whose credit ratings are AA- or above. If Carnival Corporation's credit rating, which is A-, falls below BBB, it would be required to provide a standby letter of credit for \$75 million, or alternatively provide mortgages in the aggregate amount of \$75 million on two of its ships.

In the unlikely event that Carnival Corporation were to terminate the three lease agreements early or default on its obligations, it would, as of May 31, 2007, have to pay a total of \$179 million in stipulated damages. As of May 31, 2007, \$183 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. In addition, we have a \$170 million back-up letter of credit issued under a loan facility in support of these standby letters of credit. Between 2017 and 2022, we have the right to exercise options that would terminate these three lease transactions at no cost to us.

Some of the debt agreements that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered

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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, under current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 4 - Comprehensive Income

Comprehensive income was as follows (in millions):

	Six Months Ended May 31,		Three Months Ended May 31,	
	2007	2006	2007	2006
Net income	\$673	\$631	\$390	\$380
Items included in accumulated other comprehensive income				
Foreign currency translation adjustment	113	299	100	290
Changes related to cash flow derivative hedges	(2)	15	(1)	11
	-----	-----	-----	-----
Total comprehensive income	\$784	\$945	\$489	\$681

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NOTE 5 - Segment Information

Our cruise segment includes all of our cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics, including the products and services they provide. Substantially all of our other segment represents the hotel, tour and transportation operations of Holland America Tours and Princess Tours.

Selected segment information for our cruise and other segments was as follows (in millions):

	Six Months Ended May 31,				
	Revenues	Operating Expenses	Selling and Admin- Istrative	Depreciation and Amortization	Operating Income (Loss)
2007					
Cruise	\$5,535	\$3,394	\$774	\$514	\$ 853
Other	69	76	16	18	(41)
Intersegment elimination	(16)	(16)			
	-----	-----	-----	-----	-----
	\$5,588	\$3,454	\$790	\$532	\$ 812
2006					
Cruise	\$5,069	\$3,083	\$698	\$456	\$ 832

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Other	70	67	22	16	(35)
Intersegment elimination	(14)	(14)			
	-----	-----	-----	-----	-----
	\$5,125	\$3,136	\$720	\$472	\$ 797
	=====	=====	=====	=====	=====

Three Months Ended May 31,

	Revenues	Operating Expenses	Selling and Administrative	Depreciation and Amortization	Operating Income (Loss)
	-----	-----	-----	-----	-----
2007					
Cruise	\$2,859	\$1,720	\$398	\$263	\$ 478
Other	55	57	8	9	(19)
Intersegment elimination	(14)	(14)			
	-----	-----	-----	-----	-----
	\$2,900	\$1,763	\$406	\$272	\$ 459
	=====	=====	=====	=====	=====
2006					
Cruise	\$2,620	\$1,583	\$343	\$232	\$ 462
Other	54	49	11	8	(14)
Intersegment elimination	(12)	(12)			
	-----	-----	-----	-----	-----
	\$2,662	\$1,620	\$354	\$240	\$ 448
	=====	=====	=====	=====	=====

NOTE 6 - Earnings Per Share

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

	Six Months Ended May 31,		Three Months Ended May 31,	
	2007	2006	2007	2006
	-----	-----	-----	-----
Net income	\$ 673	\$ 631	\$ 390	\$ 380
Interest on dilutive convertible notes	17	18	9	9
	-----	-----	-----	-----
Net income for diluted earnings per share	\$ 690	\$ 649	\$ 399	\$ 389
	=====	=====	=====	=====
Weighted-average common and ordinary shares outstanding	794	807	794	805
Dilutive effect of convertible notes	33	33	33	33
Dilutive effect of stock plans	2	3	2	2
	-----	-----	-----	-----
Diluted weighted-average shares outstanding	829	843	829	840
	=====	=====	=====	=====
Basic earnings per share	\$0.85	\$0.78	\$0.49	\$0.47
	=====	=====	=====	=====
Diluted earnings per share	\$0.83	\$0.77	\$0.48	\$0.46
	=====	=====	=====	=====

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Options to purchase 6.9 million (3.5 million in 2006) and 8.5 million (5.5 million in 2006) shares for the six and three months ended May 31, 2007 and 2006, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 7 - Recent Accounting Pronouncement

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies, among other things, the accounting for uncertain income tax positions by prescribing a minimum probability threshold that a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position that, based solely on its technical merits, is more likely than not to be sustained upon examination by the relevant taxing authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon adoption. The cumulative effect of applying FIN 48 at adoption is required to be reported separately as an adjustment to the opening balance of retained earnings in the year of adoption. FIN 48 is required to be implemented at the beginning of a fiscal year and will be effective for Carnival Corporation & plc for fiscal 2008. We have not yet determined the impact of adopting FIN 48 on our financial statements.

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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 contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere 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, outlook, 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. We have tried, whenever possible, to identify these statements by using words like "will," "may," "believe," "expect," "anticipate," "forecast," "future," "intend," "plan," and "estimate" and similar expressions.

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. Forward-looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and/or tax costs, fuel costs, costs per available lower berth day ("ALBD"), estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- general economic and business conditions, which may adversely impact the levels of our potential vacationers' discretionary income and this group's confidence in the U.S. economy, and thereby reduce the net revenue yields for our cruise brands;

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- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, availability of air service and other world events, and their impact on the demand for cruises;
 - conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
 - accidents, unusual weather conditions or natural disasters, such as hurricanes and earthquakes and other incidents (including machinery and equipment failures or improper operation thereof) which could cause the alteration of itineraries or cancellation of a cruise or series of cruises, and the impact of the spread of contagious diseases, affecting the health, safety, security and/or vacation satisfaction of passengers;
 - adverse publicity concerning the cruise industry in general, or us in particular, could impact the demand for our cruises;
 - lack of acceptance of new itineraries, products and services by our guests;
 - changing consumer preferences, which may, among other things, adversely impact the demand for cruises;
 - changes in and compliance with laws and regulations relating to environmental, health, safety, security, tax and other regulatory regimes under which we operate, including the implementation of U.S. regulations requiring U.S. citizens to obtain passports for sea travel to or from additional foreign destinations;
 - the impact of changes in operating and financing costs, including changes in foreign currency exchange rates and interest rates and fuel, food, insurance, payroll and security costs;
 - our ability to implement our shipbuilding programs, including purchasing ships for our North American cruise brands from European shipyards on terms that are favorable or consistent with our expectations;
 - our ability to implement our brand strategies and to continue to operate and expand our business internationally;
 - our future operating cash flow may not be sufficient to fund future obligations and we may not be able to obtain financing, if necessary, on terms that are favorable or consistent with our expectations;
 - our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;
 - continuing financial viability of our travel agent distribution system and air service providers;
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- our decisions to self-insure against various risks or inability to obtain insurance for certain risks;
 - disruptions to our information technology systems;
 - continued availability of attractive port destinations;

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- risks associated with the DLC structure, including the uncertainty of its tax status;
- the impact of pending or threatened litigation; and
- our ability to successfully implement cost reduction plans.

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 listing 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.

Key Performance Indicators and Critical Accounting Estimates

We use net cruise revenues per ALBD ("net revenue yields") and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance. This measure is also used for revenue management purposes. In calculating net revenue yields, we use "net cruise revenues" rather than "gross cruise revenues." 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 by us net of our most significant variable costs, which are travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard and other revenues. Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined, except for the impact of changing prices.

Net cruise costs per ALBD is the most significant measure we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. In calculating net cruise costs, we exclude the same variable costs that are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in these two non-GAAP financial measures.

In addition, because a significant portion of our operations utilize the euro or sterling to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies, and decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies. Accordingly, we also monitor our two non-GAAP financial measures assuming the current period currency exchange rates have remained constant with the prior year's comparable period rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure indicating the actual growth of our operations in a fluctuating currency exchange rate environment.

On a constant dollar basis, net cruise revenues and net cruise costs would be \$4.29 billion and \$2.96 billion for the six months ended May 31, 2007 and \$2.25 billion and \$1.53 billion for the three months ended May 31, 2007, respectively. On a constant dollar basis, gross cruise revenues and gross cruise costs would be \$5.38 billion and \$4.05 billion for the six months ended May 31, 2007 and \$2.78 billion and \$2.06 billion for the three months ended May 31, 2007, respectively. In addition, our non-U.S. dollar cruise operations' depreciation and net interest expense were impacted by the changes in exchange rates for the six and three months ended May 31, 2007, compared to the prior year's comparable periods.

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For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in Carnival Corporation & plc's 2006 joint Annual Report on Form 10-K.

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Outlook for Remainder of Fiscal 2007

As of June 19, 2007 we said that we expected our diluted earnings per share for the third quarter and full year of 2007 would be in the range of \$1.60 to \$1.62 and \$2.85 to \$2.95, respectively. Our guidance was based on the then current forward fuel price of \$375 per metric ton for the third and fourth quarters of 2007 and \$346 per metric ton for the full year 2007. In addition, this guidance was also based on currency exchange rates of \$1.33 to the euro and \$1.97 to sterling for the third and fourth quarters of 2007.

The year-over-year percentage increase in our ALBD capacity for the third and fourth quarters of 2007 and fiscal 2008, 2009, 2010 and 2011, substantially all resulting from new ships entering service, is currently expected to be 9.6%, 6.0%, 9.3%, 5.4%, 6.7% and 6.4%, respectively. The above percentages exclude any future ship orders, acquisitions, retirements or sales, however they do include the withdrawal from service of the Pacific Star in March 2008 and the Queen Elizabeth 2 ("QE2") in November 2008.

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 net revenue yields and, accordingly, the largest share of our net income is earned during this period. The seasonality of our results is increased due to ships being taken out of service for maintenance, which we typically schedule during non-peak demand periods. Substantially all of Holland America Tours' and Princess Tours' revenues and net income are generated from May through September in conjunction with the Alaska cruise season.

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Selected Information and Non-gaap Financial Measures

Selected information was as follows:

	Six Months Ended May 31,		Three Months Ended May 31	
	2007	2006	2007	2006
Passengers carried (in thousands)	3,581	3,225 (a)	1,832	1,708
Occupancy percentage	103.9%	104.8% (b)	103.7%	105.4%
Fuel cost per metric ton(c)	\$ 317	\$ 336	\$ 333	\$ 354

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- (a) Passengers carried in the first quarter of 2006 does not include any passengers for the three ships chartered to the Military Sealift Command in connection with the Hurricane Katrina relief efforts.
- (b) Occupancy percentage in the first quarter of 2006 includes the three ships chartered to the Military Sealift Command at 100% occupancy.
- (c) Fuel cost per metric ton is calculated by dividing the cost of our fuel by the number of metric tons consumed.

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	Six Months Ended May 31,		Three Months Ended May 31,	
	2007	2006	2007	2006
	(in millions, except ALBDs and yields)			
Cruise revenues				
Passenger tickets	\$ 4,231	\$ 3,930	\$ 2,181	\$ 2,020
Onboard and other	1,304	1,139	678	600
Gross cruise revenues	5,535	5,069	2,859	2,620
Less cruise costs				
Commissions, transportation and other	(910)	(813)	(439)	(405)
Onboard and other	(220)	(198)	(109)	(101)
Net cruise revenues	\$ 4,405	\$ 4,058	\$ 2,311	\$ 2,114
ALBDs (a)	26,187,929	24,179,420	13,369,111	12,242,982
Gross revenue yields	\$ 211.35	\$ 209.63	\$ 213.87	\$ 214.00
Net revenue yields	\$ 168.21	\$ 167.78	\$ 172.90	\$ 172.63

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Six Months Ended May 31,		Three Months Ended May 31,	
	2007	2006	2007	2006
	(in millions, except ALBDs and costs per ALBD)			
Cruise operating expenses	\$ 3,394	\$ 3,083	\$ 1,720	\$ 1,583
Cruise selling and administrative expenses	774	698	398	343
Gross cruise costs	4,168	3,781	2,118	1,926
Less cruise costs included in net cruise revenues				

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	Commissions, transportation and other	(910)	(813)	(439)	(405)
	Onboard and other	(220)	(198)	(109)	(101)
		-----	-----	-----	-----
Net cruise costs	\$ 3,038	\$ 2,770	\$ 1,570	\$ 1,420	
	=====	=====	=====	=====	
ALBDs (a)	26,187,929	24,179,420	13,369,111	12,242,982	
	=====	=====	=====	=====	
Gross cruise costs per ALBD	\$ 159.17	\$ 156.40	\$ 158.46	\$ 157.35	
	=====	=====	=====	=====	
Net cruise costs per ALBD	\$ 116.03	\$ 114.54	\$ 117.50	\$ 115.98	
	=====	=====	=====	=====	

- (a) ALBDs is a standard measure of passenger capacity for the period. It assumes that each cabin we offer for sale accommodates two passengers. ALBDs are computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

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Six Months Ended May 31, 2007 ("2007") Compared to the Six Months Ended May 31, 2006 ("2006")

Revenues

Net cruise revenues increased \$347 million, or 8.6%, to \$4.41 billion in 2007 from \$4.06 billion in 2006. The 8.3% increase in ALBDs between 2007 and 2006 accounted for \$336 million of the increase, and the remaining \$11 million was from increased net revenue yields, which increased 0.3% in 2007 compared to 2006 (gross revenue yields increased by 0.8%). Net revenue yields increased slightly in 2007 primarily due to the weaker U.S. dollar relative to the euro and sterling and higher onboard guest spending, partially offset by lower occupancy. Net revenue yields as measured on a constant dollar basis decreased 2.3% in 2007 compared to 2006. This decrease in constant dollar net revenue yields was primarily driven by the softer cruise ticket pricing from our shorter duration North American-sourced Caribbean cruises, which was partially offset by the higher prices we achieved from our European brands.

Gross cruise revenues increased \$466 million, or 9.2%, in 2007 to \$5.54 billion from \$5.07 billion in 2006 for largely the same reasons as net cruise revenues, as well as the increase in passenger air ticket prices primarily as a result of increases in air travel costs, changes in cruise itineraries, which required passengers to purchase longer flights and more passengers purchasing air transportation from us. Included in onboard and other revenues are concessionaire revenues of \$362 million in 2007 and \$291 million in 2006.

Costs and Expenses

Net cruise costs increased \$268 million, or 9.7%, to \$3.04 billion in 2007 from \$2.77 billion in 2006. The 8.3% increase in ALBDs between 2007 and 2006 accounted for \$230 million of the increase. The balance of \$38 million was from increased net cruise costs per ALBD, which increased 1.3% in 2007 compared to 2006 (gross cruise costs per ALBD increased 1.8%). Net cruise costs per ALBD increased primarily due to a weaker U.S. dollar relative to the euro and sterling in 2007 and higher repair costs from ship incidents. This increase was partially offset by a \$19 per metric ton decrease in fuel cost to \$317 per metric ton in 2007, which resulted in a reduction in fuel expense of \$28 million

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and lower dry-dock costs compared to 2006. Net cruise costs per ALBD as measured on a constant dollar basis decreased 1.4% in 2007 compared to 2006.

Gross cruise costs increased \$387 million, or 10.2%, in 2007 to \$4.17 billion from \$3.78 billion in 2006 for largely the same reasons as net cruise costs, as well as the increase in passenger air ticket prices primarily as a result of increases in air travel costs, changes in cruise itineraries, which required passengers to purchase longer flights and more passengers purchasing air transportation from us.

Depreciation and amortization expense increased \$60 million, or 12.7%, to \$532 million in 2007 from \$472 million in 2006 largely due to the 8.3% increase in ALBDs through the addition of new ships, and weaker U.S. dollar compared to the euro and sterling and additional ship improvement expenditures.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased \$17 million to \$173 million in 2007 from \$156 million in 2006. This increase was primarily due to a \$22 million increase in interest expense from a higher level of average borrowings and \$10 million from higher average interest rates on average borrowings, partially offset by \$15 million of higher interest income primarily due to a higher average level of invested cash. Capitalized interest increased \$6 million during 2007 compared to 2006 primarily due to higher average levels of investment in ship construction projects.

Other expenses in 2006 included a \$10 million expense for the write-down of a non-cruise investment and a \$5 million provision for a litigation reserve.

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Income Taxes

Income tax expense changed by \$24 million to a benefit of \$13 million in 2007 from an expense of \$11 million in 2006 because 2006 included \$24 million of income tax expenses for the Military Sealift Command charters, which ended in early March 2006.

Three Months Ended May 31, 2007 ("2007") Compared to the Three Months Ended May 31, 2006 ("2006")

Revenues

Net cruise revenues increased \$197 million, or 9.3%, to \$2.31 billion in 2007 from \$2.11 billion in 2006. The 9.2% increase in ALBDs between 2007 and 2006 accounted for \$194 million of the increase, and the remaining \$3 million was from increased net revenue yields, which increased 0.2% in 2007 compared to 2006 (gross revenue yields were almost flat). Net revenue yields increased slightly in 2007 primarily due to the weaker U.S. dollar relative to the euro and sterling and higher onboard guest spending, partially offset by lower occupancy. Net revenue yields as measured on a constant dollar basis decreased 2.6% in 2007 compared to 2006. This decrease in constant dollar net revenue yields was primarily driven by the softer cruise ticket pricing from our shorter duration North American-sourced Caribbean cruises, which was partially offset by the higher prices we achieved from our European brands.

Gross cruise revenues increased \$239 million, or 9.1%, in 2007 to \$2.86 billion from \$2.62 billion in 2006 for largely the same reasons as net cruise revenues, as well as the increase in passenger air ticket prices primarily as a result of increases in air travel costs and changes in cruise itineraries, which

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required passengers to purchase longer flights, partially offset by fewer passengers purchasing air transportation from us. Included in onboard and other revenues are concessionaire revenues of \$198 million in 2007 and \$161 million in 2006.

Costs and Expenses

Net cruise costs increased \$150 million, or 10.6%, to \$1.57 billion in 2007 from \$1.42 billion in 2006. The 9.2% increase in ALBDs between 2007 and 2006 accounted for \$130 million of the increase. The balance of \$20 million was from increased net cruise costs per ALBD, which increased 1.3% in 2007 compared to 2006 (gross cruise costs per ALBD increased 0.7%). Net cruise costs per ALBD increased primarily due to a weaker U.S. dollar relative to the euro and sterling in 2007. This increase was partially offset by a \$21 per metric ton decrease in fuel cost to \$333 per metric ton in 2007, which resulted in a reduction in fuel expense of \$16 million and lower dry-dock costs compared to 2006. Net cruise costs per ALBD as measured on a constant dollar basis decreased 1.5% in 2007 compared to 2006.

Gross cruise costs increased \$192 million, or 10.0%, in 2007 to \$2.12 billion from \$1.93 billion in 2006 for largely the same reasons as net cruise costs, as well as the increase in passenger air ticket prices primarily as a result of increases in air travel costs and changes in cruise itineraries, which required passengers to purchase longer flights, partially offset by fewer passengers purchasing air transportation from us.

Depreciation and amortization expense increased \$32 million, or 13.3%, to \$272 million in 2007 from \$240 million in 2006 largely due to the 9.2% increase in ALBDs through the addition of new ships, the weaker U.S. dollar compared to the euro and sterling and additional ship improvement expenditures.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased \$9 million to \$88 million in 2007 from \$79 million in 2006. This increase was primarily due to a \$20 million increase in interest expense from a higher level of average borrowings, partially offset by \$13 million of higher interest income primarily due to a higher average level of invested cash.

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Income Taxes

Income tax benefit increased \$6 million to a benefit of \$9 million in 2007 from a benefit of \$3 million in 2006 due to a \$6 million deferred income tax benefit from the transfer of a ship.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided \$2.09 billion of net cash from operations during the six months ended May 31, 2007, an increase of \$206 million, or 10.9%, compared to fiscal 2006. We continue to generate substantial cash from operations and remain in a strong financial position, thus providing us with substantial financial flexibility in meeting operating, investing and financing needs.

During the six months ended May 31, 2007, our net expenditures for capital projects were \$2.13 billion, of which \$1.89 billion was spent for our ongoing new shipbuilding program, including \$1.59 billion for the final delivery

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payments for the Carnival Freedom, Emerald Princess, AIDAdiva and Costa Serena. In addition to our new shipbuilding program, we had capital expenditures of \$156 million for ship improvements and refurbishments and \$83 million for Alaska tour assets, cruise port facility developments, information technology and other assets. In addition, during the six months ended May 31, 2007 we received aggregate net proceeds of \$138 million from the sale of assets, including our Windstar Cruises' business, Swan Hellenic trademarks and P&O Cruises Australia's Pacific Star. The Pacific Star will be chartered back from the purchaser by P&O Cruises Australia until March 2008.

During the six months ended May 31, 2007, we borrowed \$1.06 billion to pay part of the Carnival Freedom, Emerald Princess, AIDAdiva and Costa Serena purchase prices, and we repaid \$440 million of long-term debt, which included \$323 million for the early repayment of (pound)165 million of debt. We also borrowed \$628 million principally under our multi-currency revolving credit facility and short-term bank loans during the six months ended May 31, 2007. In addition, in April 2007 our Board of Directors increased our quarterly cash dividend per share from \$0.275 to \$0.35, or 27%. During the first six months of fiscal 2007 we paid cash dividends of \$435 million.

Future Commitments and Funding Sources

Our contractual cash obligations as of May 31, 2007 have changed compared to November 30, 2006, including ship construction contracts entered into through January 2007, primarily as a result of our debt and ship delivery payments as noted above and the exercise of an option to purchase a Holland America 2,100 passenger capacity ship from Fincantieri, which has an all-in cost of (euro)425 million and is expected to enter service in fall 2010.

At May 31, 2007, we had liquidity of \$5.10 billion, which consisted of \$2.07 billion of cash, cash equivalents and short-term investments, \$1.51 billion available for borrowing under our revolving credit facility and \$1.52 billion under committed ship financing facilities. Our revolving credit facility matures in 2011. In addition, in June 2007 we entered into an agreement to sell Cunard Line's QE2 for delivery to the buyer in November 2008 for \$100 million, which is expected to result in a gain of approximately \$10 million in the 2008 fourth quarter, based on the current U.S. dollar to sterling exchange rate. A key to our access to liquidity is the maintenance of our strong credit ratings.

Based primarily on our historical results, current financial condition and future forecasts, we believe that our existing liquidity and cash flow from future operations will be sufficient to fund most of our expected capital projects, debt service requirements, dividend payments, working capital and other firm commitments. In addition, based on our future forecasted operating results and cash flows for fiscal 2007, we expect to be in compliance with our debt covenants during the remainder of fiscal 2007. However, our forecasted cash flow from future operations, as well as our credit ratings, may be adversely affected by various factors including, but not limited to, those factors noted under "Cautionary Note

Concerning Factors That May Affect Future Results." To the extent that we are required, or choose, to fund future cash requirements, including our future shipbuilding commitments, from sources other than as discussed above, we believe that we will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. However, we cannot be certain that our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing, if necessary.

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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, which either have, or are reasonably likely to have, a current or future material effect on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In December 2006, we settled, prior to its scheduled November 2007 maturity, a foreign currency swap that was designated as a hedge of our net investment in our subsidiaries whose functional currency are euros. This foreign currency swap effectively converted \$400 million of variable rate U.S. dollar-denominated debt into (euro)349 million of variable rate debt. In addition, during April 2007 we designated \$315 million of new euro-denominated debt as a hedge of our euro-denominated net investments. At May 31, 2007, 64%, 27% and 9% (56%, 30% and 14% at November 30, 2006) of our long-term debt was U.S. dollar, euro and sterling-denominated, respectively, including the effect of foreign currency swaps.

Item 4. Controls and Procedures.

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, is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Act 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 Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of May 31, 2007, that they were effective as described above.

Changes in Internal Control over Financial Reporting

During the three months ended May 31, 2007, we continued with our implementation of a new worldwide accounting system. As a result, there have been changes in our internal control over financial reporting during the quarter ended May 31, 2007 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. As part of the system implementation, we have reviewed the controls affected by the new accounting system and have made the necessary internal control changes.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

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PART II - OTHER INFORMATION

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

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of \$1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares subject to certain restrictions. The repurchase program does not have an expiration date and may be discontinued by our Boards of Directors at any time. The Carnival plc share repurchase authorization requires annual shareholder approval. During the 2007 second quarter, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares. At June 28, 2007 the remaining availability pursuant to our share repurchase program was \$773 million.

During the three months ended May 31, 2007, \$8 million of our Zero-Coupon notes were converted at their accreted value into 0.1 million shares of Carnival Corporation common stock, all of which were issued from newly issued common stock. In addition, a nominal amount of our 2% convertible notes were converted into common stock of Carnival Corporation. The issuance was exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended.

Each share of Carnival Corporation common stock issued is paired with a trust share of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share issued by Carnival plc in connection with the DLC transaction.

Item 4. Submission of Matters to a Vote of Security Holders.

The annual meetings of shareholders of Carnival Corporation & plc was held on April 16, 2007 (the "Annual Meetings"). On all matters which came before the Annual Meetings, holders of Carnival Corporation common stock and Carnival plc ordinary shares were entitled to one vote for each share held. Proxies for 683,296,634 shares entitled to vote were received in connection with the Annual Meetings.

The matters which were submitted to Carnival Corporation and Carnival plc's shareholders for approval at the Annual Meetings and the tabulation of the votes with respect to each such matter were as follows:

Director Elections

Resolution/proposal	For	Against/ Withheld(a)	Abstained
To re-elect Micky Arison as a director of Carnival Corporation and Carnival plc	666,865,043	15,831,353	600,238
To re-elect Ambassador Richard G. Capen, Jr. as a director of Carnival Corporation and Carnival plc	667,627,819	11,020,711	4,648,104
To re-elect Robert H. Dickinson as a director of Carnival Corporation and Carnival plc	675,181,728	6,790,075	1,324,831
To re-elect Arnold W. Donald as a director of Carnival Corporation and Carnival plc	669,112,104	9,506,658	4,677,872

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To re-elect Pier Luigi Foschi as a director of Carnival Corporation and Carnival plc	673,449,221	8,182,254	1,665,159
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Director Elections Continued

Resolution/proposal	For	Against/ Withheld(a)	Abstained
To re-elect Howard S. Frank as a director of Carnival Corporation and Carnival plc	675,178,389	6,792,390	1,325,855
To re-elect Richard J. Glasier as a director of Carnival Corporation and Carnival plc	669,380,758	9,255,606	4,660,270
To re-elect Baroness Hogg as a director of Carnival Corporation and Carnival plc	679,397,878	3,871,934	26,822
To re-elect Modesto A. Maidique as a director of Carnival Corporation and Carnival plc	668,007,343	11,009,653	4,279,638
To re-elect Sir John Parker as a director of Carnival Corporation and Carnival plc	679,527,394	3,724,592	44,648
To re-elect Peter G. Ratcliffe as a director of Carnival Corporation and Carnival plc	673,667,756	7,932,721	1,696,157
To re-elect Stuart Subotnick as a director of Carnival Corporation and Carnival plc	669,115,890	9,714,596	4,466,148
To elect Laura Weil as a director of Carnival Corporation and Carnival plc	679,584,609	3,680,936	31,089
To re-elect Uzi Zucker as a director of Carnival Corporation and Carnival plc	669,978,803	8,850,929	4,466,902

(a) A vote "withheld" by a shareholder of Carnival Corporation is deemed to be a vote against the resolutions re-electing directors.

Other Matters

Abstained/ Broker

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Resolution/Proposal	For	Against	Withheld(b)	Non-votes
To re-appoint the independent auditors of Carnival plc and to ratify the selection of the independent registered certified public accounting firm for Carnival Corporation	679,838,908	979,397	2,478,329	0
To authorize the Audit Committee of the Board of Directors of Carnival plc to agree the remuneration of the independent auditors	679,812,897	986,173	2,497,564	0

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OTHER MATTERS CONTINUED

Resolution/Proposal	For	Against	Abstained/ Withheld(b)	Broker Non-votes
To receive the UK accounts and the reports of the directors and auditors of Carnival plc for the financial year ended November 30, 2006	674,302,933	6,410,881	2,582,820	0
To approve the directors' remuneration report of Carnival plc for the financial year ended November 30, 2006	668,103,004	12,438,352	2,755,278	0
To approve limits on the authority to allot shares by Carnival plc	678,357,221	2,369,489	2,569,924	0
To approve the disapplication of pre-emption rights for Carnival plc shares	673,168,153	6,247,289	3,881,192	0
To approve a general authority for Carnival plc to buy back Carnival plc ordinary shares in the open market	679,973,741	980,372	2,342,521	0
To approve electronic communications with Carnival plc shareholders	680,058,291	834,883	2,403,460	0

(b) An "abstained" vote by a shareholder of Carnival Corporation means "withheld" for this purpose, that is a vote neither for nor against the resolution.

Item 6. Exhibits.

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- 3.1 Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.2 Amended and Restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.3 Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.
- 3.4 Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

- 12 Ratio of Earnings to Fixed Charges.

- 31.1 Certification of 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.
- 31.2 Certification of Chief Operating Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 31.3 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.4 Certification of 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.
- 31.5 Certification of Chief Operating Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.6 Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 32.1 Certification of 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.
- 32.2 Certification of Chief Operating 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.
- 32.3 Certification of Executive Vice President and Chief Financial and 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.

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- 32.4 Certification of 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.
- 32.5 Certification of Chief Operating 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.
- 32.6 Certification of Executive Vice President and Chief Financial and 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.

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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/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

By:/s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer

By:/s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

Date: June 29, 2007

CARNIVAL PLC

By:/s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

By:/s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer

By:/s/ Gerald R. Cahill

Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

Date: June 29, 2007

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