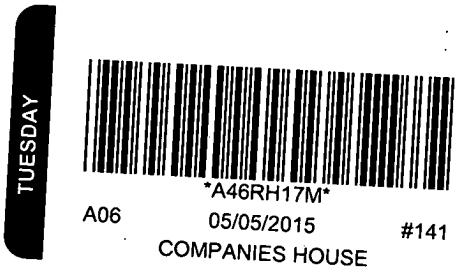
CARNIVAL PLC

Strategic Report and
IFRS Financial Statements
Year Ended November 30, 2014



The Annual Report of Carnival plc comprises the Strategic Report and Carnival plc consolidated and company IFRS Financial Statements contained herein, together with certain parts of the Proxy Statement (including its Annexes), dated February 20, 2015.

The Carnival plc consolidated IFRS Financial Statements, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. However, the Directors consider that, within the Carnival Corporation and Carnival plc dual listed company ("DLC") arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP consolidated financial statements ("DLC Financial Statements"). The DLC Financial Statements are included in the Carnival Corporation & plc 2014 Annual Report ("DLC Annual Report"), which is prepared to satisfy U.S. reporting requirements. Accordingly, the DLC Annual Report (containing the DLC Financial Statements) is included in Annex 1 to the Carnival plc Annual Report.

In order to obtain a better understanding of the Carnival Corporation & plc business, financial condition and results of operations, the Carnival plc stakeholders should read the items referenced below included in the Proxy Statement, Annex 1 and Carnival Corporation & plc joint Annual Report on Form 10-K ("Form 10-K"), in addition to the Carnival plc Strategic Report and IFRS Financial Statements contained herein.

The locations where the Carnival plc Annual Report Documents and Other Information can be found are as follows:

CARNIVAL PLC ANNUAL REPORT DOCUMENTS	LOCATIONS	PAGE NO.
Strategic Report		
Chief Executive Officer's Letter to Shareholders	Strategic Report	2 – 4
Overview-Summary	Strategic Report	5
Vision, Goals and Related Strategies	Strategic Report	5 – 8
Global Cruise Industry-Overview	Strategic Report	8
Favorable Characteristics of the Global Cruise Industry	Strategic Report	9 – 10
Passenger Capacity and Cruise Guests Carried	Strategic Report	11
Our Global Cruise Business-Cruise Programs	Strategic Report	12
Segment Information	Strategic Report	12
North America Cruise Brands	Strategic Report	13 – 16
Europe, Australia & Asia Cruise Brands	Strategic Report	16 – 22
Ships Under Contract for Construction	Strategic Report	22
Cruise Ports and Destination Developments	Strategic Report	23
Cruise Ship Repair Facility	Strategic Report	23
Cruise Pricing and Payment Terms, Onboard and Other Revenues, Sales Relationships, Marketing Activities, Seasonality and Competition	Strategic Report	23 – 27
Government Regulations (including Greenhouse Gas Emissions and Human Rights)	Strategic Report	27 – 35
Training, Employees (including diversity), Supply Chain, Communities in Which We Operate, Information Technology, Insurance, Trademarks and Other Intellectual Property, Taxation and Industry and Market Data	Strategic Report	35 – 40
Business Review	Strategic Report	40 – 56
Principal Risks and Uncertainties	Strategic Report	57 – 63
Repurchase Authorizations and Stock Swap Programs	Strategic Report	63 – 64
Carnival plc IFRS Financial Statements for the year ended November 30, 2014		
Carnival plc IFRS Financial Statements	Carnival plc Financial Statements	65 – 110
PricewaterhouseCoopers LLP Independent Auditor's Report	Carnival plc Financial Statements	111 – 117
Additional Documents		
Certain Relationships and Related Party Transactions	Proxy Statement	81 – 82
Carnival plc Directors' Report	Proxy Statement – Annex A	A-1 – A-8
Carnival plc Directors' Remuneration Report – Part I	Proxy Statement	43 – 62
Carnival plc Directors' Remuneration Report – Part II	Proxy Statement – Annex B	B-1 – B-13
Carnival plc Corporate Governance Report	Proxy Statement – Annex C	C-1 – C-13
OTHER INFORMATION		
DLC Annual Report		
DLC Financial Statements	Annex 1	6 – 36
Selected Financial Data	Annex 1	61 – 62
Market Price for Common Stock and Ordinary Shares	Annex 1	62
Stock Performance Graphs	Annex 1	63 – 64
Selected Quarterly Financial Data (Unaudited)	Annex 1	65 – 66
Corporate and Other Information	Annex 1	67
Other		
Other Risk Factors	Form 10-K	37 – 47
Properties, Legal Proceedings, Executive Officers and Dividends	Form 10-K	47 – 50

The Notice of Annual Meetings and Proxy Statement, dated February 20, 2015 ("Proxy Statement") and Form 10-K are not set forth within this document, but are available for viewing at www.carnivalcorp.com or www.carnivalplc.com. The Carnival plc IFRS Financial Statements have been submitted to the National Storage Mechanism and are available for inspection at www.morningstar.co.uk/uk/NSM and will be included in the Annual Meeting materials available to the Carnival plc shareholders.

Strategic Report

The Directors consider that, within the DLC arrangement, the most appropriate presentation of Carnival plc's business strategy is by reference to the consolidated strategy of Carnival Corporation & plc. Accordingly, this Strategic Report presents the required strategy and business review for the combined group in order to satisfy reporting requirements of the Companies Act 2006.

1. Chief Executive Officer's Letter to Shareholders.

Dear Shareholders,

Achieving positive revenue yields and earnings growth of nearly 25 percent over 2013, we reached a significant inflection point for our company. Looking ahead, we are working hard to enable growth to accelerate in the years to come as we aggressively work toward delivering double-digit return on invested capital ("ROIC").

In 2014, we achieved non-GAAP net income exceeding $1.5 billion and cash from operations of nearly $3.5 billion, while containing costs and overcoming our share of obstacles, including the loss of higher yielding itineraries due to geopolitical concerns and historically high industry capacity increases in the Caribbean. These strong results were well above our 2014 guidance and a credit to the outstanding efforts of our 120,000 shipboard and shoreside team members who create exceptional vacation experiences each and every day for our more than 10.5 million guests across the globe.

Our earnings growth in 2014 was driven by improved performance at our Costa Cruises and Carnival Cruise Line brands. Costa experienced a further improvement in perception with an almost doubling of trust and confidence in Italy. Significantly, the brand experienced continued yield growth as well as improved profitability through collaboration across our Continental European brands.

Carnival Cruise Line was recognized as the most improved in consumer perception of any brand in any category in the United States in 2014 by YouGov. A number of initiatives introduced by Carnival Cruise Line such as the Carnival LIVE concert series, children's programs Camp Ocean and Seuss at Sea, as well as the Great Vacation Guarantee, are clearly resonating with guests.

New product initiatives and innovative marketing campaigns implemented across our brands over the past year are driving increased demand. We experienced a sustained improvement in booking trends throughout 2014 and are gaining momentum in our efforts to drive ticket prices and onboard revenues higher.

THE PATH TO DOUBLE DIGIT ROIC

Measured Capacity Growth

In 2014, we continued progress toward enhancing our fleet while maintaining our commitment to measured capacity growth. We delivered two spectacular ships, *Regal Princess* and *Costa Diadema*. These new ship introductions generated substantial media coverage and positive buzz, including the star studded North American debut of *Regal Princess* which featured a reunion of the "Love Boat" cast and 25 guest stars who appeared on the hit TV show. The delivery of *Costa Diadema* was equally stunning and included a festive inaugural in Genoa, Italy.

As we continue to advance our fleet, we have a number of ships that we expect to replace with newer, larger and more fuel efficient vessels over time. These new ships will be more than double the size of those they are replacing, offer higher yielding balcony cabins, more than 20 percent lower unit costs and greater than 35 percent improved fuel efficiency.

We recently signed orders for three new ships for delivery in 2018 bringing the total order book to 10 vessels over a four-year period. We also sold four of our smaller, less-efficient ships resulting in only a 3 percent net capacity increase over this period and reinforcing our commitment to measured capacity growth.

Accelerating Demand

At the same time we are striving to drive additional demand. Cruising captures just a small percentage of the overall vacation market. Consequently, our biggest opportunity is to increase cruise consideration among consumers. We have a number of initiatives underway to attract first-time cruisers through increased demand in established markets, as well as expansion into new markets.

We are continually implementing product enhancements across all our brands, and striving to deliver an even better guest experience to increase retention and life-long advocacy. "Word of mouth" remains the most powerful tool in attracting first-time cruise guests.

We are unwaveringly focused on increasing demand on all fronts. That includes a significant public relations effort across all brands to deliver our message to consumers that cruising is a great experience, at a great value. In fact, we enjoyed a significant increase in our collective share of voice globally in 2014 with our number of positive mentions more than doubling.

We have increased our investment in advertising, having spent over $600 million in 2014. We launched new marketing campaigns in multiple regions. In North America, Carnival Cruise Line was the National Cruise Line advertiser of the Winter Olympics telecast while Princess Cruises launched its first television campaign in 10 years. In addition, both Costa Cruises in Europe and P&O Cruises in the UK launched new advertising campaigns.

As we began 2015, we aired a new commercial on Super Bowl Sunday – the world's biggest marketing stage. Our company's first major multi-brand marketing initiative extended well beyond the Super Bowl itself garnering nearly 5 billion media impressions even before the game aired and more than 10 billion total impressions to date.

These efforts collectively help to drive demand for our brands that outpaces capacity, ultimately leading to higher yields.

New Market Opportunities

Asia, and in particular, China continues to be a focus for emerging market development, where we expect double-digit growth over the next few years. We expect China to be the largest cruise market in the world over time. We were the first to enter the market through our Costa Cruises brand in 2006 and are currently the largest cruise operator in mainland China. This year we will lead the industry with four ships which will homeport out of Mainland China and more than 12 marketing offices in the region. To coordinate our growth strategy, our Chief Operations Officer, Alan Buckelew, has relocated to China and we have entered into several strategic agreements focused on expanding the cruise industry in China.

We signed a memorandum of understanding ("MOU") with China State Shipbuilding Corporation, China's largest shipyard, and Italian shipbuilder, Fincantieri, to explore the possibility of shipbuilding and other strategic partnerships to foster growth. We also signed a MOU with China Merchants Group, China's oldest state enterprise, to explore joint ventures in port and destination development, as well as other areas to successfully develop our industry.

We have clearly established a solid foothold as the largest cruise operator home-porting in China, and our development strategy is accelerating.

Working Together to Unlock Our Potential

I feel strongly that our brands must remain independent, especially concerning the guest interface, yet work together to unlock the potential of leveraging our scale and collective expertise. We began 2014 with the first-ever global leadership team meeting that brought together our top 65 leaders from around the world and achieved remarkable alignment on our vision and top priorities. By strengthening our communication and coordination, we enjoyed some early wins on our revenue and cost cross-brand collaboration efforts.

We furthered our never-ending pursuit of capturing insights from our guests beginning with our segmentation study in North America, the first we have done across brands and the largest ever done in our industry. We conducted extensive interviews with over 40,000 respondents and mined our 30 million past-guest database for insight to help grow demand and onboard revenue.

We elevated our level of cross-brand global deployment planning to drive greater penetration and more effective capacity management. Additionally, we conducted our first deep dive examination of our revenue management systems to share best practices and identify gaps, new opportunities and tools.

Some early wins on our cost containment efforts already contributed $20 million of savings in 2014. We anticipate another $70 to $80 million in cost reductions to benefit 2015 and have further opportunity to help offset inflation in the broader base of non-fuel purchases over time.

Sustainable Operations

We recognize our reputation and success depend on sustainable and transparent operations. We are committed to ensuring cruising is the most enjoyable vacation experience possible for our guests. We maintain this commitment by keeping our guests and crewmembers safe, by protecting the environment, by developing our workforce, by strengthening our stakeholder relations, enhancing the port communities that our ships visit and maintaining our fiscal strength.

Increasing our fuel efficiency remains at the cornerstone of our sustainability efforts. It is gratifying to say we have reduced our unit fuel consumption by 25 percent since 2007, meeting our stated goal of delivering a 20 percent reduction (per unit) in carbon emissions ahead of schedule. Over that time, our effort has saved over 1 billion gallons of fuel and $2.5 billion in fuel costs. This efficiency improvement is a testament to the breadth of efforts undertaken to reduce consumption.

Moreover, we have taken the lead on developing technology to mitigate the impact of new low-sulfur fuel usage requirements which came into effect in January while maintaining our commitment to the pristine environments in which we have the great pleasure to sail. We are aggressively installing new air emissions technology on approximately 70 percent of our fleet by 2017 while at the same time rolling out other energy efficient technology. These advancements are an important investment in the environment and lay a solid foundation for sustainable earnings improvement.

EXECUTING ALONG THE PATH

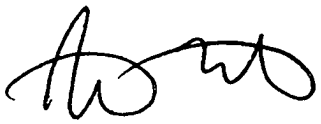
We believe we are executing along a clear path toward double-digit ROIC. We improved ROIC by nearly one percentage point in 2014 and expect another percentage point of improvement in 2015. We continue to manage the total capital plan with a keen eye toward exceeding guest expectations, while at the same time maintaining fiscal discipline.

Our collective efforts created significant value for shareholders in fiscal 2014, with our share price advancing over 22 percent as well as returning nearly $800 million in dividends.

Importantly, the ground work for continued progress is laid and we are firmly on a path to deliver double-digit ROIC in the next three to four years.

In closing, I thank our Board for their counsel and support throughout the past year and I thank our management for their strong leadership in moving our company forward. For his contribution, I especially thank Gerry Cahill, an invaluable leader who retired after more than 20 years, and most recently served as President and CEO of the Carnival Cruise Line brand. We welcome Christine Duffy, the new head of Carnival Cruise Line, Orlando Ashford, the new head of Holland America Line and Neil Palombo, the new head of Costa Cruises — three strong additions to our very capable leadership team.

Our business, or any business, is all about the people. One out of every two guests who cruise anywhere in the world cruise on one of our nine brands and 100 ships. That is only possible because of the extraordinary efforts of our employees worldwide who passionately and consistently deliver joyful and memorable vacation experiences for our guests, as well as our travel agent partners around the globe who support our brands. I thank them all. My sincerest appreciation to our shareholders and, of course, our more than 10.5 million valued guests for choosing to spend their vacation with us. I look forward to welcoming you aboard again soon.



Arnold W. Donald
President and Chief Executive Officer

2. Business.

A. Overview

I. Summary

Carnival Corporation was incorporated in Panama in 1972 and Carnival plc was incorporated in England and Wales in 2000. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively within this Strategic Report as "Carnival Corporation & plc," "our," "us" and "we."

We are among the most profitable and financially strong leisure travel companies in the world with a market capitalization of $36 billion at February 20, 2015. We are the largest cruise company with a global market share of 48% based on the number of guests carried and a leading provider of vacations to all major cruise destinations throughout the world (see Item 2. Business. C. "Our Global Cruise Business – Cruise Programs"). We operate 100 cruise ships within a portfolio of nine leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences in all the world's most important vacation markets. We believe having global and regional brands that are predominately serving multiple source markets and national brands that are predominately serving major source markets provides us with a unique advantage to compete within the entire leisure market for consumers' discretionary vacation spending. The descriptions of the principal vacation markets where we source substantially all of our guests and our brands that market primarily to these vacationers are discussed in Item 2. Business. C. "Our Global Cruise Business – North America" and "Our Global Cruise Business – Europe, Australia & Asia."

II. Vision, Goals and Related Strategies

Our vision is to deliver unmatched joyful vacation experiences and breakthrough total shareholder returns by exceeding guest expectations and achieving the full benefits inherent in our scale. We believe our portfolio of global, regional and national brands is instrumental to us achieving our vision and maintaining our cruise industry leadership positions, which includes having a leading cruise brand selling in each of our primary source markets targeting specific guest segments. Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital, reaching double digit returns in the next three to four years, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund our capital investments. Our goal is to return "excess free cash flows" (defined as cash flows from operations less investing activities and regularly scheduled quarterly dividends) to our shareholders in the form of additional dividends and/or share buybacks. In addition, we are committed to maintaining our strong investment grade credit ratings, which are among the highest in the leisure travel industry.

To reach our primary financial goals, we have started to implement various demand creating initiatives as we strive to create additional demand for our brands that far outpaces supply, ultimately leading to higher revenue yields. We have also identified opportunities that are aimed at increasing our pricing, enhancing our cruise products and services and optimizing our cost structure while preserving the unique identities of our individual brands. We are making significant investments to gain further insight into our guests' decision making by evaluating data included in our global database of guests to identify vacationers' needs and wants and to analyse their purchasing behaviours. We are also implementing strategies to grow demand by increasing consumer awareness and consideration of our cruise brands through advertising.

Furthermore, we identified new strategies and tactics to strengthen our cruise ticket revenue management processes and systems across our portfolio of brands, such as optimizing our pricing methodologies, improving our pricing models and increasing the brands' coordination of our global fleet deployments. We have tools that enable us to perform customer segmentation analyses, evaluate our guests' decision making process and identify new market growth opportunities to expand our customer base. We are also implementing new initiatives to strengthen our onboard revenue programs, such as expanding our onboard retail shop offerings and enhancing our bar and casino programs. In addition, we are adding new home ports in selected geographic areas to provide easier access and to reduce travel costs in order to attract more first-time cruisers.

We believe that we have significant opportunities to continue to grow our presence in China due to its large and growing middle-class population and expansion of their international tourism. It is estimated that Chinese cruise demand will increase to 1.6 million annual cruisers by 2020. The Chinese government has expressed a strong desire to transform China into a leading global cruise market and is making substantial investments in cruise-related infrastructure. Due to the high strategic importance we place on the China cruise market, in 2014 we relocated our Chief Operations Officer to China to more closely oversee our brands' strategic initiatives, coordinate our growth strategy in China and the surrounding markets and liaise with Chinese government officials. With the introduction of *Costa Serena* in 2015, we will have four ships home ported in China, which will represent a 140% increase in guest capacity over a two-year period and will offer our Chinese guests diversified cruise products with two brands targeting two different segments of travellers. As we execute our strategy to accelerate growth in China, we have the benefit of eight years of local experience to help guide our expansion and enhance our cruise products and services and make them even more attractive to our Chinese guests. As part of our China cruise strategy, we are exploring opportunities aimed at the development of a domestic cruise company and the formation of a domestic cruise shipbuilding company, as well as port development, talent development and training, enhanced relationships with our distribution partners and sharing of supply chain and logistics expertise.

With 100 ships and 10.6 million guests in 2014, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies and implementing cross-brand initiatives aimed at cost containment. For example, we have common reservation systems, shared data centres, shared port facilities and are working on cross-brand contracting for food and beverages, air travel, hotel supplies, port and manning agency services, advertising and promotions, shore excursions and technical operations to further utilize the scale of our combined purchases.

While we are well underway with certain initiatives and are already beginning to see their positive results, some of our initiatives will take longer to realize their full benefits due to our size and the nature of the cruise industry. Our strategic initiatives demonstrate the benefits of communicating, coordinating and collaborating across our brands and will help us fulfil our vision.

Our vision is based on four key pillars:

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

Health, Environment, Safety, Security and Sustainability

We consider health, environment, safety, security and sustainability matters to be core guiding principles. Our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business. We are committed to operating a safe and reliable fleet and protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, illness and loss. We continue to focus on further enhancing the safety measures onboard all of our ships. We are also devoted to protecting the environment in which our vessels sail and the communities in which we operate. We are dedicated to fully complying with, or exceeding, all relevant legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business.

We are developing a company-wide safety management system that standardizes our maritime related policies, procedures and processes and are increasing the amount of maritime safety, ship command and engine room management training for our shipboard officers at our expanding global training facility in the Netherlands. We are also updating our processes, systems and training surrounding fire prevention, detection and suppression. Furthermore, we continue to make investments in our ships' maritime systems to improve their safety and reliability, which also allows us to operate them more efficiently and sustainably.

As a result of our efficiency improvements and initiatives, we have reduced our unit fuel consumption by almost 5% in 2014 and 25% since 2007 and have achieved our stated goal of delivering a 20% reduction (per unit) in the intensity of carbon dioxide emissions from our shipboard operations one year prior to our target date. We are currently developing new goals aimed at protecting the environment and further reducing our fuel consumption. We are installing new exhaust gas cleaning systems on our ships to achieve environmental objectives and mitigate the financial impact of the new 2015 low sulphur regulatory requirements. In addition, we are also

implementing a series of new energy saving technology initiatives across our fleet in areas such as propulsion, air conditioning and waste heat recovery systems as well as more efficient lighting in order to help reduce our carbon footprint and costs.

Guests

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

Our nine unique brands with worldwide sourcing of guests and diverse itinerary options allow us to expand our offerings to our ever increasing past guest base, while continuing to grow our business through the acquisition of new guests in established and emerging markets. Our leading vacation destination experiences, including those at our unique private islands, such as Half Moon Cay and Princess Cays®, and company-owned ports, such as those in Cozumel, Mexico and Roatan, Honduras, as well as preferential access to other leading destinations, support our portfolio of first-choice cruise brands. Our cruise products and services are tailored to specific geographic areas and lifestyles, which allows us to penetrate each geographic area more effectively. We are conducting psychographic segmentation studies, including qualitative and quantitative surveys and analyses, to gain a more insightful and impactful understanding of our guests' needs, wants and expectations. We will then target our advertising and promotions toward these specific guest segments in order to drive demand for our offerings and better guide our guests to the cruise brand experience that best matches their tastes. These studies should enable us to better differentiate each brand in the minds of vacationers and consumers-at-large and adjust the product and service offerings of our brands.

We recognize the importance of cultivating lifelong relationships with our guests and creating brand advocates through personal interactions with our highly trained, motivated and service-oriented employees and by providing enjoyable vacation experiences. We are continually introducing new innovative cruise products and services, such as the Carnival LIVE™ concert series and the first culinary school at sea at P&O Cruises (UK) designed by a celebrity chef, to attract more first-time cruisers. We also continue to add to our shipboard amenities, such as Carnival Cruise Line's Fun Ship® 2.0 product enhancement initiatives, AIDA's Four Elements Fun Park and P&O Cruises (Australia)'s shipboard adventure series, P&OEdge™, to enhance the experience of new as well as repeat guests. We are working toward providing our guests and crew with improved shipboard internet connectivity to enable them to share their onboard experiences with family and friends. Overall, we are committed to preserving the positive image and reputation of all of our first choice brands and are dedicated to making our guests' experience at every touch point before, during and after their cruise truly exceptional so that our guests become our lifelong advocates.

We are building new, innovative, purpose-built ships that are larger and more efficient and have a wider range of onboard amenities and features, which enable us to better compete for consumers' vacation spend. These larger ships enable us to obtain greater economies of scale. In 2014, we introduced Princess Cruises' 3,560-passenger *Regal Princess* and Costa Cruises' 3,692-passenger *Costa Diadema*. As of February 20, 2015, we have ten cruise ships scheduled to be delivered between late February 2015 and November 2018, some of which will replace existing capacity as older, smaller and less efficient ships exit our fleet. We strategically time the introduction of additional ships into our brands to allow ample time for those lines to further grow their guest base and absorb the new capacity. We have removed 16 ships from our fleet since 2006 and have agreements in place to remove three more ships by March 2016. Based on our current ship orders and announced ship withdrawals, our net capacity growth rate is expected to be 2.0% in 2015 and 2.8% compounded annually through 2018. We are committed to measured capacity growth so that we achieve an optimal balance of supply and demand to maximize our profitability in established cruise regions, such as North America and Western Europe. We believe the increasing deployment of ships into the emerging Asia market may further moderate the level of supply in North America and Western Europe. In addition, we continue to make substantial investments in our existing ship enhancement programs to improve our onboard product offerings and enrich our guests' vacation experiences.

Employees

Our goal is to select, train and retain the finest shipboard and shoreside employees because having a team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests'

expectations. Understanding the critical skills that are needed for outstanding performance is crucial in order to hire and train our crew and shoreside personnel. We believe in listening to our employees' perspectives and ideas and use employee feedback tools to monitor our progress in this area. We also deliver on diversity and inclusion by having highly empowered and inspired employees from over 100 countries serving onboard our fleet and at our shoreside facilities. We have structured our work processes and incentive compensation plans to reflect a culture that enables our brands to better align their individual performance with our primary financial goals. Our management teams are aligned by geographic region to further optimize our operations, utilize our scale and better manage our performance.

Shareholders and Other Stakeholders

We truly value our relationships with a diverse range of stakeholders, including guests, travel agents, employees, communities, shareholders, regulatory bodies, media, creditors, shipbuilders, governments and suppliers. We believe that engaging stakeholders in a mutually beneficial manner is critical to our long-term success and key for us to realize our vision. Our media communication programs are designed to strengthen these relationships so as to help us attract new cruisers and provide for balanced and fair reporting of cruise industry events. As part of this effort, we believe we must continue to be an outstanding corporate citizen in the communities in which we operate. Our brands are socially responsible and work to meet or exceed the economic, environmental, ethical and legal responsibilities placed on them by our stakeholders. We help create a higher standard of living and quality of life in our home communities and those that we visit.

Strong relationships with our travel agents are also vital to our success. We continue to strengthen our relationship with the travel agent community by increasing our communication and outreach, implementing changes based on travel agent feedback, increasing our trade marketing presence and improving our educational programs to assist agents in stimulating cruise demand. We host travel professionals on our ships to provide them with an opportunity to better experience our products and services and also to engage with them on a more focused level. The expanded use of brand communications is also highly important in order to raise our profile and to proactively build relationships with the travel agent community. Similarly, we are expanding our use of social media to cultivate relationships with travel agents and guests, including the more technology savvy millennials and thereby build lifelong brand advocates.

B. Global Cruise Industry

I. Overview

The multi-night global cruise industry has grown significantly but still remains relatively small compared to the wider global vacation industry, which includes a large variety of land-based vacation alternatives around the world. For example, there were only about 250,000 cabins in the global cruise industry at November 30, 2014, which is less than two percent of the number of worldwide hotel rooms. Within the global vacation industry, cruise companies compete for the discretionary income spent by vacationers. A 2014 Nielsen Global Consumer Confidence Survey found that after providing for savings and living expenses, the number one global spending priority is for vacations. As a result of these and other favourable cruise industry characteristics, we believe that the global cruise industry has the opportunity to capture a greater share of consumers' spending.

Cruising offers a broad range of products and services to suit vacationing guests of many ages, backgrounds and interests. Cruise brands can be broadly classified as offering contemporary, premium and luxury cruise experiences. The contemporary experience typically includes cruises that last seven days or less, have a more casual ambiance and are less expensive than premium or luxury cruises. The premium experience typically includes cruises that last from seven to 14 days and appeal to the more experienced cruise guest who is usually more affluent and older. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries, and the average pricing is normally higher than contemporary cruises. The luxury experience is usually characterized by smaller vessel size, very high standards of accommodation and service, higher prices and exotic itineraries to ports that are inaccessible to larger ships. We have product and service offerings in each of these three broad classifications. Notwithstanding these classifications, there generally is overlap and competition among all cruise products and services.

II. Favourable Characteristics of the Global Cruise Industry

a. Exceptional Value Proposition

We believe that the cost of a cruise vacation represents an exceptional value in comparison to alternative land-based vacations. Cruising provides many relatively unique benefits, such as transportation to various destinations while also providing accommodations, a generous diversity of food choices and a selection of daily entertainment options for one all-inclusive, competitive price. To make cruising even more cost effective and more easily accessible to vacationers, the cruise industry typically offers a number of drive-to homeports, which enables many cruise guests to reduce their overall vacation costs by eliminating or reducing air and other transportation costs.

b. Relatively Low Penetration Levels

Based on industry data, the 2014 annual penetration rates when computed based on the number of annual cruise guests as a percentage of the total population are as follows (a):

- 3.4% for North America (b),
- 3.4% for Australia and New Zealand,
- 2.6% for the United Kingdom ("UK") and
- 1.3% for continental Europe (Germany, Italy, France, Spain and Portugal).

(a) 2014 annual penetration rates were computed based on the historical number of cruise guests carried for at least two consecutive nights obtained from G.P. Wild (International Limited) ("G.P. Wild"), an independent cruise research company, and internally developed estimates of increases in capacity.
(b) For the purpose of the penetration rate calculation, North America is only comprised of the United States of America ("U.S.") and Canada.

Based on industry data and our internal estimates, approximately 20% of the U.S. population and lower percentages of European and Australian populations have ever taken a cruise. In addition, Europeans and Australians have significantly more vacation days a year than North Americans, which presents opportunities for increases in these regions' penetration levels compared to North America.

Cruising is at a very early stage of development and has lower penetration rates in emerging markets within Asia. There are an increasing number of relatively lower penetrated markets, such as China, where economic growth has raised discretionary income levels and thus fuelled an increasing demand for vacations, including cruising.

c. Wide Appeal

Cruising appeals to a broad range of ages and income levels. Cruising provides something for every generation, from kids' clubs to an array of onboard entertainment designed to appeal to teens and adults. Cruising also offers transportation to a variety of destinations and a diverse range of ship types and sizes, as well as price points, to attract guests with varying tastes and from most income levels. To encourage first time cruisers, the duration of some cruises has been shortened, which has also lowered the purchase price and thus broadened the appeal for cruising.

d. Positive Demand Trends

The average age of populations in established cruise regions is increasing. The average age of a cruise guest, which varies by brand, ranges from approximately 40 years to 60 years across the contemporary, premium and luxury cruise categories in established cruise regions. Between 2014 and 2024, the number of people in the cruise business' primary age group of 45 years and older is expected to grow by 17 million, or 12%, in the U.S. and Canada, 14 million, or 9%, in the major Western European countries and 1.6 million, or 17%, in Australia.

The baby boomer generation, or those born between 1946 and 1964, is the most active older population group in history. The youngest in this group, who are in their fifties, are typically experiencing their peak earning years and some have children at home, making cruising for the whole family a great value. Some of the oldest in this group, who are in their late sixties, are defying traditional stereotypes by continuing to work, having more active lifestyles and enjoying cruising with their children and grandchildren.

The fastest growing segment of the vacation industry is the millennial generation, or those born between 1980 and 2000. With a population of over 80 million, the millennial generation has surpassed the size of the baby boomers generation and now represents the largest generation size in history. The millennial generation has a strong desire for travel and shared experiences and will continue to offer growth and drive innovation in the vacation industry, especially as they evolve into more frequent travellers. This presents an opportunity for the cruise industry to attract more first time cruisers and grow its repeat cruiser base within this segment. For the millennial generation, vacation is typically not merely about relaxation and exploring, but rather self-development and being able to share their adventures with friends and family via social media. Also, millennials typically prefer more affordable vacations without sacrificing the accommodations or experiences. The cruise industry is working toward meeting the millennials' unique vacation preferences, including enhancing its ships' internet connectivity.

Furthermore, many emerging international markets are experiencing growing economies and a rapid growth in middle-class consumers. As their earnings power and disposable income increase, these middle-class consumers are becoming more eager to purchase entertainment, travel and discretionary products and services. This demand growth provides the cruise industry the opportunity to expand its reach in these markets.

We believe the cruise industry is well-positioned to take advantage of these positive demand trends.

e. Ship Mobility

The mobility of cruise ships enables cruise companies to move their vessels between regions in order to maximize profitability. For example, brands can change itineraries over time in order to cater to guest tastes or as general economic or geopolitical conditions warrant. This flexibility allows cruise operators to better position themselves to attract more first-time cruisers and provide repeat guests with new and more desirable destinations. In addition, cruise companies have the flexibility to reposition some of their capacity to areas with growing demand, such as Asia. We believe that this unique ability to move ships provides the cruise industry with a competitive advantage compared to other land-based vacation alternatives.

f. High Guest Satisfaction Rates

Cruise guests tend to rate their overall satisfaction with a cruise vacation higher than comparable land-based hotel and resort vacations. According to industry surveys, the cruise experience consistently exceeds expectations of repeat and first-time cruisers on a wide range of important vacation attributes. Cruising continues to receive high guest satisfaction rates because of the unique vacation experiences it offers, including visiting multiple destinations without having to pack and unpack, all-inclusive product offerings and state-of-the-art cruise ships with entertainment, relaxation and fun, all at an outstanding value.

g. Favourable Supply Versus Demand Balance

Over the last several years cruise operators have slowed their passenger capacity growth in the more established cruise markets of North America and Western Europe compared to historical levels. Furthermore, smaller, older and less efficient cruise ships will continue to be retired from service as they reach the end of their economic lives, no longer provide guests with the vacation experiences that they desire or do not provide sufficient cash flows. Over time we expect demand to accelerate as global economic conditions improve and emerging markets continue to develop. We believe this favourable supply versus demand balance will have a positive impact on the cruise industry's ability to grow profitably. The cruise industry continues to maintain a measured rate of growth in established markets, such as North America and Western Europe, and is investing in emerging markets, such as China, where it believes it has greater growth opportunities.

III. Passenger Capacity and Cruise Guests Carried

The weighted-average passenger capacities for the global cruise industry and for us are as follows:

Year	Global Cruise Industry	Carnival Corporation & plc
2008	377,000	162,000
2009	397,000	174,000
2010	423,000	186,000
2011	443,000	195,000
2012	455,000	200,000
2013	470,000	205,000
2014	482,000	210,000
2015 (a)	500,000	215,000
2016 (a)	525,000	225,000
2017 (a)	552,000	231,000

(a) Our estimates of future passenger capacity do not include any assumptions related to unannounced ship withdrawals and, accordingly, our estimates could indicate a higher growth in passenger capacity than will actually occur.

The compound annual growth rates in passenger capacities for the global cruise industry and for us are as follows:

	Global Cruise Industry	Carnival Corporation & plc
2008 to 2013	4.5%	4.8%
2013 to 2014	2.6%	2.4%
2014 to 2017	4.6%	3.2%

The number of cruise guests carried by the global cruise industry and by us are as follows:

	Global Cruise Industry			Carnival Corporation & plc
Year (a)	North America	Europe, Australia, Asia and Other	Total	Total
2008	10,290,000	6,000,000	16,290,000	8,183,000
2009	10,400,000	7,190,000	17,590,000	8,519,000
2010	11,000,000	8,070,000	19,070,000	9,147,000
2011	11,440,000	9,050,000	20,490,000	9,559,000
2012	11,640,000	9,180,000	20,820,000	9,829,000
2013	11,710,000	9,590,000	21,300,000	10,061,000
2014 (b)	12,060,000	9,780,000	21,840,000	10,566,000

(a) The estimates of the total guests carried for 2008 through 2013 were obtained from G.P. Wild and are based upon where the guests were sourced and not the cruise brands on which they sailed.
(b) The estimates of the total guests carried for 2014 are based on internally developed global guests' growth rates.

The compound annual growth rates for the number of cruise guests carried by the global cruise industry and by us are as follows:

	Global Cruise Industry			Carnival Corporation & plc
Year (a)	North America	Europe, Australia, Asia and Other	Total	Total
2008 to 2013	2.6%	9.8%	5.5%	4.2%
2013 to 2014	3.0%	2.0%	2.5%	5.0%

As we continue to expand our global presence, our revenues generated from guests sourced from outside the U.S. have grown to 57% in 2014, up from 50% in 2008.

C. Our Global Cruise Business

I. Cruise Programs

Our 100 ships sail to all of the world's major cruise destinations and the percentage of our passenger capacity deployed in each of these regions is as follows:

Region	2015	2014	2013
Caribbean	34%	35%	33%
Mediterranean	15	17	19
Europe without Mediterranean	13	12	12
Australia	9	7	6
Alaska	5	5	6
Asia	6	5	4
Other	18	19	20
	100%	100%	100%

II. Segment Information

Each of our nine leading global, regional and national cruise brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia ("EAA") reportable cruise segments based on the similarity of their economic and other characteristics.

As of February 20, 2015, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships
North America			
Carnival Cruise Line	62,366	29%	24
Princess Cruises ("Princess")	44,090	21	18
Holland America Line	23,540	11	15
Seabourn	1,782	1	5
North America Cruise Brands	131,778	62	62
EAA (b)			
Costa Cruises ("Costa")	35,828	17	15
AIDA Cruises ("AIDA")	18,656	9	10
P&O Cruises (UK)	14,736	7	7
Cunard	6,694	3	3
P&O Cruises (Australia)	4,804	2	3
EAA Cruise Brands	80,718	38	38
	212,496	100%	100

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers. For contracted capacity increases, see Item 2. Business. C. "Our Global Cruise Business – Ships Under Contract for Construction".

(b) Carnival plc consists principally of the EAA cruise brands.

We also have a Cruise Support segment that includes our cruise port and related facilities located in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Roatán, Honduras and Puerto Plata, Dominican Republic (currently under development), which are or will be, operated for the benefit of our cruise brands. Cruise Support also includes other services that are provided for the benefit of all our cruise brands.

In addition to our cruise operations, we own Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Our tour company owns and operates 12 hotels or lodges, over 300 motorcoaches and 20 glass-domed railcars and is one of the five largest motorcoach companies in North America. This tour company and three cruise ships, the former *Costa Celebration*, *Costa Europa* and *Grand Holiday*, which we own and charter-out under long-term leases, comprise our Tour and Other segment as of February 20, 2015.

Almost 55% of the cruise guests in the world are sourced from the North American region, where cruising is a mainstream alternative to land-based vacations. Approximately 11.7 million North American-sourced guests took multi-night cruise vacations in 2013, and we estimate that 12.1 million guests cruised in 2014. According to an internal survey, up to 60% of North American non-cruiser adults are likely to cruise in the next five years. As a result of this and other favourable characteristics of the cruise industry, we expect increasing demand in the cruise segment of the North America vacation market.

The most popular location visited by North America-sourced cruise guests in 2014 was the Caribbean (including The Bahamas) and other locations include the Mediterranean Sea, Alaska, Northern Europe, Mexican Riviera, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, such as South and Central America, the South Pacific Islands, Australia, New Zealand, China, Japan, South Korea, Vietnam, Singapore, Thailand and the Indian Ocean.

Carnival Cruise Line, Princess, Holland America Line and Seabourn source their guests primarily from North America. Carnival Cruise Line also sources some of its guests from Australia. Princess also sources a growing number of guests from international regions, such as Australia, Asia, the UK and continental Europe. Holland America and Seabourn also source some of their guests internationally, such as from Australia, the UK, the Netherlands and Germany. Cunard also sources a large portion of its guests from North America. See Item 2. Business. C. "Our Global Cruise Business – Australia" and "Our Global Cruise Business – Asia" for additional discussion of Princess' and Carnival Cruise Line's operations in these regions.

CARNIVAL CRUISE LINE

Carnival Cruise Line is a leader in contemporary cruising and operates 24 ships designed to provide fun and exceptional vacation experiences that appeal to a wide variety of consumers, all at an outstanding value. Founded in 1972, Carnival Cruise Line is one of the most recognizable brands in the cruise industry and carried 4.5 million guests in 2014, the most of any individual cruise brand. Carnival Cruise Line identifies their target customers as "The Spirited" or those who like to live life to the fullest, look at the glass as half full, feel comfortable in their own skin and make their own fun. Carnival Cruise Line's cruises have a broad appeal to families, couples, singles and seniors and carried more than 700,000 children in 2014. Carnival Cruise Line has one new ship scheduled to be delivered in April 2016 and another one in March 2018, which together will increase its existing passenger capacity by 13%.

Carnival Cruise Line offers cruises generally from three to eight days with almost all of its ships departing from 14 convenient U.S. home ports located along the Eastern seaboard and the Gulf and West coasts. Carnival Cruise Line is the leading provider of year-round cruises in The Bahamas, the Caribbean and Mexico and also operates seasonal cruises in New England and Canada, Alaska, Hawaii and the Panama Canal.

The brand's focus continues to be on enhancing its products and services with innovations that appeal to new consumers, as well as past guests. In 2014, Carnival Cruise Line continued the rollout of its fleet wide Fun Ship® 2.0 product enhancement initiative. The Fun Ship® 2.0 program is transforming the line's guest experience through innovative dining, bar and entertainment concepts, as well as partnerships with popular celebrities and brands. Entertainer George Lopez is the brand's creative director for comedy and is enhancing the line's fleet wide comedy clubs; Food Network star Guy Fieri has developed an onboard burger restaurant called Guy's Burger Joint; leading video game manufacturer EA SPORTS helped create the first-ever EA SPORTS Bars at sea; and through a partnership with toy and game leader Hasbro, Inc. the line has created Hasbro, The Game Show, with larger-than-life adaptations of Hasbro's iconic games. The many ground-breaking features of Fun Ship® 2.0 are best reflected in the *Carnival Breeze and Carnival Sunshine.* As of February 20, 2015, 12 of Carnival Cruise Line's ships have some Fun Ship® 2.0 features, with additional vessels scheduled to receive them over the next few years.

In Spring 2016, the launch of *Carnival Vista* will continue the expansion of the Fun Ship® 2.0 enhancement program with the introduction of new ground-breaking features including SkyRide, a breakthrough suspended open-air cycling experience, the world's first IMAX Theater on a ship, an expanded water park featuring the

colourful Kaleid-O-Slide, the line's first raft-riding water tube slide, Seafood Shack, a delectable New England-inspired eatery, and an onboard brewery in the RedFrog Pub. These new Fun Ship® 2.0 features give Carnival Cruise Line yet another opportunity to continue to innovate and upgrade its products in exciting and ground-breaking new ways.

In 2014, Carnival Cruise Line entered into an exclusive partnership with Dr. Seuss Enterprises to create the new *Seuss at Sea* program and also unveiled Camp Ocean. *Seuss at Sea* has been rolled out on ten Carnival Cruise Line ships and will bring the beloved children's brand and favourite characters to nearly the entire Carnival Cruise Line fleet by the end of 2015. Camp Ocean is an exciting new marine-themed program that immerses children ages two to 11 in the wonders of the sea through fun, engaging, hands on experiences that include educational games, art, music, role play and more. Camp Ocean is currently available on four Carnival Cruise Line ships and will be introduced fleet-wide by the end of 2016.

In 2014, Carnival Cruise Line introduced the Carnival LIVE™ concert series, which is a new onboard offering that brings the best live music entertainment to the seas. The Carnival LIVE™ concert series features a diverse roster of popular, well known musicians and bands who play a series of onboard concerts for its guests at select ports-of-call. During 2014, the Carnival LIVE™ concert series featured 49 performances from 15 major recording artists on eight Carnival Cruise Line ships with more concerts scheduled for 2015. The Carnival LIVE™ initiative also includes enhancements to provide guests with a very high calibre of entertainment in bars and lounges onboard its ships.

PRINCESS

Princess is the world's largest premium cruise line based on passenger capacity and operates a fleet of 18 ships. Princess offers 150 unique itineraries to more than 300 destinations, with cruises generally from seven to 15 days with longer exotic sailings from 28 to 104 days, including one world cruise. In 2013, Princess began offering three and four day cruises to provide guests, particularly first-time Princess cruisers, an opportunity to experience the Princess products and services on shorter voyages.

Princess, whose brand name was originally made famous by the *Love Boat* television show, has been providing cruises since 1965. In 2015, the line will celebrate its 50th anniversary with an array of celebratory activities and entertainment throughout the year to commemorate half a century of cruising capped with a nostalgic sailing to Mexico departing exactly 50 years to the day that the line's original ship set sail on its very first cruise. Princess rang in the 2015 New Year and its 50th anniversary in an unprecedented way with its first ever float in the world famous Rose Parade in Pasadena, California. As a special feature, the six original cast members of the Love Boat television show rode on the ship's bow and "cruised down" the parade route.

The line's newest ship, *Regal Princess*, which entered service in May 2014, was christened by the original cast of the *Love Boat*. This ship has a 3,560-passenger capacity, one of the largest in its fleet, and continues the evolution of the Princess products and services. Similar to *Royal Princess*, which entered service in 2013, *Regal Princess* offers a variety of new features, including an over-the-water SeaWalk, which is a top-deck, glass-bottom walkway extending more than 28 feet beyond the ship's side. The successful design platform of *Royal Princess* and *Regal Princess* will also be featured in the brands' new 3,560-passenger capacity sister ship, which is scheduled to be delivered in March 2017 and will increase the brand's existing passenger capacity by 8%.

Princess is a leading cruise line in international and exotic destinations, including Europe, Australia, Asia, the Panama Canal, Hawaii and South America. Princess will have six ships sailing in 2015 throughout Europe between the months of April and November. Princess is also a leading cruise line in Alaska and will continue to dedicate seven ships to sailing there between the months of May and September 2015. Princess' itineraries are widely praised and have been awarded numerous times over the years by various travel magazines, such as *Travel Weekly*, *Recommend Magazine* and *Cruise Critic*. Some of Princess' Caribbean cruise offerings feature a private island destination that Princess leases and operates, known as Princess Cays®, which is located on the island of Eleuthera in The Bahamas.

Princess is widely recognized as an innovative, premium cruise line committed to helping its guests Escape Completely® from their daily routine and responsibilities. Designed with a warm, welcoming "comfortable elegance," Princess' ships provide a relaxed, rejuvenating retreat at sea, with signature amenities offered consistently across most of its fleet befitting its mission to be The Consummate Host® to its guests. Its main atrium serves as the heart of the ship, featuring its International Café and specialty coffee bar, its Vines wine and seafood bar and a variety of entertainment throughout the day and evening. Its "Movies Under The Stars"

outdoor theatres recreate the drive-in movie experience out on deck, with first-run Hollywood movies and major sporting events shown on a 330 square-foot poolside LED screen, complete with fresh-made popcorn. The Sanctuary, a spa-like retreat reserved just for adults, and unique "Ultimate Balcony Dining" course-by-course dining option were industry firsts.

In January 2014, Princess introduced a new multi-media marketing campaign designed to redefine its brand and differentiate it from other cruise lines. The campaign promotes Princess as being uniquely qualified to provide its guests with meaningful travel and life experiences in both the destinations travelled and onboard the ship so that they will Come Back New℠ from their Princess vacation. Several onboard product initiatives have been introduced to support its Come Back New℠ program including a "Chocolate Journey's" dessert experience featuring master chocolatier Norman Love, wines from the world's cruising regions and a culinary academy for its guests. Ashore, Princess offers a comprehensive award-winning tours program, from the best of each region to transformative one-of-a-kind experiences. In addition, Princess continues to enhance travel agent support with the Princess Academy educational program, voted *Best Travel Agent Educational Program* by *Travel Weekly*. Approximately 60,000 travel agents around the world have learned about Princess' product and service offerings and destinations through this program, making it one of the largest travel industry training programs in the world.

Also in 2014, Princess and Discovery Channel announced their collaboration to create *Discovery at Sea*, which includes interactive onboard activities and shore excursions designed to entertain and delight families onboard Princess ships and will feature themed tours, science activities, hands-on programs and games. Beginning in early 2015, the program will bring to life the nature, wildlife and history of the regions their guests are sailing. The content will be based on top-rated Discovery networks, such as Discovery Channel, TLC, Animal Planet and Science Channel and will feature elements of popular television shows, such as *Shark Week*, *Mythbusters* and *Deadliest Catch*.

HOLLAND AMERICA LINE

Holland America Line, which has been providing cruises for over 140 years, operates a fleet of 15 premium mid-sized ships. Holland America Line offers almost 500 cruises to over 400 ports in almost 100 countries and territories on all seven continents. While its cruises are generally from seven to 21 days, the line also offers longer, exotic Grand Voyages from 55 to 114 days, including a Grand World Voyage. Holland America Line is one of the leading cruise lines in Alaska and in 2015 will continue to dedicate seven ships to sailing there between the months of May and September. Europe also continues to be a key destination in 2015 with six ships sailing there between the months of April and November, offering itineraries throughout the region including the Eastern and Western Mediterranean, the Baltic Sea, the Norwegian fjords, British Isles, Iceland and Atlantic crossings. In the Caribbean, most of Holland America Line's ships visit its award-winning private island in The Bahamas, Half Moon Cay, known for its pristine beaches, diverse shore excursions, exclusive beach cabanas and kid-friendly activities. Holland America Line has one new 2,650 passenger capacity ship, *Koningsdam*, scheduled to be delivered in February 2016 and a sister ship in November 2018. The passenger capacity of Holland America Line will increase by 12% after taking into consideration these two newbuilds, net of their two ships that will be transferring to P&O Cruises (Australia) in November 2015.

Holland America Line's mission is to create once-in-a-lifetime experiences for its guests every time they cruise. The brand continues to enjoy one of the highest rates of repeat cruisers. Holland America Line's Signature of Excellence products and services emphasize its dedication to all aspects of the guest experience, including elegant accommodations, sophisticated five-star dining and award-winning service. Its mid-sized ships are designed for more intimate cruising and feature classically designed interiors, wraparound teak decks and private verandas. In addition, Holland America Line ships have one of the most extensive collections of art and antiques at sea.

All of Holland America Line's ships have Culinary Arts Centers presented by *Food & Wine* magazine, where guests enjoy cooking demonstrations, private cooking lessons, wine tastings and lifestyle seminars, as well as cuisine from the recipes of an esteemed Culinary Council including David Burke, Jacques Torres, Elizabeth Falkner, Jonnie Boer, Mark Best and Master Chef Rudi Sodamin. In addition, the Digital Workshop powered by Windows, in collaboration with Microsoft®, offers complimentary photo and video editing classes. In the Explorations Café® created in partnership with The New York Times, guests will find specialty coffees, an extensive library and music listening stations. The Greenhouse Spa and Salon has extensive wellness and beauty treatments, fitness classes and exercise equipment. Other marquee partnerships bring guests unique onboard experiences such as B.B. King's Blues Club and *Dancing with the Stars at Sea*, featuring theme cruises, dance lessons and guest dance competitions developed in partnership with the hit television program.

SEABOURN

Seabourn provides ultra-luxury cruising vacations on smaller ships that focus on personalized service and guest recognition, spacious all-suite accommodations, award-winning gourmet dining and unique experiences such as the Officer on Deck culinary event and the complimentary Evening in Epheus shore event where guests enjoy a classical music concert in the ancient ruins. Seabourn was voted the "Best Small-Ship Cruise Line" by readers of *Travel + Leisure* in five of the past six years and *Condé Nast Traveler* for four of the past five years. In addition, *Saveur* named Seabourn "Best Culinary Cruise Line" by its panel of travel experts and editors for the past two years. Seabourn's brand offers travellers a compelling value proposition that includes complimentary open bars throughout the ship and fine wines during lunch and dinner. Seabourn pampers its guests with value-added extras such as Massage Moments℠ on deck and Caviar in the Surf℠ beach parties. In 2014, the luxurious Spa at Seabourn onboard the intimate, all-suite *Seabourn Odyssey* was rated as the "Best Spa on a Cruise Ship" by the readers of *Condé Nast Traveler* in the magazine's annual poll of spa facilities worldwide. Readers also voted the spa facilities on three other Seabourn vessels among the top ten cruise ship spas.

Seabourn's ships cruise to destinations throughout the world, including Europe, South Africa, Asia, the South Pacific Islands, Australia, the Americas and Antarctica, with cruises generally from seven to 14 days, with some of longer length. In addition, Seabourn has introduced Extended Explorations, which is a novel way for travellers to enjoy longer cruises, with the added luxury of a wide range of choices regarding where and when they sail. The new, linked itineraries allow guests to deeply explore more extensive regions of the world on voyages ranging from 28 to more than 100 days. In 2014, Seabourn announced a multi-year agreement with the United Nations Educational Scientific and Cultural Organization ("UNESCO") to support UNESCO's mission of safeguarding unique cultural and natural features around the world. This program is designed to promote sustainable tourism and provide Seabourn's guests with unique access to and a greater understanding and enhanced content at more than 150 World Heritage Sites visited by the line.

Seabourn currently operates three ships, which have between 450 and 458 passenger-capacity, and two 208-passenger capacity ships. The three larger ships offer more categories of luxury suites, more dining alternatives and have some of the largest spa facilities at sea. In response to the popularity of its spas with cruising travellers, Seabourn has created a new category of luxury accommodations called Penthouse Spa Suites, which have a spacious living area, private veranda, sweeping views of the ship and unlimited access to the spa. Penthouse Spa Suites are currently available on *Seabourn Quest* and *Seabourn Odyssey* and will be added to *Seabourn Sojourn* in 2015.

All of the Seabourn ships have a service ratio of nearly one staff member per guest and an intimate, sociable atmosphere that has been the hallmark of the Seabourn lifestyle since it began its operations in 1988. Seabourn has two new 604-passenger capacity ships scheduled for delivery in November 2016 and April 2018. The passenger capacity of Seabourn will increase by 44% after taking into consideration these two newbuilds, net of the capacity of its three smaller ships that were sold in 2013, one of which left its fleet in April 2014 and the remaining two which will be leaving by May 2015.

IV. Europe, Australia & Asia

a. Europe

We believe that Europe is the largest leisure travel vacation region in the world. However, cruising in Europe to date has a lower level of penetration than in North America and represents a relatively small percentage of the European vacation markets. Approximately 6.4 million European-sourced guests took multi-night cruise vacations in 2013 compared to 11.7 million North American-sourced guests. Additionally, we estimate that 6.4 million European-sourced guests also cruised in 2014. Because of the relatively low penetration rates and other favourable characteristics of the cruise industry, we expect increased demand in the cruise segments of the European vacation markets.

The most popular location visited by European-sourced cruise guests in 2014 was the Mediterranean Sea and other locations include Atlantic Isles (including the Canary Islands and Madeira), Northern Europe (including Scandinavia), the Caribbean, Bermuda, the Arabian Gulf and the Indian Ocean, China, Japan, South Korea, South America, New York, New England and Canada.

1. United Kingdom

The UK provides the largest number of cruise guests sourced in Europe. Approximately 1.7 million UK-sourced guests took a multi-night cruise vacation in 2013, and we estimate that a similar number of guests cruised in 2014. Cruising in the UK is a well-established alternative to land-based vacations. P&O Cruises (UK) sources substantially all its guests from the UK. Cunard sources approximately half of its guests from the UK and sources principally all of its other guests from North America, Germany and Australia.

P&O CRUISES (UK)

P&O Cruises (UK) is the leading and most recognized cruise brand in the UK and can trace its roots back 177 years to the formation of the Peninsular Steam Navigation Company. P&O Cruises (UK) is dedicated to providing the holiday of a lifetime to its British guests and operates a fleet of seven premium ships that vary in size from 700 to 3,100 lower berths. Three of its ships offer holidays exclusively for adults while the other ships are well-suited for families. P&O Cruises (UK) has a new 3,647-passenger capacity ship, *Britannia,* scheduled to be delivered in late February 2015, which will increase its existing passenger capacity by 25%. *Britannia* will be the largest cruise ship built exclusively for the British market. British Broadcasting Corporation ("BBC") Formula One racing presenter Suzi Perry started the engines of *Britannia* for the first time in 2014, as part of a series of creative events leading up to the christening of this new ship.

P&O Cruises (UK)'s ships visit over 200 destinations worldwide, with cruises generally from seven to 17 days, with a number of longer voyages, including two world cruises of over 100 days in 2015. The line also offers a number of shorter cruises designed to attract first time cruisers. In the summer, cruises generally depart from Southampton, England to the Mediterranean Sea, Scandinavia and the Baltic Sea, New England and Canada, the Atlantic Isles and the Caribbean. In the summer, P&O Cruises (UK) also offers seven or 14 day voyages departing from Venice and Genoa, Italy and sailing in the Mediterranean. In the winter, the line generally offers cruises in the Caribbean, the Mediterranean, the Canary Islands and world cruises.

P&O Cruises (UK)'s fleet reflects the tastes and trends of contemporary Britain in ambiance, dining, entertainment and service. This is enhanced through partnerships with British celebrity chefs Marco Pierre White, Atul Kochhar, James Martin and Eric Lanlard and with British wine expert Olly Smith. The line also offers cruises themed after the popular television series, *Strictly Come Dancing* from the BBC, where professional dancers, judges and guests bring all the glamour of the ballroom to the sea. P&O Cruises (UK) provides an authentic, quality cruise experience and has an enviable reputation for trust and reliability, highlighted by high levels of customer loyalty.

In 2014, P&O Cruises (UK) introduced a new contemporary external design on *Aurora* that stylishly incorporates the national flag of the UK sweeping down the sides of its hull. The ship also has a blue funnel carrying an illuminated rising sun, which represents the Oriental part of the Peninsular and Oriental name. The new design symbolizes the future while celebrating its British traditions. *Britannia* will also feature the new design when it enters service in 2015 and the remainder of the fleet will receive the design enhancements by the end of 2016. *Britannia* will include a number of new innovations for passengers, most notably the culinary school in collaboration with James Martin and the Limelight Club, which will combine great food with dazzling entertainment.

CUNARD

Cunard celebrates its 175th anniversary in 2015. The line operates three premium/luxury ships, *Queen Elizabeth, Queen Mary 2* and *Queen Victoria,* and has one of the youngest fleets in the cruise industry. During 2014, *Queen Mary 2* celebrated her 10th anniversary with an onboard concert by the world renowned singer, James Taylor, while she sailed on a Transatlantic crossing. During 2015, Cunard ships, which have between 2,000 and 2,600-passenger capacity, will sail a variety of seasonal itineraries including world cruises to destinations in Northern Europe, the Mediterranean Sea and New England and Canada, as well as their iconic transatlantic voyages on *Queen Mary 2*. Most of Cunard's cruises are generally from seven to 14 days with three world cruises of over 100 days.

Cunard offers guests a unique experience that celebrates its British heritage and enjoys an enviable association with the British Royal Family. Her Majesty the Queen is Godmother to both *Queen Elizabeth* and *Queen Mary 2*. Cunard provides guests with the opportunity to relive the golden age of ocean travel and features sophisticated five-star dining, luxurious accommodations and award-winning White Star Service. Cunard's premium/luxury cruise product enables its guests to enjoy a wide variety of shipboard amenities and entertainment, including spas, cinemas, a planetarium onboard *Queen Mary 2*, libraries, traditional British pubs and theatres. Its renowned guest lecture program, *Insights*, includes prominent speakers and entertainers such as Buzz Aldrin, FW De Clerk, Kim Novak and Crosby Stills and Nash for 2015. Cunard ships also feature the Queen's Grill and Princess Grill, which are renowned for their exclusive suites and intimate dining rooms. Together, these features further distinguish this historic brand from all others and have made Cunard ships the Most Famous Ocean Liners In The World[SM].

2. Continental Europe

The main countries in continental Europe for sourcing cruise guests are Germany, Italy, France and Spain. Together, almost 3.6 million cruise guests were sourced from these countries for multi-night cruise vacations in 2013, and we estimate that a similar number of guests also cruised in 2014. The German cruise industry reached more than 1.7 million guests in 2014 and is the second largest source market in Europe, after the UK. The Italian cruise industry is the third largest in Europe with almost 870,000 guests in 2014. The French and Spanish cruise industries are the fourth and fifth largest in Europe with almost 520,000 guests and 470,000 guests in 2014, respectively.

The principal sources for Costa's guests are from Italy, China, France and Germany, although it also sources a significant number of guests from Spain, Argentina and Brazil. AIDA sources substantially all of its guests from Germany.

COSTA

Costa is Europe's largest cruise line based on guests carried and passenger capacity. In 2014, Costa carried 1.7 million guests sourced from around the world. It is also the number one cruise line in Italy and France and one of the largest cruise lines in the German cruise industry. Costa has been providing cruises for 67 years and operates a fleet of 15 contemporary ships. In Germany, where we also own and operate AIDA, Costa offers a more traditional cruise product and services catering to a different guest profile than AIDA.

Costa calls on 270 ports around the world and offers 150 different itineraries, with cruises generally from seven to 11 days. In the summer, Costa deploys its ships in the Mediterranean Sea and Northern Europe. In the winter, Costa deploys its ships in Brazil and Argentina, the Mediterranean Sea, the Caribbean and the Arabian Gulf. Costa is an undisputed leader in the Mediterranean where it boasts a tradition spanning close to seven decades and was the first cruise company to operate Mediterranean cruises year-round. See Item 2. Business. C. "Our Global Cruise Business – Asia" for additional discussion of Costa's operations in Asia.

Costa's new 3,692-passenger capacity ship, *Costa Diadema*, was delivered in October 2014 and increased its passenger capacity by 11%. The brand's new flagship offers unique onboard attractions, such as the Passeggiata al Mare (or Seaside Walk), a specifically-themed deck around the ship that resembles a gorgeous Italian Riviera seafront with bars and restaurants. In 2015, *Costa Diadema* will take guests to the most celebrated destinations in the Western Mediterranean and introduce new excursions, such as tastings and cycling tours, which enable its guests to experience each port-of-call in a unique way. An exclusive feature on *Costa Diadema* will be Star Laser, a completely new area that will amaze guests with different styles of interactive laser games.

During 2014, Costa enhanced its international advertising activities to support its sales growth and launched a new advertising campaign to support its position as the world ambassador of Italy's finest. Costa's ships represent the best of Italy by offering beautiful Italian art, unique interior decorations with superb Italian mosaics, precious Murano chandeliers, fine Italian wines, excellent Mediterranean food selections and unique

shops that carry well-known Italian fashion brands. Costa attracts international guests due to its multi-lingual service and is considered in Europe to be a top vacation provider. Costa is also known for offering innovative itineraries that combine the excitement of new destinations with pampering onboard service and ambiance. The spectacular Samsara spa wellness centre includes a dedicated restaurant and cabins with direct access to the spa.

In 2014, Costa debuted a new style of cruising onboard three of its smaller ships with the advent of the neoCollection. The neoCollection cruises are an invitation to make the most of every minute and enjoy the holiday in a more leisurely way. This is a new type of Costa cruise experience that is tailored to suit individual tastes and allows each guest to go at their own pace, both onboard and ashore, making it an ideal vacation for couples as well as groups of friends. The exclusive cruise itineraries include longer port calls and sailings to destinations inaccessible by larger cruise ships, including destinations declared UNESCO World Heritage Sites. The neoCollection offers 11 day sailings to the most attractive destinations in the Mediterranean Sea during spring and summer, as well as 12 and 14 day cruises in Northern Europe also during the summer. The neoCollection cruises offer a range of options, such as specially designed shore excursions for small groups and fine food and wine options based on the authentic cuisine of the regions visited.

AIDA

AIDA, which began operating in 1996, is the leader and most recognized cruise brand in the German cruise industry. Germany is our fastest growing European market and AIDA is our fastest growing cruise brand. AIDA has taken delivery of seven ships in the past eight years and now operates ten premium ships featuring a resort casual atmosphere. AIDA has one new ship scheduled to be delivered in September 2015 and another one in March 2016, which together will increase its existing passenger capacity by 35%.

AIDA's two newbuilds are a new design, larger than AIDA's current generation of vessels and combine an advanced technological platform featuring a new energy efficient hull design along with innovative guest features. These 3,286-passenger capacity ships feature several unique amenities, such as two foil-domed outside decks that can be used year-round, the new Four Elements Fun Park with the world's largest water slide at sea, an ice-skating rink, Lanai cabins with private winter gardens, as well as AIDA's onboard hallmarks, such as a theatre in the centre of the ship's atrium and a micro-brewery. AIDA's brand image underlines its leadership in the German speaking vacation market and highlights its product's individuality, which is "Unique. Every time...AIDA."

AIDA offers its guests cruises generally from three to 21 days, while calling on over 190 ports. In the summer, AIDA ships generally sail in the North Sea, the Baltic Sea, the Atlantic, the Mediterranean Sea, the U.S. East Coast and Canada. In the winter, AIDA ships generally sail in the Caribbean, Southeast Asia, the Arabian Gulf, Central America, the Atlantic Isles and the Mediterranean Sea.

AIDA's product is especially tailored for German-speaking guests and includes a German-speaking crew as well as German-style food and entertainment. AIDA's ships include a variety of informal and formal dining options, including buffets, grills and exclusive restaurants. AIDA offers an exceptionally relaxed, yet active, cruising experience with an emphasis on a healthy and youthful lifestyle, choice, informality, family friendliness and activity. In 2014, AIDA was voted Germany's most family-friendly cruise company based on an independent survey. Family friendliness is a top priority onboard AIDA ships and is also a key component of its philosophy. This includes onboard facilities designed with children in mind, family-focused offerings, warm-hearted childcare services and family-friendly cabins with connecting doors. These features provide the perfect vacation experience for the entire family.

b. Australia

Approximately 840,000 Australian and New Zealand guests took multi-night cruise vacations in 2013, and we estimate that almost 950,000 guests cruised in 2014. Of these, over 70% sailed on Carnival Corporation & plc branded vessels. Cruising in Australia is an established alternative to land-based vacations. However, due to the favorable characteristics of the cruise industry, we expect increased demand in the cruise segment of the Australian vacation market. By the end of 2015, we will dedicate nine ships year round and six ships on a

seasonal basis to serve this market through our P&O Cruises (Australia), Princess and Carnival Cruise Line brands. Some of our other brands also source guests from Australia and New Zealand but to a lesser extent. Carnival Cruise Line and Princess are primarily marketed in North America, so we consider them North America cruise brands for our cruise segment reporting, even though some of their ships are marketed principally to Australians and New Zealanders during certain deployments.

P&O CRUISES (AUSTRALIA)

P&O Cruises (Australia) is a leader in the Australian cruise industry and is recognized by nine out of ten Australians as the brand synonymous with cruising. P&O Cruises (Australia) was voted one of Australia's most trusted brands by *Readers Digest* in 2014. With over 270,000 guests annually, P&O Cruises (Australia) carried almost 30% of all Australian and New Zealand cruise guests on its three contemporary ships in 2014. Its ships offer cruises generally from three day themed seabreaks to ten day explorer trips for guests of all ages and have broad appeal to families, couples and groups of friends. In November 2015, P&O Cruises (Australia) will take delivery of the 1,260-passenger capacity *Ryndam* and *Statendam* from Holland America Line, which will be refurbished and renamed *Pacific Aria* and *Pacific Eden*, respectively. These two ships will increase the line's existing capacity by 52%. As part of their refurbishments, these ships will feature the largest ever array of restaurant offerings including a market place of fresh food outlets that will replace the traditional cruise buffet.

P&O Cruises (Australia) sails to more South Pacific Island destinations than any other cruise line and it enables guests to discover these islands from New Caledonia to Fiji. In addition, remote idyllic parts of Papua New Guinea are also included in their itineraries. P&O Cruises (Australia) also offers year round itineraries to Australia's magnificent coast line and New Zealand. With a fleet of five ships, P&O (Australia) will have a larger footprint and will be able to open more of Australia and New Zealand for cruising, offering extended seasons from existing homeports and adding new homeports and ports-of-call.

With almost 80 years of cruising experience, P&O Cruises (Australia) provides a quintessential holiday experience for Australians and New Zealanders. The onboard atmosphere is laid back with a focus on great food, friendly service and exciting entertainment. Australians like to be active and the line caters to that by offering numerous activities while also giving its guests flexibility and freedom of choice during their cruises. In late 2013, P&O Cruises (Australia) launched P&OEdge™, one of the most comprehensive adventure programs on the high seas. The P&OEdge™ program provides its guests with the opportunity to climb, swing, race and jump their way to parts of the ship never seen before by guests. The activities, which include repelling, ziplining, tight-rope balancing, Segway obstacle courses, rock wall climbing and many more, have been specifically designed to make use of the ship's existing architecture to create one of the largest adventure parks at sea.

PRINCESS

In 2015, Princess will deploy three premium ships on a year-round basis and another two on a seasonal basis from Australia. During 2015, Princess will have the largest Australian and New Zealand passenger capacity deployment of any cruise brand. Princess' ships visit the South Pacific Islands, Australia, New Zealand and Asia and the cruises are generally from 11 to 17 days, with one world cruise of over 100 days.

CARNIVAL CRUISE LINE

In 2015, Carnival Cruise Line will continue to deploy two contemporary ships from Australia, one on a year-round basis and one seasonally-based. These ships offer cruises from three to 19 days to the South Pacific Islands and New Zealand. These ships have been refurbished to ensure they are tailored to this market, pairing the best mix of award winning American innovations to suit Australian tastes. Since October 2012 when Carnival Cruise Line began its Australia cruise program, the line has carried more than 200,000 guests and has proven extremely popular in the cruise segment of the Australian vacation market, particularly among families.

c. Asia

Costa 歌诗达邮轮

PRINCESS CRUISES
come back new

Although in the early stages of development, we believe the cruise segment of the Asian vacation markets has significant long-term potential for growth. In 2013, the Asia Cruise Association ("ACA") estimated that there were roughly 1.3 million Asian-sourced passengers from the 12 primary source markets in Asia, of which Chinese-sourced were the largest share. The ACA also estimated that Asian demand for cruises has the ability to almost triple to four million annual cruisers by 2020, with the Chinese source market potentially growing to roughly 1.6 million passengers. Accordingly, we view Asia as an important part of our global strategy and remain committed to capacity growth focused on the emerging vacation markets in this region. Over the past three years, we have increased our presence in the region by opening 12 sales and marketing offices in six Asian countries and established a corporate office in Singapore.

We serve this market substantially through our Costa and Princess brands although some of our other brands also source guests from Asia. Princess is primarily marketed in North America, so we consider it a North America cruise brand for our cruise segment reporting, even though some of its ships are marketed principally to Asians during certain deployments.

China

Over the past decade China has been, by far, the world's fastest growing tourism source market. In 2012, China's consumer expenditures on travel abroad reached over $100 billion, making it the number one tourism source market in the world based on spending, according to the United Nations World Tourism Organization. Tourism is one of the most rapidly growing sectors in the Chinese economy as Chinese discretionary income has increased at a compound average annual growth rate of over 10% over the past five years. More than 100 million Chinese tourists are expected to have travelled abroad in 2014. Since 2013, international cruise companies have increased their investments in China, doubling the number of cruise ships, as well as increasing the routes and frequency of sailings. As a result, the number of Chinese tourists taking cruises increased by more than 50% in 2014. Based on an internal survey, by 2017 China has the potential to become one of the largest cruise markets. By 2022, it is estimated that more than 75% of urban Chinese households will be in the middle class. Reflecting this potential growth, the Chinese government has identified cruising as an industry to further develop and is making substantial investments in cruise-related infrastructure, such as cruise port terminals and shipbuilding.

In 2006, we began sourcing our Chinese guests mostly from major areas, such as Shanghai, Beijing, Jiangsu and Guangdong, which have a combined population of approximately 230 million. We believe the cruise segment of the Chinese vacation market has significant long-term growth potential given its early stage of development with healthy demand from these first-tier mega cities and areas, the large and growing middle-class population, cruising's value proposition as a family oriented vacation alternative for the growing middle-class Chinese consumer, the easing of travel restrictions, increasing support from the Chinese government and expansion of their international tourism aspirations. Due to the high importance we place on the emerging China cruise market, we relocated our Chief Operations Officer to China in 2014 to oversee our brands' strategic initiatives and coordinate our growth strategy in China and the surrounding markets.

As we execute our strategy to accelerate growth in China, we have the benefit of eight years of local experience to help guide our expansion and enhance our cruise products and services and make them even more attractive to our Chinese guests. As part of our strategy, we are exploring opportunities aimed at the development of a domestic cruise company and the formation of a domestic cruise shipbuilding company, as well as local port development, talent development and training, enhanced relationships with our distribution partners and sharing of supply chain and logistics expertise.

As we continue to redeploy our ships to the region, we carefully design itineraries to fit the lifestyle of our Chinese guests. For example, our ships deployed in China offer itineraries that average four to five days since our Chinese guests have significantly fewer vacation days compared to guests in more established markets. Also, the destinations our ships visit are driven by our Chinese guests' ability to obtain visas for international travel. Currently, Japan and South Korea are the preferred destinations for Chinese cruisers. However, as the cruise segment of the Chinese vacation market continues to develop, we will continue to work on identifying and developing new destinations that are both attractive and viable.

Currently, most cruises in China are regional. In the future, as we develop the cruise market and raise consumer awareness, we expect to increase our offerings of fly cruise packages.

COSTA

Costa began its China operations in 2006 and was the first international cruise line to home port a ship there. Costa operates two contemporary ships from China that are primarily marketed to the Chinese. Costa is adding another ship, the 2,984-passenger capacity, *Costa Serena*, in April 2015, which will increase its capacity in China by 74%. These ships offer a unique product, referred to as Italy at Sea, which provides a blend of both Italian-style hospitality, design, shopping experience and cuisine, as well as catering to Chinese-speaking guests' desires for local cuisine and entertainment, gaming options and well-known luxury brands in their retail shops.

Costa offers its guests cruises generally from four to five days. One of its ships offers cruises to South Korea and Japan year-round. Costa's other ship also sails from China to Japan and South Korea from the spring through the fall months. During the winter months, it sails from Singapore calling on ports in Malaysia and Thailand and from Hong Kong calling on ports in mainland China, Vietnam and the Philippines. *Costa Serena* will also sail year-round from China to Japan and South Korea.

PRINCESS

In 2014, Princess successfully entered the cruise segment of the Chinese vacation market with its four-month deployment of the 2,678-passenger capacity *Sapphire Princess* on cruises departing from Shanghai. *Sapphire Princess* brings a new premium cruise experience, which the line calls "Princess Class" to the cruise segment of the Chinese vacation market with an onboard product that is also customized to meet the needs of its Chinese guests. Local offerings included *World Leader* dinners, *Tai Chi at sea*, Ocean View Hot Pot dinner, *Adventures in English* enrichment classes and "Princess Night" stateroom amenities. The China season features itineraries that are generally from three to five days and include calls at several South Korean ports.

V. Ships Under Contract for Construction

As of February 20, 2015, summary information of our ships under contract for construction is as follows (a) :

Cruise Brands and Ships	Expected Delivery Date	Passenger Capacity
North America		
Carnival Cruise Line		
Carnival Vista	4/16	3,972
Newbuild	3/18	3,954
Princess Cruises		
Newbuild	3/17	3,560
Holland America Line		
Koningsdam	2/16	2,660
Newbuild	11/18	2,650
Seabourn		
Seabourn Encore	11/16	604
Seabourn Ovation	4/18	604
North America Cruise Brands		18,004
EAA		
P&O Cruises (UK)		
Britannia	2/15	3,647
AIDA		
AIDAprima	9/15	3,286
Newbuild	3/16	3,286
EAA Cruise Brands		10,219
		28,223

(a) Our ship construction agreements cannot be cancelled by either party without cause, and such cancellation will subject the defaulting party to contractual liquidated damages. All of our ship construction contracts except AIDA's are with Fincantieri in Italy. Our AIDA ship construction contracts are with Mitsubishi Heavy Industries in Japan.

VI. Cruise Ports and Destination Developments

Our cruise brands provide guests with unique vacation experiences and additional home and transit ports through the development and management of new or enhanced cruise port facilities. Creating leading destinations as well as securing preferred ports enables us to grow demand and deliver unique experiences to our guests. Our involvement is usually in cooperation with governmental entities and local operators and typically includes providing development and management expertise and financial commitments that are connected to long-term port usage and preferential berthing agreements. However, sometimes we provide direct financial support or develop the port infrastructure ourselves, including the development and operation of mixed-use commercial properties. Commercial property lease revenues are included in other cruise revenues. We currently operate or are developing:

- Leased or owned port facilities or have interests in joint ventures that operate leased or owned port facilities in Barcelona, Spain; Civitavecchia, Naples, Savona and Trieste, Italy; Hamburg, Germany; Juneau, Alaska; Long Beach, California and Marseilles, France for the benefit of our cruise brands and
- Leased or owned port facilities that we have developed, or are in the process of developing, as destinations in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Roatán, Honduras and Puerto Plata, Dominican Republic; as well as private island destinations in The Bahamas, Half Moon Cay and Princess Cays®, primarily for the benefit of our North America cruise brands. The facility in Puerto Plata, Dominican Republic, known as Amber Cove, is a new port destination strategically located in the central Caribbean cruise region and is expected to be opened in October 2015.

These destinations offer a variety of features, including shore excursions, cultural and historic exhibits, water sports, beaches, retail outlets and a variety of themed-dining options. These features come together to make each of these ports-of-call a unique vacation experience for our guests.

In addition, we are involved with the development, enhancement and/or financing of government-owned and operated cruise port facilities in Cape Canaveral, Fort Lauderdale and Miami, Florida; Galveston, Texas; New Orleans, Louisiana; New York City, New York; San Juan, Puerto Rico and St. Maarten, Kingdom of the Netherlands.

VII. Cruise Ship Repair Facility

We own a 40% interest in Grand Bahamas Shipyard Ltd. ("GBSL"), which is the largest cruise ship dry-dock repair facility in the world, to support our ship repair and maintenance programs. We utilize this facility, as well as other ship repair facilities, for our regularly scheduled dry-dockings and certain emergency repairs as may be required. This repair facility, located in Freeport, Grand Bahamas, has three dry-docks and can accommodate almost all of our ships. As a result, our North America brand ships based in the Caribbean primarily use this facility given its proximity to their home ports. During 2014, we had 13 ships serviced at this facility. In addition, unaffiliated cruise ships and other types of ships, such as cargo and oil and gas tankers and offshore units, are serviced at this facility. GBSL generated total revenues of over $140 million in 2014, with a large portion being derived from work on our cruise ships.

Royal Caribbean Cruises Ltd. ("RCCL") also owns a 40% interest in GBSL and an unaffiliated entity owned by Grand Bahamas Port Authority owns the remaining 20%. We account for our investment in GBSL using the equity method, with our share of income or loss recorded in other nonoperating income or expense. At November 30, 2014, our total net investment in, including notes receivable from, GBSL was $69 million. At November 30, 2014, GBSL had $164 million of outstanding debt and accrued interest due in equal parts to RCCL and us.

VIII. Cruise Pricing and Payment Terms

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

Our bookings are generally taken several months in advance of the cruise departure date. Typically, the longer the cruise itinerary the further in advance the bookings are made. This lead time allows us to manage our prices in relation to demand for available cabins through the use of advanced revenue management capabilities and other initiatives, with the typical strategy of filling our ships while achieving the highest possible overall net revenue yields. In addition, we have the ability to change ship itineraries and cruise durations over time to maximize our net revenue yields. See Item 3. Business Review -"Key Performance Non-GAAP Financial Indicators" within this Strategic Report for a discussion of net revenue yields.

The cruise ticket price typically includes the following:

- Accommodations,
- Most meals, including snacks at numerous venues,
- Access to amenities such as swimming pools, water slides, water parks, whirlpools, saunas, a health club, a jogging track, basketball, table tennis, sun decks and libraries,
- Child care and supervised youth programs,
- Entertainment, such as theatrical shows, movies, comedy shows and musical performances and other venues such as nightclubs, lounges and bars, themed parties and cooking demonstrations and
- Access to exclusive private islands and destinations.

Our brands' payment terms generally require that a guest pay a deposit to confirm their reservation and then pay the balance due before the departure date. In Australia and most of Europe, 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. Our guests utilize various forms of payment, such as credit and debit cards or direct debits, to pay for their cruise ticket and onboard purchases, which results in us incurring fees, which are included in commissions, transportation and other, and onboard and other expenses.

Our guests are subject to a cancellation fee if they cancel their cruise within a pre-defined period before sailing, unless they purchase a vacation protection package for the ability to obtain a refund. We include this cancellation fee income in cruise passenger ticket revenues at the time of cancellation. Guests who purchase vacation protection packages will receive all or a portion of their deposit value back in cash or in the form of a future cruise credit, in accordance with the terms of the programs. We include the premiums for these vacation protection packages in other cruise revenues. In addition, substantially all of our brands recommend that our guests pay a voluntary hotel service charge, which is collected by us and directly paid out to our ships hotel service staff.

As a convenience to our guests, we offer to arrange air transportation to and from airports near the home ports of our ships. When a guest elects to purchase air transportation from us, both our revenues and expenses generally increase by approximately the same amount. Air transportation prices typically vary by gateway, ticket class, destination and other ticket restrictions. In 2014, approximately 11% of our guests purchased air transportation from us. In order to increase the level of our air transportation services, certain of our brands offer an air program that includes competitive air prices (for both restricted/non-refundable and flexible fares) and provides our guests with next port protection, which enables them to get to the next appropriate cruise port at no additional air cost if they miss their original port embarkation due to airline delays or other airline service disruptions. In addition, we charter aircraft to facilitate our guests' travel to distant locations for some of our European brands' cruise itineraries. We also offer ground transfers from and to the airport near the ship's home port as part of our transfer programs. When a guest elects to purchase these transfer services these revenues are included in cruise passenger ticket revenues.

IX. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. In 2014, we earned 24% of our revenues from onboard and other revenue activities and services not included in the cruise ticket price including the following:

- Substantially all liquor and some non-alcoholic beverage sales,
- Casino gaming,
- Shore excursions,
- Gift shop sales,
- Photo sales,
- Communication services,
- Full service spas,
- Specialty themed restaurants,
- Art sales and
- Laundry and dry cleaning services.

Our brands are working on innovative ways to enhance our guests' onboard experiences and increasing our onboard revenues, such as offering all-inclusive beverage and spa packages. We use various marketing and promotional tools and are supported by point-of-sale systems permitting "cashless" transactions for the sale of these onboard and other products and services. As a convenience to our guests, all our brands allow their guests to pre-book, and in most cases pre-pay, certain of their onboard and other revenue-producing activities in advance of the cruise. Carnival Cruise Line also offers gift cards at more than 9,000 retail locations throughout the U.S. in 2015. The value of these gift cards can be applied to the guest's cruise ticket price or their onboard purchases.

We offer a variety of shore excursions at each ship's ports-of-call that include general sightseeing, cultural tours, adventure outings and local boat rides and beach experiences. We typically utilize local operators who provide shore excursions with guides who speak the same languages as most of our shore excursion guests. For our sailings to destinations in Alaska, shore excursions are operated by our wholly owned company, Holland America Princess Alaska Tours, or provided by local independent operators. We also offer revenue-producing activities on the private islands and port destinations that we operate that include beach bars and restaurants, water sports, cabana rentals and chair lift and surf rider attractions.

Our casinos are all owned and operated directly by us and are equipped according to the unique requirements of our individual brands, which are driven by the ships' itineraries and the market from which their guests are sourced. We offer a wide variety of slot and gaming machines and a diverse mix of both traditional and specialty table games designed to meet the desires of our guests. We have also developed marketing and promotional arrangements with land-based casino companies in order to increase the number of casino players onboard certain of our brands. The casinos are only open when our ships are at sea in international waters or when otherwise permitted by law.

In conjunction with our cruise vacations, many of our cruise brands sell pre-and post-cruise land packages of one to four days that include guided tours, hotel accommodations and related transportation services. In Alaska and the Canadian Yukon, we utilize, to a large extent, our own hotel and transportation assets. The land portion of these Alaska and Yukon vacations vary in length from three to 13 days. Additionally, we earn revenues from various promotional and other programs with destination retailers, parking facilities, credit card providers and other destination-based incentives.

X. Sales Relationships

We sell our cruises mainly through travel agents, including retail, online and home-based agents, as well as wholesalers, general sales agents and tour operators that serve our guests in their local markets. These parties typically sell cabins to individuals and groups, but occasionally will charter a full or partial ship for incentive or other large events. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands. Our travel agent relationships are generally not exclusive and travel agents generally receive a base commission, plus the potential of additional commissions, including complimentary tour conductor cabins, based on the achievement of pre-defined sales volumes. Most travel agents also sell cruises and other vacations provided by our competitors. During fiscal 2014, no controlled group of travel agencies accounted for 10% or more of our revenues.

In China, we generally sell cruises to our Chinese-sourced guests by chartering our ships to travel organizations that have travel agent licenses authorized to sell travel products in China. There are a limited number of Chinese agencies that have these licenses. As we do not have a travel agent license, we are currently unable to sell cruises or shore excursions directly to our guests. Those cruises that are not fully chartered are also sold through these licensed outbound travel agencies who generally purchase groups of cabins from us.

Travel agents are an integral part of our long-term cruise distribution network and are critical to our success. We utilize local sales teams to motivate travel agents to support our products and services with competitive sales and pricing policies and joint marketing and advertising programs. We also employ a wide variety of educational programs, including websites, training seminars and videos, to familiarize agents with our cruise brands and their products and services. For example, Carnival Conversations is a series of events organized by Carnival Cruise Line that feature product training on the brand's latest innovations, such as Fun Ship® 2.0.

Substantially all of our cruise brands offer interactive online and other education courses for travel professionals who want to continue learning about the cruise industry and how to effectively sell our cruise products and services. For example, our Costa brand continues to provide support of their trade partners by not only

reinforcing traditional training, such as their onboard sales academies, but also in the digital arena with the launch of Costa Extra, Costa Booking and "emotional quotation" online tools in 2014. Costa Extra, which is an online community that is fully integrated with Costa's booking engine and its contact center, serves as a social network dedicated to the Costa brand. It includes all the latest training materials, promotions for guests and trade, webinar functionality and capability for each travel agency to track its progress against targets. Costa's Booking engine is placed on the website of travel partners allowing them to better compete in the digital world. "Emotional quotation" provides the travel agents with a capability of sending a personalized website with details of a cruise that the guest is interested in during the booking process.

We are a customer service driven company and continue to invest in our service organization to assist travel agents and guests before, during and after their cruise. We believe that our support systems and infrastructure are among the strongest in the vacation industry. Our investment in customer service includes the development of employees, processes and systems. We continually improve our systems within the reservations and customer relationship management functions, emphasizing the continuing support and training of the travel agency community.

All of our brands have developed internet booking engines to allow travel agents to book our cruises. We also support travel agent booking capabilities through global distribution systems. We estimate that almost 70% of our bookings from travel agents are made electronically.

All of our cruise brands have their own consumer websites that provide access to information about their products and services to users and enable their guests to quickly and easily book cruises and other products and services online, which is especially important to the millennial generation of cruisers. These sites interface with brands' social networks, blogs and other social media sites, which allow them to develop greater contact and interaction with their guests before, during and after their cruise. We also employ vacation planners who support our sales initiatives by offering our guests cruise planning expertise and other services.

XI. Marketing Activities

Guest feedback and research support the development of our overall marketing and business strategies to drive demand for cruises and increase the number of first-time cruisers. We measure and evaluate key drivers of guest loyalty and satisfaction that provide valuable insights about guests' cruise experiences and the likelihood our guests will recommend our brands' cruise products and services to others. For example, we measure our guests' net promoter scores to monitor our guests' satisfaction with our products and services. We also regularly initiate customer research studies among guests, travel agents, tour operators and others for input on business decisions that enhance our cruise products and services for our guests. Furthermore, with increased collaboration between our brands and access to vast databases of past guest information, we are able to perform psychographic segmentation studies that allow us to better understand our guests' needs, wants and expectations. The results of these studies shape how we communicate, advertise and refine the booking process, overall onboard experience, as well as post-cruise interactions. Our ability to identify the psychographic mix is a powerful differentiator, which allows us to guide guests to the right experiences with the appropriate brands and build advocates for life.

Each of our brands has comprehensive marketing and advertising programs to promote their products and services to vacationers and travel agents in their source markets. Each brand's marketing activities are generally designed to reach a local market in the local language. The principal mediums used for marketing and advertising are online display/advertising, online search, television, brand websites, direct mail, social media, e-mail, magazine, radio and outdoor billboards.

We continue to expand our marketing efforts to attract new guests online by leveraging the reach and impact of digital marketing and social media, such as Facebook, Twitter, YouTube, Blog, Google+, Flickr, Instagram and Pinterest. This helps us cultivate guests as advocates of our brands, ships, itineraries and onboard products and services. At the end of 2014, we had almost 10 million "Likes" on Facebook for all our brands. We also have blogs hosted by ship captains, cruise and entertainment directors, executive pursers and special guests. We use Twitter to enhance our customer service and as part of our public relations strategies to inform the press, popular bloggers, fans and brand advocates of new developments and breaking news stories.

In 2014, we launched our first-ever multi-brand marketing initiative incorporating all nine of our brands with television, digital, social and contest elements. The goal of this marketing program is to help inspire consumers to consider cruising as one of their top options when planning vacations and, ultimately, to grow demand for cruising with our portfolio of brands. The program elements are designed to educate consumers, and especially

non-cruisers, on why cruising is a great vacation experience at an exceptional value. The initiative also helps consumers understand how cruising has evolved with the portfolio of our brands offering the right cruise experience for everyone.

All of our cruise brands offer past guest recognition programs that reward repeat guests with special incentives such as reduced fares, gifts, onboard activity discounts, expedited ship embarkation and disembarkation and special onboard activities. In addition, some of our brands offer private-label credit cards to their guests that accumulate award points for them to redeem for our products and services and also provide other loyalty benefits. We earn revenue from the credit card providers based principally on new card issuances and the volume of purchases through these credit cards which is included in our other revenues. Our cruise brands continue to offer new enhancements and benefits to their past guest recognition programs.

XII. Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third fiscal 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.

XIII. Competition

We compete with land-based vacation alternatives throughout the world, such as hotels, resorts (including all-inclusive resorts), theme parks, organized tours, casinos and vacation ownership properties. Our principal cruise competitors are RCCL, Norwegian Cruise Line Holdings, Ltd. ("NCL") and MSC Cruises. RCCL and NCL each own several brands as follows:

- RCCL owns Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, CDF Croisieres de France and Pullmantur.
- RCCL and TUI AG, the leading German tour operator, jointly own TUI Cruises, a German cruise competitor.
- NCL owns Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises.

Almost 85% of all 2014 global cruise guests sailed with these competitors and us.

XIV. Governmental Regulations

a. Maritime Regulations

1. General

Our ships are regulated by numerous international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be fined or otherwise sanctioned by regulators. We are committed to complying with, or exceeding, all relevant maritime requirements. All of our ships, and the maritime industry as a whole, are subject to the maritime safety and security regulations established by the International Maritime Organization ("IMO"), a specialized agency of the United Nations, and its principal set of requirements as mandated through its International Convention for the Safety of Life at Sea ("SOLAS").

Our ships are registered, or flagged, in The Bahamas, Bermuda, Italy, Malta, the Netherlands, Panama, Portugal and the UK, which are also referred to as Flag States. They are regulated by these Flag States through international conventions that govern health, environmental, safety and security matters in relation to our guests, crew and ships. Representatives of each Flag State conduct periodic inspections, surveys and audits to verify compliance with these requirements. In addition, we are subject to the decrees, directives, regulations and requirements of the European Union ("EU"), the U.S. and more than 400 other international ports that our ships visit every year.

Our ships are also subject to periodic class surveys, including dry-docking inspections, by ship classification societies to verify that our ships have been maintained in accordance with the rules of the classification societies and that recommended repairs have been satisfactorily completed. Class certification is one of the necessary documents required for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. Dry-dock frequency, for example, is a statutory requirement mandated by SOLAS. Our ships dry-dock once or twice every five years, depending on the age of the ship. Dry-docking, which requires that the ship be temporarily taken out-of-service, typically lasts for one or more weeks depending on the amount of work performed. Significant dry-dock work includes hull inspection and related activities, such as scraping, pressure cleaning and bottom painting, and maintenance of steering and thruster equipment, propulsion engines, stabilizers and ballast tanks. While the ship is out of the water in dry-dock, we also perform other repairs, maintenance and ship improvement work. To the extent practical, each ship's crew including the hotel staff remain with the ship during the dry-dock period and assist in performing repair and maintenance work or participate in occupational, safety or other training.

As noted above, our ships are subject to inspection by the port regulatory authorities, which are also referred to as Port State Control, in the various countries that they visit. Such inspections include verification of compliance with the maritime safety, security, environmental, customs, immigration, health and labour requirements applicable to each port, as well as with international requirements. Many countries have joined together to form regional port regulatory authorities. Agreements have been signed covering Europe and the North Atlantic, Asia and the Pacific, the Caribbean, West and Central Africa, the Black Sea region, the Mediterranean Sea, the Indian Ocean and other areas. In U.S. ports, these authorities include the U.S. Coast Guard and U.S. Customs and Border Protection and in Canada, the Canadian Coast Guard. In Italian ports these authorities include the Italian Coast Guard, Maritime Health and the State Police. In UK ports, these authorities include the UK Maritime & Coastguard Agency, the Department for Transport's Maritime and Transport Security Division and the local port health authorities.

Although not required by regulations, we voluntarily publish Sustainability Reports that address governance, commitments, stakeholder engagement, environmental, labour, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which can be viewed at www.carnivalcorp.com and www.carnivalplc.com, were developed in accordance with the Sustainability Reporting Guidelines established by the Global Reporting Initiative, the de-facto global standard for reporting on environmental, social and governance policies, practices and performance.

Our Boards of Directors have Health, Environment, Safety & Security Committees ("HESS Committees"), which are currently each comprised of three independent directors. The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor our health, environment, safety, security and sustainability related policies, programs and initiatives at sea and ashore and compliance with related legal and regulatory requirements. The HESS Committees and our management team review all significant risks or exposures and associated mitigating actions. We continue to be committed to implementing appropriate measures to manage identified risks effectively. As part of our commitment in 2014, we appointed a Chief Maritime Officer to oversee our global maritime operations, including maritime quality assurance and policy, shipbuilding, ship refits and research and development. To ensure that we are compliant with the legal and regulatory requirements and that these areas of our business operate in an efficient manner we continue to, among other things:

- Provide regular health, environmental, safety and security support, training, guidance and information to guests, employees and others working on our behalf,
- Develop and implement effective and verifiable management systems to fulfil our health, environmental, safety, sustainability and security commitments,
- Perform regular shoreside and shipboard audits and take appropriate action when deficiencies are identified,
- Report and investigate all health, environmental, safety and security incidents and take appropriate action to prevent recurrence,
- Identify those employees responsible for managing health, safety, environment, security and sustainability programs and ensure that there are clear lines of accountability and
- Identify the aspects of our business that impact the environment and continue to take appropriate action to minimize that impact.

We believe maritime safety, security, environmental, sustainability, health and labour matters will continue to be areas of focus by relevant government authorities where our cruise ships operate and, accordingly, we will likely be subject to increasing compliance costs in the future.

2. Maritime Safety Regulations

The IMO has adopted safety standards as part of SOLAS, which apply to all of our ships. To help ensure guest and crew safety and security, SOLAS establishes, among other things, requirements for the following:

- Vessel design,
- Structural features,
- Construction and materials,
- Refurbishment standards,
- Life-saving and other equipment,
- Fire protection and detection,
- Safe management and operation and
- Security.

All of our crew undergo regular safety training that meets or exceeds all international maritime regulations, including SOLAS requirements which are periodically revised. These requirements apply to existing ships and ships under construction.

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

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

All of our shoreside and shipboard operations and ships are regularly audited by the national authorities and maintain the required certificates of compliance in accordance with the ISM Code.

We continue to implement policies and procedures that demonstrate our continuing commitment to the safety of our guests and crew. These policies and procedures include the following:

- Expansion and acceleration of training of our bridge and engine room officers in maritime related best practices at our training facilities in Almere, the Netherlands, and Rostock, Germany,
- Further standardization of our detailed bridge and engine resource management procedures on all of our ships,
- Expansion of our existing oversight function to monitor bridge and engine room operations,
- Identifying and standardizing best-practice policies and procedures in health, environment, safety and security disciplines across the entire organization including on all our ships and
- Further enhancing our processes for auditing and continuously improving our HESS performance throughout our operations.

As members of the Cruise Lines International Association ("CLIA"), the global cruise industry trade association, we helped to develop and have implemented policies that are intended to enhance shipboard safety throughout the cruise industry. In some cases this calls for implementing best practices, which are in excess of existing legal requirements. These policies include the following:

- Location of lifejacket stowage,
- Harmonization of bridge procedures,
- Recording the nationality of passengers,
- Common elements of passenger musters,
- Passage planning,
- Personnel access to the bridge,
- Lifeboat loading for training purposes,
- Local sounding smoke alarms,
- Reporting of crimes and missing persons,
- Safeguarding children in youth activity centers,
- Security incidents,
- Waste management and
- Medical facilities.

Further details on these and other policies can be found on www.cruising.org.

3. Maritime Security Regulations

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

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

4. Maritime Environmental Regulations

We are subject to numerous international, national, state and local environmental laws, regulations and treaties that govern, among other things, air emissions, waste discharges, water management and disposal, and the storage, handling, use and disposal of hazardous substances such as chemicals, solvents and paints. Irrespective of the existing legal requirements, we are committed to helping to preserve the environment and, in particular, the health of the world's oceans as the success of our business is dependent on them. For example, we partner with environmental organizations, such as The Nature Conservancy, to support the protection of the global marine environment. We continue to make capital and other expenditures to comply with, and in many cases exceed, environmental laws, regulations and treaties.

Our environmental efforts are focused on, among other things, reducing emissions such as greenhouse gases ("GHGs") (for example, carbon dioxide ("CO_2") or carbon dioxide equivalents ("CO_2e"), sulphur oxide ("SOx") and nitrogen oxide ("NOx")). These emissions result from the combustion of the marine fuels consumed by our ships, which accounts for substantially all of our total GHG and other emissions. Accordingly, reducing fuel consumption continues to be one of our most important cross-brand initiatives, which has and will continue to help reduce emissions and mitigate the impact of high fuel prices. We have and will continue to implement our energy-saving strategy through our environmental management systems. This strategy includes installing some of the best available energy reduction technologies on our ships, such as exhaust gas cleaning, propulsion, air conditioning and waste heat recovery systems, more efficient lighting and evaluating alternative fuels and new emission reduction technologies. In addition, we are designing more energy efficient ships that will enter our fleet in the future, while continuing toward reducing the fuel consumption of our existing fleet.

We had voluntarily set a goal of delivering a 20% reduction (per unit) from our 2005 baseline of CO_2 emission rate from shipboard operations by 2015. We achieved our goal one year ahead of schedule and are currently developing new goals aimed at protecting the environment and further reducing our fuel consumption. We measure our ability to use direct energy efficiently by calculating the amount of primary source energy we consume. Our ship fuel consumption and emission rates and our total ship fuel GHG emissions are as follows:

					Percentage Change Since	
Measure	Units	2014	2013	2008	2013	2008
Ship Fuel Consumption Rate	Grams Fuel/ALB-KM (a)	87	89	104	(2.2)%	(16.3)%
Ship Fuel GHG Emission Rate	Grams CO_2e/ALB-KM (b)	274	280	327	(2.1)%	(16.2)%
SOx Emission Rate	Kg SOx/NM (c)	(e)	13.1	16.1	(e)	(18.6)%(e)
NOx Emission Rate	Kg NOx/NM (c)	(e)	22.5	24.8	(e)	(9.3)%(e)
Total Ship Fuel GHG Emissions (in millions)	Tonnes CO_2e (d)	10.1	10.3	10.0	(1.9)%	1.0%

(a) We measure and report the ship fuel consumption rate in terms of grams of fuel per available lower berth kilometer ("ALB-KM"). This indicator enables us to make meaningful fuel consumption comparisons that take into account changes in fleet size, itineraries and passenger capacity.

(b) We measure and report the ship fuel GHG emission rate in terms of grams of CO_2e per ALB-KM. This indicator enables us to make meaningful GHG emission reduction comparisons that take into account changes in fleet size, itineraries and passenger capacity.
(c) We measure SOx and NOx emission rates in terms of total kilograms ("Kg") of emissions per nautical mile ("NM"). Using an emission rate normalized by distance travelled allows us to compare our pollutant reduction efforts over the reporting periods.
(d) GHG emission data collection and calculations were performed in accordance with our GHG Inventory Management Plan, the Greenhouse Gas Protocol and ISO 14064-3:2006.
(e) Information for 2014 is not available as of February 20, 2015. Percentage reduction presented is from 2008 to 2013.

i. International Regulations

The principal international convention governing marine pollution prevention and response is the IMO's International Convention for the Prevention of Pollution from Ships ("MARPOL"). MARPOL includes requirements designed to prevent and minimize both accidental and operational pollution by oil, sewage, garbage and air emissions. To further these objectives, MARPOL sets forth specific requirements related to vessel operations, equipment, recordkeeping and reporting that are designed to prevent and minimize pollution. All of our ships must carry an International Oil Pollution Prevention Certificate, an International Sewage Pollution Prevention Certificate, an International Air Pollution Prevention Certificate and a Garbage Management Plan. The ship's Flag State issues these certificates, which evidence their compliance with the MARPOL regulations regarding prevention of pollution by oil, sewage, garbage and air emissions. Certain jurisdictions have not adopted MARPOL but have established various national, regional or local laws and regulations to apply to these areas.

As noted above, MARPOL governs the prevention of pollution by oil from operational measures, as well as from accidental discharges. MARPOL requires that discharges of machinery space bilge water pass through pollution prevention equipment that separates oil from the water and monitors the discharge to ensure that the effluent does not exceed 15 parts per million of oil. Our ships must have oily water separators with oil content monitors installed and must maintain a record of certain engine room operations in an Oil Record Book. MARPOL also requires that our ships have Shipboard Oil Pollution Emergency Plans.

MARPOL also governs the discharge of sewage from ships and contains regulations regarding the ships' equipment and systems for the control of sewage discharge, the provision of facilities at ports and terminals for the reception of sewage and requirements for survey and certification. MARPOL designates the Baltic Sea as a "Special Area" where sewage discharges from passenger ships are restricted. However, this restriction will only take effect upon notification of the existence of adequate reception facilities from countries whose coastlines border the Baltic Sea Special Area. The date this restriction will take effect is uncertain as the underlying requirements have not yet been finalized. These new requirements may affect our operations unless suitable port waste facilities are available or new technologies for onboard waste treatment are developed. The cost of complying with these new requirements is not determinable at this time.

MARPOL also governs the discharge of garbage from ships and requires a Garbage Management Plan and a Garbage Record Book. As a result of MARPOL regulations addressing garbage management, the discharge of all garbage to sea is prohibited unless the discharge is expressly permitted by these regulations.

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

As a means of managing and improving our environmental performance and compliance, we adhere to standards set by the International Organization for Standardization ("ISO"), an international standard-setting body, which produces worldwide industrial and commercial standards. The environmental management systems of our brands and ships are certified in accordance with ISO 14001, the environmental management standard that was developed to help organizations manage the environmental impacts of their processes, products and services. ISO 14001 defines an approach to setting and achieving environmental objectives and targets, within a structured management framework. Additional MARPOL requirements are discussed below in Section iv. "Low Sulphur Fuel Regulations."

ii. U.S. Federal and State Regulations

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

The Oil Pollution Act of 1990 ("OPA 90") established a comprehensive federal liability regime, as well as prevention and response requirements, relating to discharges of oil in U.S. waters. The major requirements include demonstrating financial responsibility up to the liability limits and having oil spill response plans in place. We have Certificates of Financial Responsibility that demonstrate our ability to meet the maximum amount of OPA 90 related liability that our ships could be subject to for removal costs and damages, such as from an oil spill or a release of a hazardous substance. Under OPA 90, owners or operators of vessels operating in U.S. waters must file Vessel Response Plans with the U.S. Coast Guard and must operate in compliance with these plans. Our Vessel Response Plans have been submitted to the U.S. Coast Guard and we operate in accordance with our plans. As OPA 90 expressly allows coastal states to impose liabilities and requirements beyond those imposed under federal law, many U.S. states have enacted laws more stringent than OPA 90. Some of these state laws impose unlimited liability for oil spills and contain more stringent financial responsibility and contingency planning requirements.

The Clean Water Act ("CWA") and other laws and regulations provide the U.S. Environmental Protection Agency ("EPA") with the authority to regulate commercial vessels' incidental discharges of ballast water, bilge water, gray water, anti-fouling paints and other substances during normal operations within the U.S. three mile territorial sea and inland waters.

Pursuant to the CWA authority, the U.S. National Pollutant Discharge Elimination System was designed to minimize pollution within U.S. territorial waters. For our affected ships, all of the requirements are laid out in the Vessel General Permit ("VGP"), which is an EPA requirement. The VGP establishes effluent limits for 27 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, the VGP includes requirements for inspections, monitoring, reporting and record-keeping.

Our operations generate and require the transportation and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act. In general, vessel owners are required to determine if their wastes are hazardous, comply with certain standards for the proper management of hazardous wastes and use hazardous waste manifests for shipments to approved disposal facilities.

In 1996, the U.S. National Invasive Species Act ("NISA") was enacted in response to growing reports of harmful organisms being released into U.S. waters through ballast water taken on by vessels in foreign waters. The U.S. Coast Guard adopted regulations under NISA in July 2004 that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water onboard the vessel or by using environmentally sound ballast water treatment methods approved by the U.S. Coast Guard.

The U.S. Coast Guard issued a final rule, which went into effect in June 2012, establishing standards for the allowable concentration of living organisms in ballast water discharged in U.S. waters and requiring the phase-in of U.S. Coast Guard approved ballast water management systems. The standards are equivalent to those in the IMO convention. In most cases, affected vessels will be required to install and operate a ballast water management system that has been approved by the U.S. Coast Guard. A vessel's compliance date varies based upon the date of construction and ballast water capacity. Ships constructed on or after December 1, 2013 must comply with these standards on delivery. Existing ships must comply by their first dry-dock after January 1, 2016. However, as of February 20, 2015, no ballast water management systems have been approved by the U.S. Coast Guard and, accordingly, they are currently granting exemptions from this rule.

Most U.S. states that border navigable waterways or sea coasts have also enacted environmental regulations that impose strict liability for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law and in some cases have no statutory limits of liability.

The state of Alaska enacted legislation that prohibits certain discharges in designated Alaskan waters and sets effluent limits on others. Further, the state requires that certain discharges be reported and monitored to verify

compliance with the standards established by the legislation. Both the state and federal environmental regimes in Alaska are more stringent than the U.S. federal requirements with regard to discharge from vessels in other areas. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters.

iii. EU Regulations

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

The European Commission's ("EC") strategy is to reduce atmospheric emissions from ships. The EC strategy seeks to implement SOx Emission Control Areas set out in MARPOL, as discussed below. In addition, the EC goes beyond the IMO by requiring the use of low sulphur (less than 0.1%) marine gas oil while in EU ports.

iv. Low Sulphur Fuel Regulations

MARPOL Annex VI addresses air emissions from vessels in both auxiliary and main propulsion diesel engines on ships. Annex VI also specifies requirements for Emission Control Areas ("ECAs") with stricter limitations on sulphur emissions in these areas. Starting in January 2015, ships operating in the Baltic Sea ECA, the North Sea ECA, the North American ECA and the U.S. Caribbean ECA are required to use fuel with a sulphur content of no more than 0.1% or use alternative emission reduction methods ("2015 ECA").

The MARPOL global limit on fuel sulphur content outside of ECAs will be reduced to 0.5% on and after January 2020. This 0.5% global standard will be subject to an IMO review by 2018 as to the availability of the required fuel oil to comply with this standard, taking into account the global fuel oil market supply and demand, an analysis of trends in fuel oil markets and any other relevant issues. If the IMO determines that there is insufficient fuel to comply with the 0.5% standard in January 2020, then this requirement will be delayed to January 2025, at the latest. However, the EU Parliament and Council have set 2020 as the final date for the 0.5% fuel sulphur content limit to enter force, regardless of the 2018 IMO review results. This EU Sulphur Directive will cover EU Member States' territorial waters that are within 12 nautical miles of their coastline.

In conjunction with an affiliate we have and will continue to develop and test exhaust gas cleaning systems' ("EGCS") designs that we believe will reduce the sulphur emission levels of our higher sulphur bunker fuel to or below the levels required under the 2015 ECA limits, the 2020 global standard and while in EU ports. Accordingly, we are installing EGCSs on many of our ships. In addition, to allow us sufficient time to install EGCSs on a reasonable schedule, we have received an exemption for 32 ships that regularly sail within the North American and U.S. Caribbean ECAs that will delay the requirements to comply with the 2015 ECA limit through agreed upon dates ending in 2016. EGCSs were installed on 13 ships during 2014 and by the end of 2015 we expect to have EGCSs installed on 45 ships. We expect to have EGCSs installed on approximately 70% of our fleet by the end of 2017. We expect these efforts should mitigate the majority of the impact from the 2015 ECA. We currently estimate that compliance with the 2015 ECA will result in higher 2015 fuel expenses of about $0.10 per share, with that increase expected to be reduced by about half in 2016 and mostly offset in 2017. We will incur additional EGCS operating expenses as we benefit from the use of this technology.

As for the 2020 global standard, we believe that the magnitude of the fuel price increase from complying with this standard is not reasonably determinable at this time due to the uncertainty of when the global standard will become effective, which could be as late as 2025, and other potential mitigating factors. However, we believe the increase to our fuel expenses from complying with the 2020 global standard will ultimately not be material to our consolidated financial statements.

Beyond EGCS technology, as part of our emission abatement program, we have continued our work with local port authorities and the EPA to help promote the development of shore power connections in Juneau, Alaska; Long Beach, Los Angeles, San Francisco and San Diego, California; Seattle, Washington; Halifax, Nova Scotia and Vancouver, British Columbia and have equipped 26 ships with shore power technology. This technology enables our ships to use power from the local electricity provider rather than running their engines while in port to power their onboard services, and thus reducing our air emissions. Similarly, in an effort to continue our commitment to sustainability and to playing a leading role in matters of environmental protection in the cruise industry, AIDA began using a liquefied natural gas ("LNG") hybrid barge for ecologically friendly and flexible power supply as an alternative to shore power, while its ships are moored in the port of Hamburg, Germany.

In the long-term, the cost impacts of achieving progressively lower sulphur emission requirements may be further mitigated by the favourable impact of future changes in the supply and demand balance for marine and other fuels, future developments of and investments in improved sulphur emission abatement technologies, the use of alternative lower cost and lower emission fuels, such as LNG at sea and in port, and our continued efforts to improve the overall fuel efficiency across our fleet. Since 2007, we have achieved a 25% cumulative reduction in unit fuel consumption by focusing on the following:

- Efficiency improvements in the areas of hull coatings and designs,
- Improved engine performance,
- More advance engine designs,
- More efficient LED lighting,
- More efficient air conditioning, which is the second largest user of onboard energy after propulsion,
- More efficient pumps, ventilation and waste heat recovery systems,
- New itineraries
- More efficient propeller designs,
- Reduction in ship speeds and
- Increased energy use awareness and training.

v. Greenhouse Gas Emissions

We have established objectives within the ISO 14001 environmental management systems of each of our brands to further reduce fuel consumption rates and the resulting CO_2 emission rates. Each year we have volunteered to participate in the Carbon Disclosure Project ("CDP"), which provides visibility of companies' carbon footprints and activities regarding carbon emissions. The CDP rates companies on the depth and scope of their disclosures and the quality of their reporting. Our submission included details of our most recently compiled emissions data and reduction efforts, along with our completion of an independent, third-party verification of our GHG emissions inventory.

In January 2013, the IMO approved measures to reduce emissions of GHGs from international shipping by adopting technical and operational measures for all ships. The technical measures apply to the design of new vessels, and the operational reduction measures apply to all vessels.

5. Maritime Health Regulations

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

In 2013, 10.1 million passengers embarked on CLIA member cruise ships from U.S. ports. That year, there were four norovirus outbreaks on cruise ships departing from U.S. ports involving a total of 834 passengers, which represents only 0.008% of cruise passengers on CLIA member cruise ships. By contrast, the CDC reported there are approximately 20 million norovirus cases in a typical year in the U.S., or 6.3% of the U.S. population. It is estimated that 1 in 15 Americans contract the norovirus on land each year, compared to 1 in 12,000 cruise guests reporting that they have contracted the norovirus on a cruise ship each year. Although outbreaks of gastrointestinal illnesses on ships represent a small percentage of all outbreaks, the cruise industry has developed and implemented policies and practices to limit gastrointestinal illness onboard ships.

6. Maritime Labour Regulations

In 2006, the International Labour Organization, an agency of the United Nations that develops and oversees international labour standards, adopted a Consolidated Maritime Labour Convention ("MLC 2006"). MLC 2006 contains a comprehensive set of global standards and includes a broad range of requirements, such as the definition of a seafarer, minimum age of seafarers, medical certificates, recruitment practices, training, repatriation, food, recreational facilities, health and welfare, hours of work and rest, accommodations, wages and entitlements. In August 2013, MLC 2006 became effective in certain countries in which we operate.

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

b. Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission ("FMC"). Public Law 89-777, which is administered by the FMC, requires all our cruise brands that call on U.S. ports and embark or disembark guests in U.S. ports to establish financial responsibility for their liability to passengers for nonperformance of transportation, for personal injury and for loss of life. The FMC's regulations require that a cruise line demonstrate its financial responsibility for nonperformance of transportation through a guarantee, escrow arrangement, surety bond or insurance. Currently, the amount required must be no less than 110% of the cruise line's highest amount of customer deposits over a two-year period, up to a maximum coverage level of $22 million. Such maximum coverage amount will increase to $30 million by April 2015. Based on this increase, our required guarantee will be $150 million. Our Protection and Indemnity coverages are used to establish our financial responsibility for personal injury and loss of life.

In some cases in the UK, continental Europe and Australia, we are required to obtain licenses from and post bonds or guarantees with various organizations in connection with the conduct of our business and/or our ability to meet our liabilities in the event of nonperformance of obligations to consumers. The most significant requirement relates to ABTA, formally known as the Association of British Travel Agents, which requires us to maintain approximately $125 million of sterling-denominated bonds to cover certain of our brands' UK customer deposits. We are also required to pay to the UK Civil Aviation Authority a non-refundable £2.50 fee per guest when we arrange a flight as part of a cruise vacation.

In the other major countries where we source our guests, we are also required to establish financial responsibility, such as obtaining a guarantee from a reputable insurance company to ensure that, in case of insolvency, our guests will be refunded their deposits and repatriated without additional cost if insolvency occurs after a cruise starts. In Australia and most of Europe, we are obligated to honour our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we receive these payments.

c. Regulations for Guests with Disabilities

Regulations regarding ship accessibility standards are expected to be issued in the U.S. As a result of the proposed new regulations, we expect that we will be required to make modifications to some of our ships but do not believe the cost of these will have a significant impact on our consolidated financial statements.

XV. Training

Our cruise brands are committed to providing appropriate hotel and marine-related training to ensure that our shipboard crew, including officers, have the knowledge and skills to properly perform their jobs. We have a maritime training program for shipboard officers that includes two training facilities with one located in Almere, the Netherlands, known as the Center for Simulator Maritime Training ("CSMART"), and the other located in Rostock, Germany. Our goal is to be a leader in delivering high quality professional maritime training. Participants receive a maritime training experience that fosters critical thinking, problem solving, ethical decision making and skill development.

CSMART currently offers two full mission bridge simulators, six part-task bridge simulators and the ability to simulate fixed propeller and azipod operations. In addition, CSMART offers two full mission engine control rooms with four machinery outstations and 16 part-task engine room simulators. The CSMART facility also features large instructional classrooms, meeting rooms and a catering facility. In 2014, we purchased land in Almere and are having a new CSMART training facility built to include four full mission bridge simulators and four full mission engine room simulators. In addition, the new facility will include training simulators for our shipboard safety, security and medical functions. We are also having on-site accommodations built for use by our shipboard officers during their training sessions. The new training facility and accommodations are expected to open in mid-2016. We expect to train more than 6,000 shipboard officers annually at our expanded CSMART facility. Our training facility in Rostock offers one full mission bridge simulator, one part-task bridge simulator and one part-task engine room simulator.

We have enhanced our HESS Management System risk assessment and management capabilities by implementing shipboard quality assurance initiatives that will further strengthen bridge and engine control room resource management training and operational performance. We have also established the European Cruise Academy in Rostock, Germany, which offers advanced training certificates in the maritime sciences primarily related to the cruise business.

D. Employees

Our shoreside operations have an average of 10,100 full-time and 2,800 part-time/seasonal employees. We also employ an average of 81,200 crew members, including officers, onboard the 100 ships we currently operate, which excludes employees who are on a leave. Of our total employees, 23% are female and 77% are male. Two of the 9 members of our Boards of Directors are female and seven are male. Our 10 executive officers are male. Holland America Princess Alaska Tours significantly increases its work force during the late spring and summer months in connection with the Alaskan cruise season, which seasonal employees are included above. We have entered into agreements with unions covering certain employees on our ships and in our shoreside hotel and transportation operations. We consider our employee and union relationships to be strong. The percentages of our shipboard and shoreside employees that are represented by collective bargaining agreements are 39% and 14%, respectively.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. The remaining crew positions are sourced from around the world, with the largest contingent from the Philippines, Indonesia and India. We utilize a limited number of manning agencies to help locate and hire most of our shipboard employees. As manning agencies are located in the home countries of our crew, their knowledge of the local market and culture allows them to attract high volumes of qualified candidates. The services provided by our manning agencies may include interviewing, background and medical prescreenings, hiring, arranging air transportation and managing medical repatriations.

E. Supply Chain

Our largest non-payroll operating expenditures are for fuel, food and beverages, travel agency services, port facility utilization, repairs and maintenance including dry-docking, transportation services, advertising and marketing, hotel and restaurant products and supplies, entertainment expenses and credit card fees. Our largest capital investments are for the construction of new ships and improvements to existing ships, including EGCS and energy efficiency investments.

Although we utilize a select number of suppliers for most of our food and beverages, communication services, air transportation services and hotel and restaurant products and supplies, most of these products and services are available from multiple sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility services at some of our ports-of-call from a limited number of maritime suppliers. Almost 50% of our fuel purchases are provided by seven suppliers.

We are continually reviewing our supply chain procurement processes and have, or expect to, implement strategic initiatives to reduce our costs, including as follows:

- Negotiating company-wide contracts for guest, crew and shoreside employees' travel,
- Reviewing our processes for purchasing food, beverages, hotel supplies, restaurant products and technical spares to identify synergistic opportunities and to negotiate more favourable commercial terms,
- Combining warehousing facilities and optimizing logistics,
- Negotiating company-wide contracts for port services and shore excursions and
- Streamlining the use of manning agencies.

We perform our major dry-dock and ship improvement work at dry-dock facilities in The Bahamas, Europe, the U.S., Canada, Singapore and Australia. At February 20, 2015, we have agreements in place for the construction of ten cruise ships with two shipyards. We also purchase repair, maintenance and refurbishment items from a limited number of maritime suppliers. We believe there are sufficient dry-dock and shipbuilding facilities and related suppliers to meet our anticipated repair, maintenance, ship improvement and newbuild requirements.

F. Communities in Which We Operate

We help to create a higher standard of living and quality of life in our home communities and those that we visit. We often meet with local government leaders to discuss business and community planning and ways to interact sustainably. We also promote the local destinations, develop some local ports and cruise terminals, provide emergency aid and support and make philanthropic donations in some of the communities that we operate.

G. Information Technology

With the increasing size and sophistication of cruise ships, the technologies employed to create guest experiences and operate ships have grown ever more complex and integrated. Nearly every guest experience and operational process employs cutting edge technologies, from the navigation, communication and radar equipment on the bridge to integrated commerce solutions that enable guests to purchase photos and schedule shore excursions from their staterooms and staying connected with their family and friends back home. Our global information technology model is designed to contribute to exceeding expectations of our guests, crew, shoreside employees and other stakeholders. Our global technology model is focused on creating innovative platforms and solutions to create exceptional guest experiences while leveraging common technologies to drive process efficiency and effectiveness across our portfolio of brands. In order to achieve our goals, we are focusing on five areas as follows:

- Connectivity – to provide reliable guest connectivity at all times and geographies and deliver the best possible connectivity experience, improve crew morale through better connectivity with family and friends and offer support for new services and products. For example, we expect to implement an innovative "smart hybrid" network that combines land-based systems and advanced satellite connectivity to provide our guests and crew with faster and more consistent internet service regardless of our ships' locations.
- Applications – to offer consistently higher quality experience for guests, crew and employees, achieve lower total cost of ownership, have more secure applications and have a stronger pipeline of solutions,
- Cybersecurity – to provide consistent protection of guest, employee and company data, develop best practices and tools to combat threats and malicious activity, ensure full compliance with applicable regulations and consistently model and implement a speedy response and recovery in case of an incident,
- Infrastructure – to become more cost-efficient, attain higher network availability and flexibility, achieve greater collaboration between our brands, make available a higher computer power/storage capacity through leveraging our information technology assets, reduce disruptions and improve response time to incidents and
- Innovation – to create proprietary platforms that enable unique and differentiated guest experiences across our portfolio of brands while amplifying individual brand characteristics and avoiding duplicate efforts.

All of our brands have actively contributed in the design of the global information technology model and will continue communicating, coordinating and collaborating to maximize the business value of our information technology investments by eliminating redundancies and driving synergies across the brands, identifying and leveraging best practices and establishing common standards.

H. Insurance

I. General

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

II. Protection and Indemnity ("P&I") Coverages

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

We are members of two P&I clubs, which are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the "IG"). The IG insures directly, and through broad and established reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the P&I clubs' rules and the limits of coverage are determined by the IG.

III. Hull and Machinery Insurance

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

IV. War Risk Insurance

We maintain war risk insurance for legal liability to crew, guests and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist incidents. Items excluded from this coverage are claims arising from chemical, nuclear and biological attacks. Our primary war risk insurance coverage is provided by international marine insurers and our excess war risk insurance is provided by our two P&I clubs. Under the terms of our war risk insurance coverage, which are typical for war risk policies in the marine industry, insurers can give us seven days' notice that the insurance policies will be cancelled. However, the policies can be reinstated at different premium rates. This gives insurers the ability to increase our premiums following events that they determine have increased their risk.

V. Other Insurance

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

I. Trademarks and Other Intellectual Property

We own and have registered or licensed numerous trademarks and domain names, which we believe are widely recognized and have considerable value. These intangible assets enable us to distinguish our cruise products and services, ships and programs from those of our competitors. Our trademarks include the trade names of our cruise brands, each of which we believe is a widely-recognized brand in the cruise industry, as well as our ship names and a wide variety of cruise products and services. We have entered into license agreements for the use of the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruising and related activities. We also have a license to use the "*Love Boat*" name and related marks. See Item 3. Business Review – "Critical Accounting Estimates – Asset Impairments" within this Strategic Report.

J. Taxation

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

I. U.S. Income Tax

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

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

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

a. Application of Section 883 of the Internal Revenue Code

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source

income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. (an "equivalent exemption jurisdiction") and (ii) the foreign corporation meets a defined publicly-traded test. Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly-traded corporation under the regulations. Accordingly, substantially all of Carnival Corporation's income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list items that the Internal Revenue Service ("IRS") does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

b. Exemption Under Applicable Income Tax Treaties

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

c. U.S. State Income Tax

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

II. UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax under a rolling 10-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

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

III. Italian and German Income Tax

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

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of 5.5% under the Italian international shipping tax regime since all of their ships are Italian registered.

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

IV. Income and Other Taxes in Asian Countries

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

V. Other

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

K. Industry and Market Data

This Strategic Report includes market share and industry data and forecasts that we obtained from industry publications, third-party surveys and internal company surveys. Industry publications, including those from CLIA, G.P. Wild and surveys and forecasts, generally state that the information contained therein has been obtained from sources believed to be reliable. CLIA is a non-profit marketing and training organization formed in 1975 to promote cruising and offer support and training for the travel agent community in North America. In addition, CLIA participates in the regulatory and policy development process while supporting measures that foster a safe, secure and healthy cruise ship environment. Also, CLIA facilitates strategic relationships between cruise industry suppliers and organizations, cruise lines, ports and shipyards and provides a forum for interaction with governmental agencies. All CLIA information, obtained from the CLIA website www.cruising.org, relates to the CLIA member cruise lines. In 2013, CLIA merged with similar organizations outside of North America and represents 63 cruise brands that operate 95% of cruise industry capacity. G.P Wild is an authoritative source of cruise industry statistics and publishes a number of reports and industry reviews. All G.P. Wild information is obtained from their annual Cruise Industry Statistical Review. All other references to third party information are publicly available at nominal or no cost. We use the most currently available industry and market data to support statements as to our market positions. Although we believe that the industry publications and third-party sources are reliable, we have not independently verified any of the data. Similarly, while we believe our internal estimates with respect to our industry are reliable, they have not been verified by any independent sources. While we are not aware of any misstatements regarding any industry data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Item 4. Principal Risks and Uncertainties within this Strategic Report.

3. Business Review.

2014 Executive Overview

Overall, 2014 was a strong year as we turned the corner with improved earnings and positive net revenue yields, despite the loss of attractive itineraries due to geopolitical factors and large cruise industry capacity increases in the Caribbean. We continued to gain momentum and achieved about a 1 percentage point increase in ROIC, as we move towards our goal of double digit ROIC in the next three to four years, while maintaining a strong balance sheet. (We define ROIC as the twelve-month non-GAAP earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress).

Non-GAAP net income for 2014 increased 24% to $1.5 billion ($1.2 billion U.S. GAAP). We saw strong profit improvement at both our Carnival Cruise Line and Costa brands and enjoyed several early wins from our cross-brand collaboration efforts that contributed to our improved 2014 results, particularly in the area of onboard revenues. The increase in our non-GAAP net income was driven by slightly higher net revenue yields (constant dollar), an increase in capacity and lower fuel prices and fuel consumption per ALBD ("available lower berth day"), partially offset by slightly higher net cruise costs excluding fuel per ALBD (constant dollar).

Our slightly higher net revenue yield (constant dollar) was due to a more than 3% increase in net onboard and other revenue yields, partially offset by slightly lower net passenger ticket revenue yields. The growth in net onboard and other revenue yields was driven by increases in primarily all the net onboard revenue categories on both sides of the Atlantic. The slight decrease in net passenger ticket revenue yields was driven by our North America brands' facing a promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity, partially offset by improvements at our continental European brands.

Our moderate capacity growth was driven by our new ship deliveries, partially offset by our ship sales. During 2014, we introduced Princess Cruises' 3,560-passenger *Regal Princess* and Costa Cruises' 3,692-passenger *Costa Diadema*. We are building new, innovative, purpose-built ships that are larger and more efficient and have a wider range of onboard amenities and features, which enable us to better compete for consumers' vacation spend. These larger ships enable us to obtain greater economies of scale. In addition, we continue to make substantial investments in our existing ship enhancement programs to improve our onboard product offerings and enrich our guests' vacation experiences. Furthermore, in 2014 we sold four of our smaller, less efficient vessels: *Costa Celebration*, *Costa Voyager*, *Grand Holiday* and *Ocean Princess*.

We benefited from a reduction in fuel prices, which resulted in $126 million of savings. In addition, we had an almost 5% reduction in fuel consumption per ALBD thus saving another $107 million of fuel expense compared to 2013, which continued our multiple-year cumulative unit fuel consumption savings trend that has reached 25% since 2007. We achieved our stated goal of delivering a 20% reduction (per unit) in the intensity of carbon dioxide emissions from our shipboard operations one year prior to our target date and are currently developing new goals aimed at protecting the environment and further reducing our fuel consumption. We are installing new exhaust gas cleaning systems on our ships to achieve environmental objectives and mitigate the financial impact of the new 2015 low sulphur regulatory requirements. We are also implementing a series of new energy saving technology initiatives across our fleet in areas such as propulsion, air conditioning and waste heat recovery systems as well as more efficient lighting in order to help reduce our carbon footprint and costs.

Our ability to generate significant operating cash flows allows us to internally fund our capital investments. We generated $3.4 billion of cash from operations, 21% higher than last year, and used $2.5 billion to fund investing activities, leaving us with almost $1.0 billion, most of which was returned to shareholders through our regular quarterly dividend. Our goal is to return "excess free cash flows" (defined as cash flows from operations less investing activities and regularly scheduled quarterly dividends) to our shareholders in the form of additional dividends and/or share buybacks.

We identified new strategies and tactics to strengthen our cruise ticket revenue management processes and systems across our portfolio of brands, such as optimizing our pricing methodologies, improving our pricing models and increasing our brands' coordination of our global fleet deployments. Our objectives are to drive greater penetration, more effective capacity management and improve revenue yields. In addition, we have started to implement various demand creating initiatives as we strive to create additional demand for our brands that far outpaces supply, ultimately leading to higher revenue yields.

Our goal is to consistently exceed our guests' expectations while providing them with a wide variety of exceptional vacation experiences. To this end, we are conducting psychographic segmentation studies to gain a more insightful and impactful understanding of our guests' needs, wants and expectations. We will then target our advertising and promotions toward these specific guest segments in order to drive demand for our offerings and better guide our guests to the cruise brand experience that best matches their tastes. These studies should enable us to better differentiate each brand in the minds of vacationers and consumers-at-large and adjust the product and service offerings of our brands.

Strong relationships with our travel agents are also vital to our success. In 2014, we continued to strengthen our relationship with the travel agent community by increasing our communication and outreach, implementing changes based on travel agent feedback, increasing our trade marketing presence and improving our educational programs to assist agents in stimulating cruise demand. In 2014, our operating income in China significantly increased due to a combination of capacity growth and revenue yield improvement. We believe that we have significant opportunities to continue to grow our presence in China due to its large and growing middle-class population and expansion of their international tourism. Due to the high strategic importance we place on the China cruise market, in 2014 we relocated our Chief Operations Officer to China to more closely oversee our brands' strategic initiatives, coordinate our growth strategy in China and the surrounding markets and liaise with Chinese government officials. With the introduction of *Costa Serena* in 2015, we will have four ships home ported in China, which will represent a 140% increase in guest capacity over a two-year period and will offer our Chinese guests diversified cruise products with two brands targeting two different segments of travellers. As part of our China cruise strategy, we are exploring opportunities aimed at the development of a domestic cruise company and the formation of a domestic cruise shipbuilding company, as well as port development, talent development and training, enhanced relationships with our distribution partners and sharing of supply chain and logistics expertise.

With 100 ships and 10.6 million guests in 2014, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies and implementing cross-brand initiatives aimed at cost containment. In 2014, we continued working on expanding cross-brand contracting for food and beverages and began working on cross-brand contracting for air travel to further utilize the scale of our combined purchases.

Our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business. We are developing a company-wide safety management system that standardizes our maritime related policies, procedures and processes and are increasing the amount of maritime safety, ship command and engine room management training for our shipboard officers at our expanding global training facility in the Netherlands. We are also updating our processes, systems and training surrounding fire prevention, detection and suppression. Furthermore, we continue to make investments in our ships' maritime systems to improve their safety and reliability, which also allows us to operate them more efficiently and sustainably.

We employ an average of 81,200 crew members, including officers, onboard the 100 ships we currently operate, which exclude crew who are on a leave. We also have an average of 10,100 full-time shoreside employees and 2,800 part-time/seasonal employees. Our goal is to select, train and retain the finest shipboard and shoreside employees because having a team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. We have structured our work processes and incentive compensation plans to reflect a culture that enables our brands to better align their individual performance with our primary financial goals. Our management teams are aligned by geographic region to further optimize our operations, utilize our scale and better manage our performance. In 2014, we accelerated our cross-brand collaboration and streamlined our non-guest facing operations within the Holland America Line, Princess and Seabourn group.

While we are well underway with certain initiatives discussed above and are already beginning to see their positive results, some of our initiatives will take longer to realize their full benefits due to our size and the nature of the cruise industry. Our strategic initiatives demonstrate the benefits of communicating, coordinating and collaborating across our brands and will help us fulfil our vision to deliver unmatched joyful vacation experiences and breakthrough total shareholder returns by exceeding guests' expectations and achieving the full benefits inherent in our scale.

As of February 20, 2015, we have ten cruise ships scheduled to be delivered between late February 2015 and November 2018, some of which will replace existing capacity as older, smaller and less efficient ships exit our fleet. We strategically time the introduction of additional ships into our brands to allow ample time for those lines to further grow their guest base and absorb the new capacity. We have removed 16 ships from our fleet since 2006 and have agreements in place to remove three more ships by March 2016. Based on our current ship orders and announced ship withdrawals, our net capacity growth rate is expected to be 2.0% in 2015 and 2.8% compounded annually through 2018. We are committed to measured capacity growth so that we achieve an optimal balance of supply and demand to maximize our profitability in established cruise regions, such as North America and Western Europe. We believe the increasing deployment of ships into the emerging Asia market may further moderate the level of supply in North America and Western Europe.

Outlook for the 2015 First Quarter and Full Year

On December 19, 2014, we said that we expected our non-GAAP diluted earnings per share for the 2015 first quarter and full year to be in the ranges of $0.07 to $0.11 and $2.30 to $2.60, respectively (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on fuel prices of $421 per metric ton and $436 per metric ton for the 2015 first quarter and full year, respectively. In addition, our guidance was based on 2015 first quarter and full year currency rates of $1.23 to the euro, $1.57 to sterling and $0.83 to the Australian dollar. The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

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 including, but not limited to, general economic and business conditions, increases in fuel prices, incidents, spread of contagious diseases, adverse weather conditions, geopolitical events, negative publicity and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statements together with the discussion of these and other risks under Item 4. Principal Risks and Uncertainties within this Strategic Report.

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships, including ship improvements and ships under construction, which represent 80% of our total assets at November 30, 2014. We make several critical accounting estimates with respect to our ship accounting. First, in order to compute our ships' depreciation expense, which represented 11% of our cruise costs and expenses in 2014, we have to estimate the useful life of each of our ships as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs that we believe add value to our ships and have a useful life greater than one year, and depreciate those improvements over the shorter of their or the ships' estimated remaining useful life, while the costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate the net book value of the asset being retired in order to remove it from the ship's cost basis.

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

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

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our 2014 ship depreciation expense would have increased by approximately $50 million assuming we had reduced our estimated 30-year ship useful life estimate by one year at the time we took delivery or acquired each of our ships. In addition, our 2014 ship depreciation expense would have increased by approximately $205 million assuming we had estimated our ships to have no residual value at the time of their delivery or acquisition.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which we use them. In addition, we believe that the estimates we made are reasonable and our methods consistently applied in all material respects in determining (1) the useful life and residual values of our ships, including ship improvements; (2) which improvement costs add value to our ships and (3) the net book value of ship component assets being retired. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairments

Impairment reviews of our cruise ships, goodwill and trademarks require us to make significant estimates to determine the fair values of these assets and cruise brands.

For our cruise ships, we perform our impairment reviews, if required, at the individual cruise ship level, which is the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities.

We believe it is probable that each of our cruise brands' estimated fair value that carry goodwill at November 30, 2014 exceeded their carrying value. We also believe that it is probable that the estimated fair value of each of our cruise brands' trademarks recorded at November 30, 2014 exceeded their carrying values.

The determination of fair value includes numerous assumptions that are subject to various risks and uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships, cruise brands and trademarks. Our ships' fair values are typically estimated based either on ship sales price negotiations or discounted future cash flows. The principal assumptions used to calculate our discounted future cash flows include forecasted future operating results over the expected period we believe the ships will have economic benefit to us and their estimated residual values.

In performing annual assessments of our cruise brands that carry goodwill, qualitative factors that we consider to determine their effect on each of the cruise brand's estimated fair values include industry and market conditions, macroeconomic conditions, changes to WACC, overall financial performance, changes in fuel prices and capital expenditures. In determining the estimated fair values of cruise brands utilizing discounted future cash flow analysis for our quantitative goodwill impairment tests, significant judgments are made related to forecasting future operating results, including net revenue yields and net cruise costs including fuel prices; capacity changes, including the expected rotation of vessels into, or out of, the cruise brand; capital expenditures; WACC of market participants, adjusted for the risk attributable to the geographic region in which the cruise brand operates and terminal values. In addition, third-party appraisers are sometimes used to help determine fair values of cruise brands and trademarks, and their valuation methodologies are also typically subject to uncertainties similar to those discussed above.

In addition, in performing our annual assessments of our cruise brands' significant trademarks, qualitative factors that we consider to determine their effect on each of the cruise brand's recorded trademarks' estimated fair values include industry and market conditions, macroeconomic conditions, changes to the WACC, changes in royalty rates and overall financial performance. In determining our trademark estimated fair values for our quantitative impairment tests, we also use discounted future cash flow analysis, which requires some of the same significant judgments discussed above. Specifically, determining the estimated amount of royalties that we are relieved from having to pay for the use of the associated trademarks is based upon forecasted cruise revenues and a market participant's royalty rate. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

We believe that we have made reasonable estimates and judgments in determining whether our cruise ships, goodwill and trademarks have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognize an impairment charge.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory, guest and crew and tax matters. In addition, we periodically assess the recoverability of our trade and other receivables, charter-hire agreements and other counterparty credit exposures, such as contractual nonperformance by financial and other institutions with which we conduct significant business. Our credit exposure 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 honour our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is highly probable, or probable for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such matters, if any,

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

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

Results of Operations

We earn substantially all of our cruise revenues from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment. We also collect fees, taxes and other charges from our guests, and
- sales of goods and services primarily onboard our ships not included in the cruise ticket price including substantially all liquor and some non-alcoholic beverage sales, casino gaming, shore excursions, gift shop sales, photo sales, communication services, full service spas, specialty themed restaurants, cruise vacation protection programs and pre- and post-cruise land packages. These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise bookings, which represent costs that are directly associated with passenger cruise ticket revenues, and include travel agent commissions, air and other transportation related costs, fees, taxes and other charges that vary with guest head counts and related credit and debit card or direct debit fees,
- onboard and other cruise costs, which represent costs that are directly associated with onboard and other revenues, and include the costs of liquor and some non-alcoholic beverages, costs of tangible goods sold by us in our gift shops and from our photo sales, communication costs, costs of cruise vacation protection programs, costs of pre- and post-cruise land packages and related credit and debit card or direct debit fees. Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires,
- fuel costs, which include fuel delivery costs,
- payroll and related costs, which represent all costs related to our shipboard personnel, including deck and engine crew, including officers, and hotel and administrative employees, while costs associated with our shoreside personnel are included in selling and administrative expenses,
- food costs, which include both our guest and crew food costs and
- other ship operating expenses, which include port costs that do not vary with guest head counts, repairs and maintenance, including minor improvements and dry-dock expenses, hotel costs, entertainment, gains and losses on ship sales, ship impairments, freight and logistics, insurance premiums and all other ship operating expenses.

Statistical Information

	Years Ended November 30,	
	2014	2013
ALBDs (in thousands) (a) (b)	76,000	74,033
Occupancy percentage (c)	104.1%	105.1%
Passengers carried (in thousands)	10,566	10,061
Fuel consumption in metric tons (in thousands)	3,194	3,266
Fuel consumption in metric tons per ALBD	0.042	0.044
Fuel cost per metric ton consumed	$ 636	$ 676
Currencies		
U.S. dollar to €1	$ 1.34	$ 1.32
U.S. dollar to £1	$ 1.66	$ 1.56
U.S. dollar to Australian dollar	$ 0.91	$ 0.98

(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) In 2014, we had a 2.7% capacity increase in ALBDs compared to 2013 comprised of a 4.3% capacity increase in our North America brands and a minor capacity increase in our EAA brands.

Our North America brands' capacity increase was caused by:

- the full year impact from one Princess 3,560-passenger capacity ship delivered in 2013;
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2014 and
- fewer ship dry-dock days in 2014 compared to 2013.

In 2013, we had a 2.9% capacity increase in ALBDs compared to 2012 comprised of a 3.4% and 2.5% capacity increase in our EAA brands and North America brands, respectively.

Our EAA brands' capacity increase was caused by:

- the full year impact from one AIDA 2,194-passenger capacity ship and one Costa 2,984-passenger capacity ship both delivered in 2012;
- the partial year impact from one AIDA 2,194-passenger capacity ship delivered in 2013 and
- fewer ship dry-dock days in 2013 compared to 2012.

These increases were partially offset by the full year impact from the removal of two Costa ships and the sale of one P&O Cruises (Australia) 1,462-passenger capacity ship all in 2012.

Our North America brands' capacity increase was caused by:

- the full year impact from one Carnival Cruise Line 3,690-passenger capacity ship delivered in 2012 and
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2013.

These increases were partially offset by more ship dry-dock days in 2013 compared to 2012.

(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.

2014 Compared to 2013

Revenues

Consolidated

Cruise passenger ticket revenues made up 75% of our 2014 total revenues. Cruise passenger ticket revenues increased by $241 million, or 2.1%, to $11.9 billion in 2014 from $11.6 billion in 2013.

This increase was caused by:

- $309 million – 2.7% capacity increase in ALBDs and
- $102 million – foreign currency translational impact from a weaker U.S. dollar against the euro and sterling, net of a stronger U.S. dollar against the Australian dollar ("2014 net currency impact").

These increases were partially offset by:

- $114 million – 1.0 percentage point decrease in occupancy and
- $37 million – decrease in cruise ticket pricing.

The remaining 25% of 2014 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $182 million, or 5.1%, to $3.8 billion in 2014 from $3.6 billion in 2013. This increase was principally due to our 2.7% capacity increase in ALBDs, which accounted for $96 million, and higher onboard spending by our guests, which accounted for $92 million, partially offset by a 1.0 percentage point decrease in occupancy, which accounted for $36 million. Onboard and other revenues included concession revenues of $1.1 billion in both 2014 and 2013.

North America Brands

Cruise passenger ticket revenues made up 73% of our 2014 total revenues. Cruise passenger ticket revenues increased slightly by $19 million to $6.9 billion in 2014 from $6.8 billion in 2013.

This increase was caused by:

- $294 million – 4.3% capacity increase in ALBDs.

This increase was partially offset by:

- $130 million – 2.0 percentage point decrease in occupancy;
- $75 million – decrease in cruise ticket pricing and
- $58 million – decrease in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decrease was driven by the promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity.

The remaining 27% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $168 million, or 7.0%, to $2.6 billion in 2014 from $2.4 billion in 2013.

This increase was caused by:

- $103 million – 4.3% capacity increase in ALBDs;
- $78 million – higher onboard spending by our guests and
- $20 million – higher other third-party revenues.

These increases were partially offset by:

- $46 million – 2.0 percentage point decrease in occupancy.

Onboard and other revenues included concession revenues of $735 million in 2014 and $727 million in 2013.

EAA Brands

Cruise passenger ticket revenues made up 82% of our 2014 total revenues. Cruise passenger ticket revenues increased by $223 million, or 4.6%, to $5.0 billion in 2014 from $4.8 billion 2013.

This increase was substantially due to:

- $102 million – 2014 net currency impact;
- $49 million – increase in air transportation revenues from guests who purchased their tickets from us;
- $39 million – increase in cruise ticket pricing and $23 million – slight increase in occupancy.

The remaining 18% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $19 million, or 1.7%, and remained at $1.1 billion in both 2014 and 2013. Onboard and other revenues included concession revenues of $367 million in 2014 and $370 million in 2013.

Costs and Expenses

Consolidated

Operating costs and expenses decreased by $221 million, or 2.1%, to $10.4 billion in 2014 from $10.6 billion in 2013.

This decrease was caused by:

- $176 million – nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $126 million – lower fuel prices;
- $107 million – lower fuel consumption per ALBD;
- $64 million – decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $56 million – nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $51 million – gains from the sales of *Costa Voyager* and *Ocean Princess*;
- $40 million – lower dry-dock and other ship repair and maintenance expenses and
- $38 million – 1.0 percentage point decrease in occupancy.

These decreases were partially offset by:

- $278 million – 2.7% capacity increase in ALBDs;
- $59 million – 2014 net currency impact;
- $53 million – impairment charges related to *Costa Celebration* and *Grand Holiday* and
- $47 million – various other operating expenses, net.

Selling and administrative expenses increased by $175 million, or 9.3%, to $2.1 billion in 2014 from $1.9 billion in 2013.

Depreciation and amortization expenses increased by $47 million, or 3.0%, and remained at $1.6 billion in both 2014 and 2013.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 91% in 2013.

North America Brands

Operating costs and expenses decreased slightly by $22 million and remained at $6.3 billion in both 2014 and 2013.

This decrease was caused by:

- $103 million – decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $87 million – lower fuel prices;
- $58 million – lower fuel consumption per ALBD;
- $56 million – nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $43 million – 2.0 percentage point decrease in occupancy;
- $43 million – lower dry-dock and other ship repair and maintenance expenses and
- $14 million – gain from the sale of *Ocean Princess.*

These decreases were partially offset by:

- $271 million – 4.3% capacity increase in ALBDs;
- $39 million – nonrecurrence in 2014 of an intersegment transaction, which was fully offset in our Cruise Support segment and
- $72 million – various other operating expenses, net.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 90% in 2013.

EAA Brands

Operating costs and expenses decreased by $223 million, or 5.4%, to $3.9 billion in 2014 from $4.1 billion in 2013.

This decrease was caused by:

- $176 million – nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $51 million – lower fuel consumption per ALBD;
- $41 million – lower fuel prices;
- $39 million – lower dry-dock and other ship repair and maintenance expenses;
- $37 million – gain from the sale of *Costa Voyager* and
- $37 million – various other operating expenses, net.

These decreases were partially offset by:

- $59 million – 2014 net currency impact;
- $53 million – impairment charges related to *Costa Celebration* and *Grand Holiday* and
- $46 million – increases in commissions, transportation and other related expenses principally due to an increase in air transportation costs related to guests who purchased their tickets from us.

Our total costs and expenses as a percentage of revenues decreased to 86% in 2014 from 92% in 2013.

Operating Income

Our consolidated operating income increased by $440 million, or 33%, to $1.8 billion in 2014 from $1.4 billion in 2013. Our North America brands' operating income increased by $105 million, or 11%, to $1.1 billion in 2014 from $956 million in 2013, and our EAA brands' operating income increased by $422 million, or 90%, to $893 million in 2014 from $471 million in 2013. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

Net interest expense decreased by $31 million, or 9.7%, to $288 million in 2014 from $319 million in 2013. In 2014, losses on fuel derivatives, net of $271 million were substantially all comprised of unrealized losses, net, and in 2013 gains on fuel derivatives, net of $36 million were all comprised of unrealized gains, net.

Key Performance Non-GAAP Financial Indicators

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segments' financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business; gains and losses on ship sales and ship impairments, net; and restructuring expenses that are not part of our core operating 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.

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. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices and food expenses, once our ship capacity levels have been determined.

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 passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures 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 to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. In addition, we exclude gains and losses on ship sales and ship impairments, net and restructuring expenses from our calculation of net cruise costs with and without fuel as they are not considered part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we also believe it is more meaningful for gains and losses on ship sales and ship impairments, net and restructuring expenses to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these items.

In addition, because our EAA cruise brands utilize the euro, sterling and Australian dollar to measure their results and financial condition, the translation of those 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. Accordingly, we also monitor and report these non-GAAP financial measures assuming the 2014 periods' currency exchange rates have remained constant with the 2013 periods' rates, respectively, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on the translation of our EAA brands. We believe that this is a useful measure since it facilitates a comparative view of the changes in our business in a fluctuating currency exchange rate environment.

Although our constant dollar basis measure removes the foreign currency translational impact as discussed above, it does not remove the foreign currency transactional impact from changes in exchange rates on our brands' revenues and expenses that are denominated in a currency other than their functional currency. Historically, the foreign currency transactional impact has not been significant when measuring the periodic changes in our results of operations. However, given the continuing expansion of our global business and the heightened volatility in foreign currency exchange rates, we believe the foreign currency transactional impact will be more significant in measuring our 2015 results compared to 2014 than in previous years. See "Quantitative and Qualitative Disclosures About Market Risk – Foreign Currency Exchange Rate Risks – Operational Currency Risks" below.

We believe that the goodwill, trademark and other impairment charges and restructuring expenses recognized in 2014 and 2013 are special charges and, therefore, are also not an indication of our future earnings performance. As such, we believe it is more meaningful for these impairment charges and restructuring expenses to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these charges.

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 non-GAAP net income and non-GAAP earnings per share excluding these unrealized gains and losses.

We have not included in our earnings guidance the impact of unrealized gains and losses on fuel derivatives because these unrealized amounts involve a significant amount of uncertainty, and we do not believe they are an indication of our future earnings performance. Accordingly, our earnings guidance is presented on a non-GAAP basis only. As a result, we did not present a reconciliation between forecasted non-GAAP diluted earnings per share guidance and forecasted U.S. GAAP diluted earnings per share guidance, since we do not believe that the reconciliation information would be meaningful. However, we do forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they 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.

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):

	Years Ended November 30,		
	2014	2014 Constant Dollar	2013
Passenger ticket revenues	$ 11,889	$ 11,787	$ 11,648
Onboard and other revenues	3,780	3,765	3,598
Gross cruise revenues	15,669	15,552	15,246
Less cruise costs			
Commissions, transportation and other	(2,299)	(2,277)	(2,303)
Onboard and other	(519)	(516)	(539)
	(2,818)	(2,793)	(2,842)
Net passenger ticket revenues	9,590	9,510	9,345
Net onboard and other revenues	3,261	3,249	3,059
Net cruise revenues	$ 12,851	$ 12,759	$ 12,404
ALBDs	75,999,952	75,999,952	74,032,939
Gross revenue yields	$ 206.17	$ 204.63	$ 205.94
% increase (decrease) vs. prior year	0.1%	(0.6)%	
Net revenue yields	$ 169.09	$ 167.88	$ 167.56
% increase (decrease) vs. prior year	0.9%	0.2%	
Net passenger ticket revenue yields	$ 126.18	$ 125.14	$ 126.23
% decrease vs. prior year	0.0%	(0.9)%	
Net onboard and other revenue yields	$ 42.90	$ 42.75	$ 41.33
% increase vs. prior year	3.8%	3.4%	

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):

	Years Ended November 30,		
	2014	**2014 Constant Dollar**	**2013**
Cruise operating expenses	$ 10,243	$ 10,184	$ 10,481
Cruise selling and administrative expenses	2,046	2,035	1,871
Gross cruise costs	12,289	12,219	12,352
Less cruise costs included above			
Commissions, transportation and other	(2,299)	(2,277)	(2,303)
Onboard and other	(519)	(516)	(539)
Losses on ship sales and ship impairments, net	(2)	(5)	(178)
Restructuring expenses	(18)	(18)	-
Net cruise costs	9,451	9,403	9,332
Less fuel	(2,033)	(2,033)	(2,208)
Net cruise costs excluding fuel	$ 7,418	$ 7,370	$ 7,124
ALBDs	75,999,952	75,999,952	74,032,939
Gross cruise costs per ALBD	$ 161.69	$ 160.77	$ 166.83
% (decrease) increase vs. prior year	(3.1)%	(3.6)%	
Net cruise costs per ALBD	$ 124.35	$ 123.70	$ 126.05
% (decrease) increase vs. prior year	(1.3)%	(1.9)%	
Net cruise costs excluding fuel per ALBD	$ 97.60	$ 96.95	$ 96.23
% increase vs. prior year	1.4%	0.8%	

Non-GAAP diluted earnings per share was computed as follows (in millions, except per share data):

	Years Ended November 30,	
	2014	2013
Net income - diluted		
U.S. GAAP net income	$1,236	$1,078
Losses on ship sales and ship impairments, net	2 (a)	163 (b)
Goodwill, trademark and other impairment charges	-	27 (c)
Restructuring expenses	18	-
Unrealized losses (gains) on fuel derivatives, net	268	(36)
Non-GAAP net income	$1,524	$1,232
Weighted-average shares outstanding – diluted	778	777
Earnings per share – diluted		
U.S. GAAP earnings per share	$ 1.59	$ 1.39
Losses on ship sales and ship impairments, net	- (a)	0.21 (b)
Goodwill, trademark and other impairment charges	-	0.03 (c)
Restructuring expenses	0.02	-
Unrealized losses (gains) on fuel derivatives, net	0.35	(0.05)
Non-GAAP earnings per share	$ 1.96	$ 1.58

(a) Represents impairment charges of $22 million for *Grand Celebration* and $31 million for *Grand Holiday*, partially offset by gains of $37 million from the sale of *Costa Voyager* and $14 million from the sale of *Ocean Princess*.

(b) Substantially due to $176 million of impairment charges related to *Costa Classica* and *Costa Voyager*, partially offset by a $15 million gain in our Tour and Other segment from the sale of a former Holland America Line ship, which was on charter to an unaffiliated entity.

(c) Represents impairment charges of $14 million for an investment and $13 million for Ibero's remaining trademarks' carrying value.

Net cruise revenues increased by $447 million, or 3.6%, to $12.9 billion in 2014 from $12.4 billion in 2013. This increase was caused by our 2.7% capacity increase in ALBDs, which accounted for $330 million, the 2014 net currency impact, which accounted for $92 million, and a slight increase in constant dollar net revenue yields, which accounted for $24 million. The increase in net revenue yields on a constant dollar basis was caused by a 3.4% increase in net onboard and other revenue yields, partially offset by a slight decrease in net passenger ticket revenue yields. The 3.4% increase in net onboard and other revenue yields resulted from a 3.7% increase from our North America brands and a 2.8% increase from our EAA brands, which included increases in primarily all the net onboard revenue categories. The slight decrease in net passenger ticket revenue yields was driven by our North America brands' promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity, partially offset by improvements at our continental European brands. Gross cruise revenues increased by $423 million, or 2.8%, to $15.7 billion in 2014 from $15.2 billion in 2013 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $294 million, or 4.1%, to $7.4 billion in 2014 from $7.1 billion in 2013. The increase was caused by our 2.7% capacity increase in ALBDs, which accounted for $190 million, a slight increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for $55 million, and the 2014 net currency impact, which accounted for $49 million.

Fuel costs decreased by $175 million, or 7.9%, to $2.0 billion in 2014 from $2.2 billion in 2013. This was caused by lower fuel prices, which accounted for $126 million, and lower fuel consumption per ALBD, which accounted for $107 million, partially offset by our 2.7% capacity increase in ALBDs, which accounted for $59 million.

Gross cruise costs decreased slightly by $63 million to $12.3 billion in 2014 from $12.4 billion in 2013 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, reaching double digit returns in the next three to four years, while maintaining a strong balance sheet. Our ability

to generate significant operating cash flows allows us to internally fund our capital investments. Our goal is to return excess free cash flows to our shareholders in the form of additional dividends and/or share buybacks. In addition, we are committed to maintaining our strong investment grade credit ratings, which are among the highest in the leisure travel industry. 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 that is spread out over a number of years.

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, as needed. Our future operating cash flows and our ability to issue debt can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under Item 4. Principal Risks and Uncertainties within this Strategic Report. If our long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, our access to and cost of debt financing may be negatively impacted.

At November 30, 2014, we had a working capital deficit of $5.4 billion. This deficit included $3.0 billion of current customer deposits, which represent the passenger revenues already collected for cruises departing over the next twelve months and, accordingly, are substantially more like deferred revenue balances rather than actual current cash liabilities. Our November 30, 2014 working capital deficit also included $1.7 billion of current debt obligations. We continue to generate significant cash from operations and have a strong balance sheet. This strong balance sheet provides us with the ability to refinance our current debt obligations before, or as they become due, in most financial credit market environments. We also have our revolving credit facilities available to provide long-term rollover financing should the need arise, or if we choose to do so. After excluding current customer deposits and current debt obligations from our November 30, 2014 working capital deficit balance, our non-GAAP adjusted working capital deficit was $661 million. Our business model, along with our strong balance sheet and unsecured revolving credit facilities, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs. We believe we will continue to have working capital deficits for the foreseeable future.

At November 30, 2013, the U.S. dollar was $1.63 to sterling, $1.36 to the euro and $0.91 to the Australian dollar. Had these November 30, 2013 currency exchange rates been used to translate our November 30, 2014 non-U.S. dollar functional currency operations' assets and liabilities instead of the November 30, 2014 U.S. dollar exchange rates of $1.56 to sterling, $1.25 to the euro and $0.85 to the Australian dollar, our total assets and liabilities would have been higher by $1.2 billion and $565 million, respectively.

Sources and Uses of Cash

Our business provided $3.4 billion of net cash from operations during 2014, an increase of $596 million, or 21%, compared to $2.8 billion in 2013. This increase was substantially due to more cash being provided from our operating results and an increase in customer deposits.

During 2014, our expenditures for capital projects were $2.6 billion, of which $1.5 billion was spent on our ongoing new shipbuilding program, substantially for *Regal Princess* and *Costa Diadema*. In addition to our new shipbuilding program, we had capital expenditures of $754 million for ship improvements and replacements and $305 million for information technology, buildings and improvements, and other assets. Furthermore, in 2014 we sold *Costa Voyager* and received $42 million in cash proceeds.

During 2014, we borrowed a net $617 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the year. In addition, during 2014 we repaid $2.5 billion of long-term debt, including early repayments of $839 million of three bank loans and $590 million of two export credit facilities. Furthermore, during 2014 we borrowed $1.6 billion of new long-term debt under two export credit facilities and three bank loans. Finally, during 2014 we paid cash dividends of $776 million.

Future Commitments and Funding Sources

At November 30, 2014, our contractual cash obligations, including ship construction contracts entered into through February 20, 2015, were as follows (in millions):

	Payments Due by						
	2015	2016	2017	2018	2019	Thereafter	Total
Recorded Contractual Cash Obligations							
Short-term borrowings	$ 666						$ 666
Long-term debt (a)	1,059	$ 1,785	$ 634	$ 1,302	$ 685	$ 2,957	8,422
Other long-term liabilities reflected on the balance sheet (b)	-	245	187	158	59	175	824
Unrecorded Contractual Cash Obligations							
Shipbuilding (c)	1,560	1,881	815	1,371	-	-	5,627
Operating leases (c)	56	45	30	25	24	147	327
Port facilities and other (c)	231	188	141	110	70	600	1,340
Purchase obligations (d)	903	71	30	22	14	4	1,044
Fixed rate interest payments (e)	182	157	127	103	86	331	986
Floating rate interest payments (e)	37	43	48	48	43	127	346
Total Contractual Cash Obligations (f)	$ 4,694	$ 4,415	$ 2,012	$ 3,139	$ 981	$ 4,341	$19,582

(a) Our long-term debt has a weighted-average maturity of 4.3 years.

(b) Represents cash outflows for certain of our long-term liabilities that could be reasonably estimated. The primary outflows are for estimates of our compensation plans' obligations, crew and guest claims, uncertain income tax position liabilities and certain deferred income taxes. Customer deposits and certain other deferred income taxes have been excluded from the table because they do not require a cash settlement in the future.

(c) Our shipbuilding contractual obligations are legal commitments and, accordingly, cannot be cancelled without cause by the shipyards or us, and such cancellation will subject the defaulting party to significant contractual liquidating damage payments.

(d) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, either with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for their termination.

(e) Fixed rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a floating rate to a fixed rate. Floating rate interest payments represent forecasted cash outflows for interest payments on floating rate debt, including interest swapped from a fixed rate to a floating rate, using the November 30, 2014 forward interest rates for the remaining terms of the loans.

(f) Amounts payable in foreign currencies, which are principally the euro, sterling and Australian dollars, are based on the November 30, 2014 exchange rates.

As of November 30, 2014, as adjusted for our new ship orders through February 20, 2015, our total annual capital expenditures consist of ships under contract for construction, estimated improvements to existing ships and shoreside assets and for 2015, 2016, 2017 and 2018 are expected to be $3.0 billion, $3.3 billion, $2.1 billion and $2.5 billion, respectively.

The year-over-year percentage increase in our annual capacity is currently expected to be 2.0%, 4.4%, 2.8% and 1.9% for 2015, 2016, 2017 and 2018, respectively. These percentage increases are expected to result primarily from contracted new ships entering service, partially offset by *Costa Celebration*, *Grand Holiday* and *Seabourn Pride* having left the fleet through February 20, 2015, and *Seabourn Legend*, *Seabourn Spirit* and *Ocean Princess* leaving the fleet by April 2015, May 2015 and March 2016, respectively.

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program was $975 million.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs. Depending on market conditions and other

factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. 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. 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 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2015 annual general meeting or October 16, 2015. Finally, under the Stock Swap programs, any sales of the Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

At February 20, 2015, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock.

At November 30, 2014, we had liquidity of $4.9 billion. Our liquidity consisted of $92 million of cash and cash equivalents, which excludes $239 million of cash used for current operations, $2.3 billion available for borrowing under our revolving credit facilities, net of our commercial paper borrowings, and $2.5 billion under our committed future financings, which are comprised of ship export credit facilities. Of this $2.5 billion, $0.9 billion and $1.6 billion are scheduled to be funded in 2015 and 2016, respectively. At November 30, 2014, substantially all of our revolving credit facilities are scheduled to mature in 2019, except for $300 million that matures in 2020. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honour their contractual agreements with us.

Substantially all of our debt agreements contain financial covenants and at November 30, 2014, we believe we were in compliance with our debt covenants. In addition, based on, among other things, 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.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rate Risks

Operational Currency Risks

We have foreign operations that have functional currencies other than the U.S. dollar, which result in foreign currency translational impacts. Our operations execute transactions in a number of currencies different than their functional currencies, principally the euro, sterling and Australian and U.S. dollars, which result in foreign currency transactional impacts. Based on a 10% hypothetical change in all currency exchange rates that were used in our December 19, 2014 guidance, we estimate that our 2015 first quarter and full year December 19, 2014 non-GAAP guidance would change by $0.04 per share and $0.30 per share, respectively, including both the foreign currency translational and transactional impacts.

Investment Currency Risks

We have $403 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2014, we estimate that these foreign currency forwards' fair values would change by $40 million, which would be offset by a corresponding change of $40 million in the U.S. dollar value of our net investments.

Newbuild Currency Risks

In 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia's* euro-denominated shipyard payments. These collars mature in late February 2015 at a weighted-average ceiling of $287 million and a weighted-average floor of $266 million. In 2014, we entered into foreign currency zero cost collars that are also designated as cash flow hedges for the remaining unhedged portion of *Britannia*'s euro-denominated shipyard payments. These collars also mature in late February 2015 at a weighted-average ceiling of $281 million and a weighted-average floor of $274 million. 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 November 30, 2014, the estimated fair value of these outstanding foreign currency zero cost collars was a nominal liability. Based on a 10% hypothetical increase or decrease in the November 30, 2014 sterling rates to euro exchange rates, we estimate the fair value of these collars would increase $26 million or decrease $27 million, respectively.

On January 22, 2015, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of a Princess and Seabourn newbuilds' euro-denominated shipyard payments. The Princess newbuild's collars mature in March 2017 at a weighted-average ceiling of $590 million and a weighted-average floor of $504 million. The Seabourn newbuild's collars mature in November 2016 at a weighted-average ceiling of $221 million and a weighted-average floor of $185 million. 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 February 20, 2015, substantially all of our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild construction payments for a Carnival Cruise Line, Holland America Line and Seabourn newbuild, which represent a total unhedged commitment of $1.7 billion. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the payments are made under the shipbuilding contract, or we enter into a foreign currency hedge. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rates as of November 30, 2014, the unpaid cost of these ships would have a corresponding change of $171 million.

Interest Rate Risks

At November 30, 2014, we have interest rate swaps that have effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt and $750 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% hypothetical change in the November 30, 2014 market interest rates, the fair value of all our debt and related interest rate swaps would change by $96 million. In addition, based on a 10% hypothetical change in the November 30, 2014 market interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We expect to consume approximately 3.2 million metric tons of fuel in 2015. Based on a 10% hypothetical change in our December 19, 2014 guidance's forecasted average fuel price, we estimate that our 2015 fuel expense, excluding the effect of zero cost collar fuel derivatives, would change by $139 million.

We mitigate a portion of our economic risk attributable to potential fuel price increases through the use of Brent zero cost collars. The actual fuel we use on our ships is marine fuel. At November 30, 2014, our fuel derivatives cover a portion of our estimated fuel consumption through 2018. At November 30, 2014, the estimated fair value of our outstanding fuel derivative contracts was a net liability of $229 million. Based on a 10% hypothetical increase or decrease in the November 30, 2014 Brent forward price curve, we estimate the fair value of our fuel derivatives would increase $127 million or decrease $152 million, respectively.

4. Principal Risks and Uncertainties.

You should carefully consider the specific risks and uncertainties set forth below and the other information contained within this Strategic Report, as these are important factors that could cause our actual results, performance or achievements to differ materially from our expected or historical results. Some of the statements within this Strategic Report and in the Carnival plc IFRS Financial Statements are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

- *General economic and business conditions may adversely impact consumer demand for vacations and, consequently, reduce our cruise brands' net revenue yields and profitability.*

Demand for cruises is in part dependent on the underlying perceived or actual economic condition of the countries from which cruise companies source their guests. Adverse changes in the perceived or actual economic climate, such as global or regional recessions, higher unemployment and underemployment rates; declines in income levels; securities, real estate and other market declines and volatility; increasing taxation; higher fuel prices and healthcare costs; more restrictive credit markets; higher interest rates and changes in governmental regulations, could reduce our potential vacationers' discretionary incomes, net worth or their consumer confidence. Consequently, this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price reductions which, in turn, could reduce the profitability of our business. These ticket price reductions may result in a less affluent guest base, which along with decreases in discretionary income or consumer confidence could also result in lower onboard revenues that could also have a negative effect on our net revenue yields and profitability. Given the mobility of our ships, we can mitigate some of this risk by redeploying our ships to more profitable regions if guests' demand change and if economic or other conditions warrant.

- *Increases in fuel prices may adversely affect our operations, financial condition and liquidity.*

Economic, market and political conditions around the world, such as fuel demand, regulatory requirements, supply disruptions and related infrastructure needs, make it difficult to predict the future price and availability of fuel. Fuel costs accounted for 20% and 21% of our cruise operating expenses in 2014 and 2013, respectively. Future increases in the global price of fuel would increase the cost of our cruise ship operations as well as some of our other expenses, such as crew travel, freight and commodity prices. Furthermore, volatility in fuel prices could have a material adverse effect on our operations, financial condition and liquidity. We may be unable to implement additional fuel conservation initiatives and other best practices or increase ticket prices and collect fuel supplements, which would help to fully or partially offset these fuel price increases. See risks relating to environmental laws and regulations, continuing financial viability of air service providers and failures to keep pace with technology below for additional information regarding our fuel risks.

To mitigate a portion of our economic risk attributable to potential fuel price increases, we have established a fuel derivatives program. To date under this program, we have bought Brent crude oil ("Brent") call options and sold Brent put options, collectively referred to as zero cost collars, that establish ceiling and floor prices. These derivatives 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. In addition, there can be no assurance that our fuel derivatives program will provide a sufficient level of protection against increases in fuel prices or that our counterparties will be able to perform, such as in the case of a counterparty bankruptcy. The zero cost collars will reduce the benefit we currently expect to obtain from lower 2015 fuel prices since the current Brent prices are below the floor of our 2015 zero cost collars. Also, the fuel derivative contracts may create significant volatility in our U.S. GAAP earnings due to volatility in fuel prices over the contracts' terms. We may be able to mitigate a portion of the risk of fuel price increases by continuing to reduce our fuel consumption. Furthermore, we expect to have EGCSs installed on approximately 70% of our fleet by the end of 2017. We expect these efforts should mitigate the impact of the 2015 ECA.

We believe that our land-based vacation competitors' operating costs are less affected by fuel price increases than cruise companies. Accordingly, fuel price increases may adversely impact cruise companies more than their land-based competitors.

- *Incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and other incidents affecting the health, safety, security and satisfaction of guests and crew could have an adverse effect on our sales and profitability.*

The operation of cruise ships, hotels, land tours, port and related commercial facilities and shore excursions involve the risk of incidents, including those caused by the improper operation or maintenance of ships, motorcoaches and trains; guest and crew illnesses, such as from the spread of contagious diseases; mechanical failures, fires and collisions and the resulting costs incurred on emergency ship repairs; repair delays; groundings; navigational errors; oil spills and other maritime and environmental mishaps; missing passengers and other incidents at sea or while in port or on land, which may cause injury and death, guest and crew discomfort and the alteration of itineraries or cancellation of a cruise or series of cruises or tours. Although our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business, our ships have been involved in accidents and other incidents in the past. We may experience similar or other incidents in the future, even though we have and will implement policies, procedures and best practices to limit their future occurrence. These types of incidents may bring into question guest and crew health, safety, security and satisfaction and may adversely affect our brands' reputations and demand for our brands, and cruising in general, and may affect our sales and profitability, may result in additional costs to our business, litigation against us and increasing government or other regulatory oversight.

In particular, our ability to effectively and efficiently operate shipboard and shóreside activities may be impacted by widespread public health issues/illnesses or health warnings resulting in, among other things, reduced demand for cruises and cruise cancellations and employee absenteeism that could have an adverse effect on our sales and profitability. We have, and will continue to, implement itinerary changes, crew training, guest and crew screening, ship cleaning and medical protocols to limit the introduction and spread of contagious diseases, but such actions may not be sufficient to fully mitigate this risk. For example, a severe outbreak of the influenza virus or some other pandemic could, among other things, disrupt our ability to embark/disembark passengers and crew, disrupt air travel to and from ports, increase costs for prevention and treatment and adversely affect our supply chain. This could also adversely impact cruise demand in areas unaffected by such an outbreak.

In addition, as mentioned above, our ships are subject to the risks of mechanical failures and accidents, for which we have had to incur repair and equipment replacement expenditures. If these occur in the future, we may be unable to procure spare parts or new equipment when needed or make repairs without incurring significant expenditures or suspension of service. However, we do maintain certain strategic spare parts on our ships to help mitigate this risk. A significant performance deficiency or problem on any one or more of our ships could have an adverse effect on our financial condition and results of operations.

Our cruise ships, hotels, land tours, port and related commercial facilities, shore excursions and other service providers may be impacted by adverse weather patterns or other natural disasters, such as hurricanes, earthquakes, floods, fires, tornados, tsunamis, typhoons and volcanic eruptions. These events could result in, among other things, increased port related and other costs. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises or tours due to these or other factors, which would have an adverse effect on our sales and profitability.

The frequency of extreme weather events such as hurricanes and floods, which may be caused by climate change, may not only cause disruption, alteration, or cancellation of cruises but may also adversely impact commercial airline flights, other transport and shore excursion activities or prevent our guests from electing to cruise altogether. Such extreme weather events may also disrupt the supply of provisions, fuel and shore power, and may limit our ability to safely embark and disembark our guests. In addition, these extreme weather conditions could result in increased wave and wind activity, which would make it more challenging to sail and dock our ships and could cause sea/motion sickness among guests and crew. These events could have an adverse impact on the safety and satisfaction of cruising and could have an adverse impact on our sales and profitability. Additionally, these extreme weather conditions could cause property damage to our ships, port and related commercial and business facilities and other assets and impact our ability to provide our cruise products and services as well as to obtain insurance coverage for operations in such areas at reasonable rates.

Furthermore, some of the same factors that impact our guests' decisions to cruise with us may also impact our ability to employ qualified crew.

- *The international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel could adversely affect the demand for cruises and could harm our sales and profitability.*

Demand for cruises and other vacation options has been and is expected to continue to be affected by the public's attitude towards the safety and security of travel. Factors including, but not limited to, past acts of terrorism,

threats of additional terrorist attacks, drug-related violence in Mexico, pirate attacks and vessel seizures off the east and west coasts of Africa, national government travel advisories, political instability in North Africa, the Middle East, the Baltics and elsewhere, geopolitical issues between China and Japan and general concerns over the safety and security aspects of traveling have had a significant adverse impact on demand and pricing in the travel and vacation industry in the past and may have an adverse impact in the future. Decreases in demand may lead to price reductions, which in turn would reduce our profitability. These types of events could also impact our ability to source qualified crew from throughout the world at competitive costs and, therefore, increase our shipboard crew costs. We have implemented various safety and security policies and procedures to help mitigate this risk, but it is still possible that they could occur.

- *Negative publicity concerning the cruise industry in general or us in particular, including any adverse environmental impacts of cruising, could impact the demand for cruises, affect our reputation and harm our sales and profitability.*

Incidents involving cruise ships, in particular our cruise ships, and media coverage thereof, as well as adverse media publicity concerning the cruise vacation industry in general, or unusual weather patterns or other natural disasters or disruptions, such as hurricanes and earthquakes, could impact demand for our cruises. In addition, any events which impact the travel industry more generally may negatively impact guests' ability or desire to travel to or from our ships or interrupt our ability to obtain services and goods from key vendors in our supply chain. Any of the foregoing could have an adverse impact on our result of operations and on the cruise industry's performance.

Maintaining a good reputation is critical to our business. Reports and media coverage of ship incidents at sea or while in port, including missing guests, improper conduct by our employees, guests or agents, crimes, dissatisfied guests, crew and guest illnesses, such as incidents of stomach flu, parasitic outbreaks or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity, which could lead to a negative perception regarding the safety of our ships and the satisfaction of our guests. In addition, negative publicity regarding adverse environmental impacts of cruising, such as climate change and oil spills, could diminish our reputation. The considerable expansion in the use of social media over recent years has increased the ways in which our reputation can be impacted, and the speed with which it can occur. Anything that damages our reputation, whether or not justified, could have an adverse impact on demand, which could lead to price reductions and a reduction in our sales and profitability. We utilize the reach and impact of digital marketing and social media, such as Facebook, Twitter, YouTube, Blog, Google+, Flickr, Instagram and Pinterest to provide accurate information to the media, popular bloggers, fans and brand advocates to mitigate some of the risk of negative publicity.

- *Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect, thus resulting in the slower growth and profitability of our business.*

As we expand our global presence in emerging markets, such as Asia, it requires, among other things, significant levels of investments. We may not recover our investments in these markets, and we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion may not produce the returns that we had expected, which could adversely impact the growth and profitability of our business. We partially mitigate this risk by targeting specific guest segments and develop various demand creating initiatives for our brands in these geographic segments.

- *Changes in and compliance with environmental laws and regulations could adversely affect our operations and thus impact our profitability.*

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise business and its environmental impact. Various agencies and regulatory organizations have enacted or are considering new regulations or policies, such as stricter emission limits to reduce GHG effects, which could adversely impact the cruise industry.

The IMO has amended the MARPOL regulations to reduce emissions from ships. As described in "Maritime Environmental Regulations" as referenced below, these changes will result in reductions in ship SOx emissions by requiring progressive reductions in the sulphur content in fuel or the use of abatement technologies. These limits will be further reduced in designated ECAs, including ECAs that have been or could be proposed in other prime cruising areas, such as around Australia, Hong Kong, Japan, the Mediterranean Sea and Mexico. As a

result of these amendments, we have elected to install EGCSs on certain of our ships, which we believe will enable our SOx emissions to meet the MARPOL current and probable future requirements without the use of low sulphur fuel, in all material respects. However, if this type of technology is not widely used within the shipping industry it is possible that there could be limited availability of high sulphur fuels because of low demand and the cost of such fuel may increase. The increase in fuel prices caused by these regulations may impact our other expenses including, but not limited to, crew travel, freight and commodity prices and may have an adverse impact on our profitability.

From time to time initiatives to limit GHG emissions are introduced around the world. For example, numerous bills related to climate change have been introduced in the U.S. Congress, which could adversely impact our business. While not all are likely to become law, there are indications that additional climate change related mandates could be forthcoming, and they may significantly impact our costs, including, among other things, increasing fuel prices, including new taxes on bunker fuel, establishment of costly emissions trading schemes and increasing newbuild and operational costs.

Environmental laws and regulations or liabilities arising from past or future releases of, or exposure to, hazardous substances or vessel discharges, including ballast water and waste disposal, could materially increase our cost of compliance or otherwise adversely affect our business, results of operations and financial condition. See Item 2. Business. C. "Our Global Cruise Business-Governmental Regulations – Maritime Regulations" for additional information regarding these risks.

- *Changes in and compliance with income tax laws and regulations and income tax treaties may adversely affect the taxation of our shipping income and our profitability.*

We believe that substantially all of the income earned by Carnival Corporation, Carnival plc and their ship owning or operating subsidiaries qualifies for taxation based on ship tonnage and are exempt from taxation or are otherwise subject to minimal taxes in the jurisdictions where the entities are incorporated or do business.

We believe that Panama and the jurisdictions where the ship owning and operating subsidiaries of Carnival Corporation are formed are equivalent exemption jurisdictions for purposes of Section 883 of the Internal Revenue Code. The laws of Panama and the other jurisdictions where our ships are owned or operated are subject to change and, in the future, may no longer qualify as equivalent exemption jurisdictions.

The IRS interpretation of Section 883 could differ materially from ours. In addition, provisions of the Internal Revenue Code, including Section 883, are subject to legislative change at any time. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares. Accordingly, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries whose tax exemption is based on Section 883 could lose this exemption.

There is no authority that directly addresses the effect, if any, of a DLC arrangement on the availability of benefits under treaties and, accordingly, their application to our operations is not free from doubt. The applicable treaties may be revoked by either applicable country, replaced or modified with new agreements that treat income from international operation of ships differently than the agreements currently in force or may be interpreted by one of its countries differently from us.

If we did not qualify for tonnage tax, exemption, treaties or minimal taxes, or if the laws that provide for these tax systems were changed, we would have significantly higher income tax expense. In many jurisdictions, the benefit of tonnage tax or preferential tax regimes would be replaced with taxation at normal statutory rates. In the absence of Section 883 or an applicable income tax treaty in the U.S., we would be subject to the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code. In combination, these provisions would result in the taxation of our U.S. source shipping income, net of applicable deductions, at a current federal corporate income tax rate of up to 35%, state income tax rates would vary and our net after-tax income would be potentially subject to a further branch profits tax of 30%.

We are subject to the continual examination of our income tax returns by tax authorities in the jurisdictions where we operate. There can be no assurance that the outcome from these examinations will not adversely affect our net income.

As budgetary constraints continue to adversely impact the jurisdictions in which we operate, or for other reasons, increases in income or other taxes affecting our operations may be imposed. Some social activist groups have lobbied for more taxation on income generated by cruise companies. Certain groups have also generated negative

publicity for us. In recent years, certain members of the U.S. Congress have proposed various forms of legislation that would result in higher taxation on income generated by cruise companies. We continue to monitor global administrative, legislative and judicial tax related developments and evaluate a variety of possible courses of action based upon such developments. However, there is no assurance that such actions, if taken, will successfully mitigate any adverse income tax consequences.

- *Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favourable or consistent with our expectations could adversely affect our net revenue yields and net income.*

We believe that attractive, convenient and safe port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The continuing availability of these types of ports on terms that are favourable or consistent with our expectations, including the port facilities where our guests embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints (particularly during the Caribbean winter months and Mediterranean summer months), security, safety and environmental concerns, adverse weather conditions and other natural disasters, financial and other limitations on port development in established or emerging markets, political instability, exclusivity arrangements that ports may have with our competitors, port operator consolidation, local governmental regulations and local community concerns about both port development and other adverse impacts on their communities from additional tourists. We work with port authorities and others to educate them on the benefits derived from cruising as well as taking actions to address their concerns in order to help mitigate this risk. The inability to continue to utilize, maintain, rebuild, if necessary, and increase the number of ports that our ships call on could adversely affect our net revenue yields and net income.

- *Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain is essential to allowing us to profitably operate our business. In addition, reductions in the availability of, and increases in the prices for, the services and products provided by these vendors can adversely impact our net income.*

Primarily all of our guests book their cruises through independent travel agents, including wholesalers, general sales agents and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Our competitors may offer higher commissions and incentives and thus adversely impact our business. Significant disruptions, contractions or consolidations to our travel agent distribution system, such as those caused by a reduction in travel and related commission income as a result of an economic slowdown could have an adverse effect on our sales and profitability. In addition, we currently extend credit to certain of our larger European travel agents and tour operators and, accordingly, if such agents and operators cannot repay their debts to us, it will adversely impact our cash flows and operations. However, we have entered into agreements with certain of our larger European travel agents and tour operators in order to help mitigate this risk.

Many of our guests and substantially all our crew depend on scheduled or chartered commercial airline services to transport them to or from the airports near the ports where our cruises embark and disembark. Changes or disruptions in commercial or chartered airline services as a result of strikes, labour unrest, financial instability or viability, adverse weather conditions, airport delays, consolidation of carriers, or other events or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests and crew to or from our cruise ships and increase our costs which would, in turn, have an adverse effect on our results of operations. In addition, increases in the prices of airfares due to, among other things, rising fuel prices and airline consolidations would increase the overall vacation price to our guests and may adversely affect demand for our cruises, as well as increase our airfare for our crew.

Travel agents may face increased pressure from our competitors, particularly in the North America market, to sell and market these competitor cruises exclusively. If such exclusive arrangements were introduced, there can be no assurance that we will be able to find alternative distribution channels to ensure our customer base would not be affected.

Economic downturns may impact the financial viability of other key vendors in our supply chain and the interruption in the services or goods we purchase from them could adversely impact our operations and profitability.

- *Disruptions and other damages to our information technology and other networks and operations, and breaches in data security could result in decreases in our net income.*

Our ability to increase revenues and control costs, as well as our ability to serve guests most effectively depends in part on the reliability of our sophisticated technologies and system networks. We use communication applications, information technology and other systems to manage our inventory of cabins held for sale and set pricing in order to maximize our revenue yields and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Gaining unauthorized access to digital systems and networks for purposes of misappropriating assets or sensitive financial, medical or other personal or business information, corrupting data, causing shoreside or shipboard operational disruptions and other cyber-related risks could adversely impact our guest services and satisfaction, employee relationships, business plans, ship safety and our reputation. Global companies are repeatedly being targeted to gain access to critical company, guest and other information. In addition, the operation and maintenance of our systems is in some cases dependent on third-party technologies and service providers for which there is no certainty of uninterrupted availability or through which hackers could gain access to sensitive information. These potential disruptions and cyber attacks could negatively affect costs, customer demand, system availability and pricing for our cruises. Carnival Corporation & plc help to mitigate the effect of a cyber event by implementing and maintaining security controls to protect our corporate applications, network and company and customer data by focusing on protection, identification and recovery. Carnival also continually reviews its security environment to address new security concerns that may impact our critical data.

Our principal offices are located in Australia, Germany, Italy, the UK and the U.S. Although we have developed disaster recovery and similar business contingency plans, actual or threatened natural disasters (for example, hurricanes, earthquakes, floods, fires, tornados, tsunamis, typhoons and volcanic eruptions) or similar events in these locations may have a material impact on our business continuity, reputation and results of operations.

- *Overcapacity in the cruise ship and land-based vacation industry could have a negative impact on our net revenue yields and increase operating costs.*

Although cruising capacity in most of the established markets has grown at a slower pace in recent years, we expect it to continue to increase in both the established and emerging markets. Since the cruise industry relies on long-lived ships, we face the risk that our industry's capacity will grow beyond its demand. The wider vacation industry may also face increases in land-based vacation capacity, which may impact us as well. We typically aim to fill our new capacity at favourable revenue yields despite the new competing cruise and land-based capacity growth. Also, to the extent that we or our competitors deploy ships to a particular itinerary and the resulting capacity in that region exceeds the demand, we may lower pricing and profitability may be lower than initially anticipated. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew, including officers, at competitive rates and, therefore, increase our shipboard employee costs. To partially mitigate this risk, we strategically time the introduction of new ships into our brands to allow ample time to further grow their guest base and absorb our new capacity.

- *Our decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates could result in higher expenses or lower revenues.*

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for substantially all the insurable risks we face in order to minimize the cost of our insurance policies. Accordingly, we are not protected against all risks, such as loss of use of a ship, which could result in an unexpected decrease in our revenue in the event of an incident. We attempt to mitigate our risks that are not covered by insurance, although we cannot be certain such processes and procedures will be successful. Further, significant incidents could result in higher insurance premiums commencing on the policy renewal dates or the inability to obtain coverage.

We may also be subject to additional premium costs based not only on our own claims record but also on the claims records of all other members of the P&I associations that we receive indemnity coverage for tort liability. We are also subject to additional P&I premium assessments for various reasons including, but not limited to, investment or underwriting shortfalls experienced by our P&I clubs. In addition, if we or other ship-owners sustain significant losses, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Finally, we cannot be certain that affordable and viable direct insurance and reinsurance markets will be available to us in the future.

- *Fluctuations in foreign currency exchange rates could adversely affect our financial results.*

We earn revenues, pay expenses, purchase and own assets and incur liabilities in currencies other than the U.S. dollar; most significantly, the euro, sterling and Australian dollars. We derived 57%, 56% and 54% of our revenues from guests sourced from outside of the U.S. in 2014, 2013 and 2012, respectively. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. We report currency transactions in the functional currencies of our reporting units, excluding fuel which is always transacted and reported in U.S. dollars regardless of the functional currency of the reporting unit. Furthermore, we convert a significant amount of these currencies into U.S. dollar. Therefore, the strengthening of the U.S. dollar against our other major currencies. will adversely affect our U.S. dollar financial results and will reduce the U.S. dollar amount received upon conversion of these currencies into U.S. dollars. We partially mitigate some of our currency exchange rate risk by netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained within this Strategic Report 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. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. 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, among other things, the forecasting of our non-GAAP earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill, ship and trademark fair values and outlook.

Certain of the risks we are exposed to are identified within this Strategic Report. This Strategic Report contains important cautionary statements and a discussion of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are not known.

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 Strategic Report, 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.

5. Repurchase Authorizations and Stock Swap Programs.

A. Repurchase Authorizations

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time. During the year ended November 30, 2014, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program has been $975 million.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described below. At February 20, 2015, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 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 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2015 annual general meeting or October 16, 2015. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently.

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 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 October 2008, Carnival Corporation was authorized to issue and sell up to 19.2 million shares of its common stock in the U.S. market and had 18.1 million shares remaining at February 20, 2015. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act.

In the event 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 through a 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 January 2013, Carnival Corporation or Carnival Investments Limited was authorized to sell up to 32.8 million Carnival plc ordinary shares in the UK market and had 32.0 million shares remaining at February 20, 2015. Any sales of Carnival plc ordinary shares have been or will be registered under the Securities Act.

This Strategic Report, as set out on pages 2 to 64, has been approved by the Board.

By order of the Board



Micky Arison
Chairman of the Board of Directors
February 20, 2015

INTRODUCTORY NOTE TO THE CARNIVAL PLC IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 2014

The Carnival plc consolidated IFRS Financial Statements on pages 66 to 110, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries.

However, the Directors consider that, within the Carnival Corporation and Carnival plc dual listed company arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP consolidated financial statements ("DLC Financial Statements"), which are included in Annex 1, but do not form part of these Carnival plc financial statements.

CARNIVAL PLC
GROUP STATEMENTS OF INCOME
(in millions, except per share data)

	Years Ended November 30,	
	2014	2013 (restated) (See Note 1)
Revenues		
Cruise		
Passenger tickets	$ 5,664	$ 5,315
Onboard and other	1,329	1,284
Tour and other	215	208
	7,208	6,807
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	1,187	1,102
Onboard and other	201	229
Fuel	836	895
Payroll and related	716	713
Food	391	375
Other ship operating	1,389	1,295
Tour and other	160	158
	4,880	4,767
Selling and administrative	813	771
Depreciation and amortisation	665	649
Impairment losses, net	16	189
	6,374	6,376
Operating Income	834	431
Nonoperating (Expense) Income		
Interest income	2	5
Interest expense, net of capitalised interest	(70)	(119)
Other (expense), net	(3)	(20)
	(71)	(134)
Income Before Income Taxes	763	297
Income Tax Expense, Net	(20)	(1)
Net Income	$ 743	$ 296
Earnings Per Share		
Basic	$ 3.45	$ 1.37
Diluted	$ 3.44	$ 1.37

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation. In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own Statements of Income or Statements of Comprehensive Income.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1). For information, set out below is the U.S. GAAP and Non-GAAP consolidated earnings per share included within the DLC Financial Statements of the DLC Annual Report and the Business Review section of the Strategic Report, respectively, for the years ended November 30:

	2014	2013
DLC U.S. GAAP basic earnings per share	$ 1.59	$ 1.39
DLC U.S. GAAP diluted earnings per share	$ 1.59	$ 1.39
DLC Non-GAAP diluted earnings per share	$ 1.96	$ 1.58

CARNIVAL PLC
GROUP STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended November 30,	
	2014	2013 (restated)
Net Income	$ 743	$296
Other Comprehensive (Loss) Income		
Items that will not be reclassified through the Statements of Income		
Actuarial gains (losses) on post-employment benefit obligations	6	(2)
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	(712)	329
Net gains (losses) on hedges of net investments in foreign operations	25	(10)
Net (losses) gains on cash flow derivative hedges	(37)	1
	(724)	320
Other Comprehensive (Loss) Income	(718)	318
Total Comprehensive Income	$ 25	$614

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

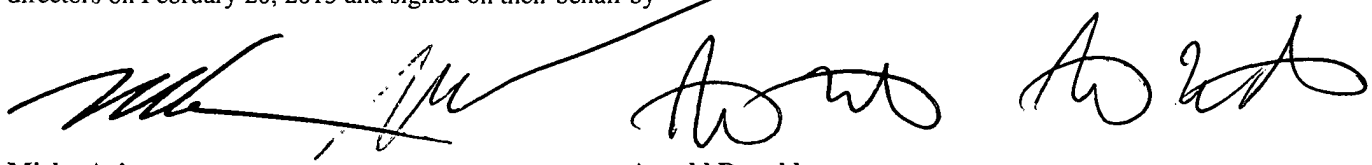
Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
BALANCE SHEETS
(in millions)

	Group		Company	
	November 30,			
	2014	2013 (restated)	2014	2013 (restated)
ASSETS				
Current Assets				
Cash and cash equivalents	$ 217	$ 263	$ 107	$ 144
Trade and other receivables, net	145	184	72	71
Insurance recoverables	166	373	-	-
Inventories, net	127	142	38	43
Prepaid expenses and other	129	109	50	36
Total current assets	784	1,071	267	294
Property and Equipment, Net	13,659	14,303	4,064	4,361
Amount Owed from Subsidiaries	-	-	77	1,336
Intangibles	669	723	172	179
Other Assets	216	169	31	32
Investments in Subsidiaries	-	-	6,129	5,106
	$15,328	$16,266	$10,740	$11,308
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term borrowings	$ 14	$ 60	$ -	$ -
Current portion of long-term debt	518	373	470	318
Amount owed to the Carnival Corporation group	1,513	2,265	1,328	1,943
Amount owed to subsidiaries	-	-	-	104
Accounts payable	328	353	100	88
Dividends payable	54	54	54	54
Claims reserve	178	378	9	7
Accrued liabilities and other	348	325	128	116
Customer deposits	1,208	1,253	745	721
Total current liabilities	4,161	5,061	2,834	3,351
Long-Term Debt	2,130	2,049	1,687	1,515
Other Long-Term Liabilities	283	223	78	62
Shareholders' Equity				
Share capital	358	358	358	358
Share premium	137	136	137	128
Retained earnings	7,835	7,291	5,734	5,779
Other reserves	424	1,148	(88)	115
Total shareholders' equity	8,754	8,933	6,141	6,380
	$15,328	$16,266	$10,740	$11,308

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

The Carnival plc Group financial statements contained on pages 66 to 110 were approved by the board of directors on February 20, 2015 and signed on their behalf by



Micky Arison
Chairman of the Board of Directors

Arnold Donald
President and Chief Executive Officer and Director

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
STATEMENTS OF CASH FLOWS
(in millions)

	Group		Company	
	Years Ended November 30,			
	2014	2013 (restated)	2014	2013 (restated)
OPERATING ACTIVITIES				
Income before income taxes	$ 763	$ 297	$ 153	$ 678
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortisation	665	649	220	209
Trademark impairment charges	-	13	-	-
Ship impairments	53	176	-	-
Gains on ship sale	(37)	-	-	-
Share-based compensation	10	7	5	4
Interest expense, net	68	114	32	65
Other, net	12	17	15	7
	1,534	1,273	425	963
Changes in operating assets and liabilities				
Receivables	15	(1)	(8)	6
Inventories	6	20	3	5
Insurance recoverables, prepaid expenses and other	413	418	(21)	(5)
Accounts payable	(3)	42	16	13
Claims reserve and accrued and other liabilities	(359)	(419)	42	4
Customer deposits	41	27	63	(19)
Cash provided by operations before interest and taxes	1,647	1,360	520	967
Interest received	2	5	20	1
Interest paid	(77)	(117)	(56)	(61)
Income taxes paid, net	(9)	(5)	(1)	(1)
Net cash provided by operating activities	1,563	1,243	483	906
INVESTING ACTIVITIES				
Additions to property and equipment	(1,075)	(729)	(780)	(153)
Proceeds from sale of ship	42	-	647	-
Capital contribution to a subsidiary	-	-	(1,243)	-
Other, net	21	17	11	1
Net cash used in investing activities	(1,012)	(712)	(1,365)	(152)
FINANCING ACTIVITIES				
Changes in loans with the Carnival Corporation group and Group companies	(728)	689	645	387
(Proceeds from) repayments of short-term borrowings, net	(35)	4	10	2
Principal repayments of long-term debt	(357)	(1,232)	(308)	(1,183)
Proceeds from issuance of long-term debt	773	311	773	311
Dividends paid	(216)	(323)	(216)	(323)
Other, net	(4)	(5)	(3)	(5)
Net cash (used in) provided by financing activities	(567)	(556)	901	(811)
Effect of exchange rate changes on cash and cash equivalents	(30)	(7)	(56)	15
Net decrease in cash and cash equivalents	(46)	(32)	(37)	(42)
Cash and cash equivalents at beginning of year	263	295	144	186
Cash and cash equivalents at end of year	$ 217	$ 263	$ 107	$ 144

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share capital	Share premium	Retained earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2012 (as previously reported)	$357	$134	$7,200	$ (678)	$ 3	$1,503	$ 828	$8,519
Effect of change in accounting policy	-	-	4	-	-	-	-	4
Balances at November 30, 2012 (restated)	357	134	7,204	(678)	3	1,503	828	8,523
Comprehensive income								
Net income	-	-	296	-	-	-	-	296
Changes in foreign currency translation adjustment	-	-	-	329	-	-	329	329
Net losses on hedges of net investments in foreign operations	-	-	-	(10)	-	-	(10)	(10)
Net gains on cash flow derivative hedges	-	-	-	-	1	-	1	1
Actuarial losses on post-employment benefit obligations	-	-	(2)	-	-	-	-	(2)
Total comprehensive income	-	-	294	319	1	-	320	614
Cash dividends declared	-	-	(215)	-	-	-	-	(215)
Other, net	1	2	8	-	-	-	-	11
Balances at November 30, 2013 (restated)	358	136	7,291	(359)	4	1,503	1,148	8,933
Comprehensive income Net income	-	-	743	-	-	-	-	743
Changes in foreign currency translation adjustment	-	-	-	(712)	-	-	(712)	(712)
Net gains on hedges of net investments in foreign operations	-	-	-	25	-	-	25	25
Net losses on cash flow derivative hedges	-	-	-	-	(37)	-	(37)	(37)
Actuarial gains on post-employment benefit obligations	-	-	6	-	-	-	-	6
Total comprehensive income (loss)	-	-	749	(687)	(37)	-	(724)	25
Cash dividends declared	-	-	(216)	-	-	-	-	(216)
Other, net	-	1	11	-	-	-	-	12
Balances at November 30, 2014	$358	$137	$7,835	$(1,046)	$(33)	$1,503	$ 424	$8,754

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share capital	Share premium	Retained earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2012 (as previously reported)	$357	$130	$5,307	$ (17)	$ 3	$36	$ 22	$5,816
Effect of change in accounting policy	-	-	4	-	-	-	-	4
Balances at November 30, 2012 (restated)	357	130	5,311	(17)	3	36	22	5,820
Comprehensive income								
Net income	-	-	677	-	-	-	-	677
Changes in foreign currency translation adjustment	-	-	-	102	-	-	102	102
Net losses on hedges of net investments in foreign operations	-	-	-	(10)	-	-	(10)	(10)
Net gains on cash flow derivative hedges	-	-	-	-	1	-	1	1
Actuarial losses on post-employment benefit obligations	-	-	(2)	-	-	-	-	(2)
Total comprehensive income	-	-	675	92	1	-	93	768
Cash dividends declared	-	-	(215)	-	-	-	-	(215)
Other, net	1	(2)	8	-	-	-	-	7
Balances at November 30, 2013 (restated)	358	128	5,779	75	4	36	115	6,380
Comprehensive income Net income	-	-	155	-	-	-	-	155
Changes in foreign currency translation adjustment	-	-	-	(191)	-	-	(191)	(191)
Net gains on hedges of net investments in foreign operations	-	-	-	25	-	-	25	25
Net losses on cash flow derivative hedges	-	-	-	-	(37)	-	(37)	(37)
Actuarial gains on post-employment benefit obligations	-	-	6	-	-	-	-	6
Total comprehensive income (loss)	-	-	161	(166)	(37)	-	(203)	(42)
Cash dividends declared	-	-	(216)	-	-	-	-	(216)
Other, net	-	9	10	-	-	-	-	19
Balances at November 30, 2014	$358	$137	$5,734	$ (91)	$(33)	$36	$ (88)	$6,141

The accompanying notes on pages 72 to 110 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

NOTE 1 - Summary of Significant Accounting Policies

Carnival plc was incorporated in England and Wales in 2000 and its headquarters is located at Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, UK (registration number 4039524). The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Carnival plc (the "Company"), its subsidiaries and associates (referred to collectively in these IFRS financial statements as the "Group," "our," "us," and "we").

As of February 20, 2015, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships
Costa Cruises ("Costa")	35,828	37%	15
AIDA Cruises ("AIDA")	18,656	19	10
P&O Cruises (UK)	14,736	15	7
Princess Cruises ("Princess") (b)	11,420	12	5
Cunard	6,694	7	3
P&O Cruises (Australia)	4,804	5	3
Carnival Cruise Line (b)	4,248	5	2
	96,386	100%	45

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.
(b) Princess and Carnival Cruise Line, two of Carnival Corporation's North America cruise brands, time charter five and one of their ships, respectively, to us to operate year-round in Australia and/or Asia. Since September 2014, Carnival Cruise Line began time chartering another ship to us that operated seasonally from Australia.

Basis of Preparation

The Carnival plc Group and Company financial statements are presented in U.S. dollars unless otherwise noted, as this is the Group's and Company's presentation currency. They are prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are stated at fair value.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and International Financial Reporting Interpretations Committee interpretations. The financial statements have been prepared on a going concern basis.

The preparation of Group and Company financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported and disclosed amounts in the financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances, and form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in preparing the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A review of the critical accounting estimates made by management is included within the Business Review section of the Strategic Report on pages 43 to 45.

Basis of Consolidation

The Carnival plc Group IFRS Financial Statements include the results of the Company and all its controlled subsidiaries, as typically evidenced by a voting control of greater than 50%, and incorporate the Group's interest in its associates under the equity method of accounting, as typically evidenced by a voting control of 20% to 50%. All significant intra-Group balances and transactions are eliminated in consolidation.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), known as Carnival Corporation & plc, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards of directors and senior executive management of both companies are identical. Further details relating to the DLC arrangement are included in Note 3 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful picture of their economic interest in the DLC arrangement, consolidated financial statements of Carnival Corporation & plc are included in the DLC Annual Report. The DLC Financial Statements have been prepared under purchase accounting principles whereby the DLC transaction was accounted for as an acquisition of Carnival plc by Carnival Corporation.

The Group and Company IFRS Financial Statements are required to satisfy reporting requirements of the Companies Act 2006 and do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. Accordingly, the Directors consider that, within the DLC arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. generally accepted accounting principles ("U.S. GAAP") DLC Financial Statements, on the basis that all significant financial and operating decisions affecting the DLC companies are made on the basis of U.S. GAAP information and consequences. Accordingly, the DLC Financial Statements on pages 6 to 36 in the DLC Annual Report are provided to shareholders as other information, which are included in Annex 1, but do not form part of these Carnival plc financial statements. Finally, the Carnival plc Directors' Report, Part II of the Carnival plc Directors' Remuneration Report and the Carnival plc Corporate Governance Report, included as Annexes A, B and C, respectively, to the Notice of Annual Meetings and Proxy Statement, dated February 20, 2015 ("Proxy Statement"), Part I of the Carnival plc Directors' Remuneration Report, contained within the Proxy Statement and the Strategic Report are all included as part of the 2014 Carnival plc Annual Report. Additional information related to environmental, social and governance issues can be found in our Strategic Report, Carnival plc Directors' Report and Carnival plc Corporate Governance Report.

The above mentioned Proxy Statement information can be found at the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost.

Inventories

Inventories consist substantially of food and beverages, hotel and restaurant products and supplies, fuel and gift shop merchandise held for resale, which are all carried at the lower of cost or net realisable value. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

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

	Years	Residual Values
Ships	30	15%
Ship improvements	Shorter of remaining ship life or useful life (3-28)	0%
Buildings and improvements	10-35	0% or 10%
Computer hardware and software	3-10	0% or 10%
Transportation equipment and other	3-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life (3-30)	-

The cruise industry is very capital intensive, and at February 20, 2015, we operated 45 cruise ships. Therefore, we have a capital program that we develop for the improvement of our ships and for asset replacements in order to enhance the effectiveness and efficiency of our operations; comply with, or exceed all relevant legal and statutory requirements related to health, environment, safety, security and sustainability; and gain strategic benefits or provide newer improved product innovations to our guests.

Ship improvement costs that we believe add value to our ships, such as those discussed above, are capitalised to the ships and depreciated over the shorter of their or the ships' estimated remaining useful life, while costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred and included in other ship operating expenses.

Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance. We capitalise interest as part of the cost of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalised ship components are written-off upon retirement, which may result in a loss on disposal that is also included in other ship operating expenses.

We review our long-lived assets, principally our ships, for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. This is determined by using the asset's estimated discounted future cash flows. If these estimated discounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess. As it relates to our ships, the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level.

A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment at least annually and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our business units, also referred to as "cruise brands", on the basis of expected benefit resulting from the acquisition and is stated at cost less accumulated goodwill impairment charges. The recoverability of goodwill is determined by comparing the carrying amount of the net assets allocated to each cash-generating unit ("CGU") with its recoverable amount. The estimated recoverable amount is the higher of the cruise brand fair value less cost to sell and its value in use, and if the recoverable amount is greater than the cruise brand net asset carrying value, then the goodwill amount is deemed recoverable.

Trademarks, which are stated at cost less impairments, are estimated to have an indefinite useful life and, therefore, are not amortisable, but are reviewed for impairment at least annually and, when events or circumstances dictate, more frequently. Our trademarks would be considered impaired if their carrying value exceeds their estimated recoverable amount. The costs of developing and maintaining our trademarks are expensed as incurred.

A significant amount of judgment is required in estimating the recoverable amounts of our cruise brands' goodwill and trademarks.

Revenue and Expense Recognition

Revenue comprises sales to third-parties and excludes VAT and other similar sales taxes. Guest cruise deposits represent unearned revenues and are initially included in customer deposit liabilities generally when received (see Business Review section on page 53 within the Strategic Report for additional discussion of customer deposits). Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognised as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognising these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not significant. Future travel discount vouchers issued to guests are included as a reduction of cruise passenger ticket revenues when such vouchers are utilised. Guest cancellation fees are recognised in cruise passenger ticket revenues at the time of the cancellation.

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

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognised. The remaining portion of fees, taxes and charges are also included in cruise passenger ticket revenues but are expensed in other ship operating expenses when the corresponding revenues are recognised.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognised at the time the services are performed or expenses are incurred. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognised ratably over the term of the charter agreement using the straight-line method (see Note 2).

Insurance

We maintain insurance, including under Carnival Corporation & plc's group risk sharing programs, to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damages to hull and machinery for each of our ships, war risks, workers' compensation, employee health, directors' and officers' liability, property damages and general liabilities for third-party claims. We recognise insurance recoverables from third-party insurers for incurred expenses at the time the recovery is virtually certain and upon realisation for amounts in excess of incurred expenses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions. While we believe our estimated accrued claims reserves are adequate, the ultimate losses will differ.

At November 30, 2014 and 2013, substantially all of our aggregated short-term and long-term insurance recoverables are for crew, guest and other third-party claims related to our January 2012 ship incident. At November 30, 2014 and 2013, the majority of our aggregated short-term and long-term claims reserves also relate to this January 2012 ship incident. At November 30, 2014 and 2013, our long-term insurance recoverables and long-term claims reserve are included in other assets and other long-term liabilities, respectively, and are not material.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and includes salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

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

We execute transactions in a number of different currencies, principally the U.S. dollar, euro, sterling and Australian dollar. Exchange rate gains and losses arising from changes in foreign currency exchange rates between the time an expense is recorded and when it is settled as well as the remeasurement of monetary assets and liabilities, all denominated in a currency other than the functional currency of the entity involved, are recognised currently in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. These net gains or losses resulting from these "nonoperating foreign currency transactions" were insignificant in 2014 and 2013. In addition, the unrealised gains or losses on our long-term intercompany receivables and payables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included in the translation reserve.

Share-Based Compensation

We recognise compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognise compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. For performance-based share awards, we generally recognise compensation cost ratably using the straight-line attribution method over the expected vesting period based on the probability of the performance condition being achieved. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognised compensation expense will be reversed and future compensation expense will be adjusted accordingly. For market-based share awards, we recognise compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market conditions are not expected to be met, compensation expense will still be recognised. In addition, we estimate the amount of expected forfeitures based on historical forfeiture experience when calculating compensation cost. If the actual forfeitures that occur are significantly different from the estimate, then we revise our estimates.

Pensions

The Group operates both defined benefit and defined contribution plans. The net deficit or surplus for each defined benefit pension plan is calculated in accordance with IAS 19(R), based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on AA credit rated bonds or local equivalents that have maturity dates approximating the terms of the pension plans' obligations.

Actuarial gains and losses that arise in calculating the defined benefit pension plans' obligations are recognised in the period in which they arise directly in the Group and Company's comprehensive income.

The operating and financing costs of defined benefit pension plans are recognised in the Group and Company's income; current service costs are spread systematically over the expected average remaining service lives of employees and financing costs are recognised in the periods within which they arise. To the extent that the benefits vest immediately, the expense is recognised immediately in the Group and Company's income.

Defined contribution plan expenses are recognised in the period to which they relate. We contribute to these plans based on employee contributions, salary levels and length of service.

Derivatives and Other Financial Instruments

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

All derivatives are recorded at fair value. The changes in fair value are recognised currently in earnings if the derivatives do not qualify as effective hedges. Subject to specific criteria, derivatives, financial assets and financial liabilities may be designated as forming hedge relationships, as a result of which changes in their fair value are offset in the Group and Company's income or recognised directly in the Group and Company's comprehensive income, depending on the nature of the hedge relationship. Hedging derivatives fall into three classifications: fair value hedges, cash flow hedges and hedges of a net investment. Changes in the fair value of fair value hedge derivatives are offset against the changes in the fair value of the underlying hedged items in the Group and Company's income. The effective portion of the changes in fair value of cash flow hedge derivatives are recognised in the Group and Company's comprehensive income until the underlying hedged item is recognised in earnings or the forecasted transaction is no longer probable. Changes in the fair value of hedges of a net investment are recognised in the Group and Company's comprehensive income to offset a portion of the change in the translated value of the net investment being hedged. In the event that a previously hedged investment is sold or liquidated, the accumulated amount previously recognised from hedging is required to be removed from the hedging reserve within shareholders' equity and reflected in net income. We formally document hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair values of all derivative contracts as either current or long-term, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in the Statements of Cash Flows in the same category as the item being hedged.

Interest-bearing debt and bank overdrafts are recorded at their initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs, and subsequently stated at amortised cost, including accrued interest. Any difference between the proceeds after debt issuance costs and the premium and redemption values are amortised to interest expense over the term of the debt, typically on a straight-line basis which approximates the effective interest method.

Income Taxes

Deferred income taxes are provided using the balance sheet liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Deferred income taxes are measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Current income taxes are the taxes payable on the taxable income for the year, applying current rates and any adjustments in respect of previous years.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of ordinary shares and common stock equivalents outstanding during each period.

Dividends

Dividend distributions are recognised in the period in which the dividends are declared, since under the DLC arrangement the declaration of a dividend by the boards of directors of Carnival Corporation and Carnival plc establishes a liability for Carnival plc.

Changes in Accounting Policy and Disclosures

New and Amended Standards That Have Been Adopted By Us

- Amendments to IAS 19, "Employee Benefits," effective for annual periods beginning on or after January 1, 2013;
- IAS 36, "Impairment of Assets," effective for annual periods beginning on or after January 1, 2014;
- IFRS 7, "Offsetting Financial Assets and Financial Liabilities," effective for annual periods beginning on or after January 1, 2013 and
- IFRS 13, "Fair Value Measurement," effective for annual periods beginning on or after January 1, 2013.

The adoption of these new standards and amendments did not have a material impact on the Group or Company results and financial position. However, the impact of adopting Amendments to IAS 19 was an increase to the November 30, 2012 previously reported retained earnings of $4 million. A November 30, 2012 balance sheet was not prepared due to the insignificant impact of adopting the amendments to IAS 19.

NOTE 2 - Segment Information

IFRS 8 "Operating Segments" requires that an entity's operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc.

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements. Accordingly, decisions to allocate resources and assess performance for Carnival plc are made by the CODM upon review of the U.S. GAAP segment results across all of Carnival Corporation & plc's cruise brands and other segments. Carnival Corporation & plc has three reportable cruise segments that are comprised of its (1) North America cruise brands, (2) Europe, Australia & Asia ("EAA") cruise brands and (3) Cruise Support. In addition, Carnival Corporation & plc has a Tour and Other segment.

The Carnival Corporation & plc North America cruise segment includes Carnival Cruise Line, Holland America Line, Princess and Seabourn. The Carnival Corporation & plc EAA cruise segment includes AIDA, Costa, Cunard, P&O Cruises (Australia), P&O Cruises (UK) and prior to November 2014, Ibero Cruises ("Ibero"). These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, ship maintenance requirements, supporting systems and processes and products and services they provide. The Carnival Corporation & plc Cruise Support segment represents certain of its port and related facilities and other services that are provided for the benefit of its cruise brands. The Carnival Corporation & plc Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours. In 2012, this Tour and Other segment also included two ships that it chartered to an unaffiliated entity. In April 2013, Carnival Corporation sold one of these two ships and recognised a $15 million gain as a reduction of Tour and Other operating expenses. Accordingly, subsequent to this 2013 sale and through November 30, 2014, our Tour and Other segment included only one ship. The significant accounting policies of these segments are the same as those described in Note 2 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Selected information for the Carnival Corporation & plc segments and the reconciliation to the corresponding Carnival plc amounts as of and for the years ended November 30 was as follows (in millions):

	Revenues	Operating expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)	Capital expenditures	Total assets
2014							
North America Cruise Brands (a)	$ 9,559	$ 6,418	$ 1,121	$ 959	$ 1,061	$ 1,315	$ 22,765
EAA Cruise Brands (b)	6,148	3,914	725	616	893(c)	1,054	15,228
Cruise Support	90	39	200	25	(174)	156	1,023
Tour and Other (a)	215	160	8	35	12	58	516(f)
Intersegment elimination (a)	(128)	(128)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	15,884	10,403	2,054	1,635	1,792	2,583	39,532
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (d)	(8,676)	(5,523)	(1,241)	(970)	(958)	(1,508)	(24,204)
Carnival plc – IFRS	$ 7,208	$ 4,880	$ 813	$ 665	$ 834	$ 1,075	$ 15,328
2013 (restated)							
North America Cruise Brands (a)	$ 9,370	$ 6,439	$ 1,048	$ 927	$ 956	$ 1,350	$ 22,448
EAA Cruise Brands (b)	5,906	4,137	686	599	471(e)	642	16,126
Cruise Support	96	31	136	26	(97)	108	1,016
Tour and Other (a)	210	143	9	36	22	49	514(f)
Intersegment elimination (a)	(126)	(126)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	15,456	10,624	1,879	1,588	1,352	2,149	40,104
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (d)	(8,649)	(5,857)	(1,108)	(939)	(921)	(1,420)	(23,838)
Carnival plc – IFRS	$ 6,807	$ 4,767	$ 771	$ 649	$ 431	$ 729	$ 16,266

(a) A portion of the North America cruise brands' segment revenues includes revenues for the tour portion of a cruise when a land tour package is sold along with a cruise by either Holland America Line or Princess. These intersegment tour revenues, which are included in the Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

(b) Carnival plc consists principally of the EAA cruise brands.

(c) Includes impairment charges of $31 million and $22 million related to *Grand Holiday* and *Grand Celebration*, respectively, partially offset by a $37 million gain on the sale of *Costa Voyager*.

(d) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. These North American Carnival Corporation cruise brands are Carnival Cruise Line, Princess, Holland America Line and Seabourn. The U.S. GAAP vs. IFRS accounting differences principally relate to differences in the carrying value of ships and related depreciation expenses.

(e) Includes $13 million in 2013 of impairment losses related to Ibero's trademarks.

(f) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, glass-domed railcars, which run on the Alaska Railroad and Carnival Corporation & plc owned ships that it leased out under long-term charters to an unaffiliated entity.

IFRS 8 also requires disclosure of certain geographical information that is in addition to the requirement to disclose information reviewed by the CODM. The Group's revenues by geographical areas, which are based on where our guests are sourced and not the cruise brands on which they sailed, were as follows (in millions):

	Years Ended November 30,	
	2014	2013
North America	$ 1,049	$ 880
Europe	4,925	4,675
Australia and Asia	1,014	878
Others	220	374
	$ 7,208	$ 6,807

Substantially all of our cruise assets are ships and our cruise capital expenditures are substantially all incurred for ships and ships under construction. Our ships move between geographic regions and, therefore, it is not meaningful to allocate these ship assets and ship capital expenditures to particular regions. In addition, segment information relating to liabilities is not reported to or used by the CODM in order to assess performance and allocate resources to a segment. Our Tour operations' guests are primarily sourced from North America, which is where all our Tour operations' assets and capital spending are located.

NOTE 3 - Income, Expense and Auditors' Remuneration

Operating lease expenses were as follows (in millions):

	Years Ended November 30,	
	2014	2013
Ships	$ 444	$ 337
Property	27	25
Other	6	6
	$ 477	$ 368

Auditors' remuneration was as follows (in millions):

Fees payable to the Company's auditor for the audit of the Group and Company financial statements	$ 1	$ 1
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	1	1
	$ 2	$ 2

In addition, during 2014, there were non-audit service fees that were payable to the auditor of $0.3 million.

During 2014, the Group recognised:

- a $31 million and $22 million ship impairment charge related to Ibero's *Grand Holiday* and *Grand Celebration,* respectively, and
- a $37 million gain from the sale of *Costa Voyager.*

During 2013, the Group recognised:

- a $73 million and $103 million ship impairment charge related to *Costa Voyager* and *Costa Classica,* respectively, and
- impairment charges of $13 million for Ibero's remaining trademarks' carrying value and $14 million related to an investment.

Refer to Note 10 for ship impairments and sales discussion.

Selling and administrative expenses include advertising and promotion expenses of $292 million and $278 million and payroll and related expenses of $388 million and $355 million in 2014 and 2013, respectively.

NOTE 4 - Income and Other Taxes

Income tax (expense) benefit, comprised entirely of overseas taxes incurred outside the UK, was as follows (in millions):

	Years Ended November 30,	
	2014	2013
Current taxes	$(31)	$(24)
Deferred taxes	11	23
Income tax expense, net	$(20)	$ (1)

The total income tax (expense) benefit is reconciled to income taxes calculated at the UK standard tax rate as follows (in millions):

	Years Ended November 30,	
	2014	2013 (restated)
Income before income taxes	$ 763	$297
Notional tax expense at UK standard tax rate (2014-21.7% and 2013-23.3%)	(165)	(69)
Effect of Italian and UK tonnage tax and other overseas taxes at different rates	145	68
	$ (20)	$ (1)

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. All interest expense related to income tax liabilities is included in income tax expense. In addition, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes, fees and other charges are included in commissions, transportation and other costs and other ship operating expenses.

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax on a rolling 10-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

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

Italian and German Income Tax

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

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of 5.5% under the Italian international shipping tax regime since all of their ships are Italian registered.

Substantially all of AIDA's earnings are exempt from Italian and German corporation tax by virtue of Italy/ Germany income tax treaties.

Income and Other Taxes in Asian Countries

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

U.S. and State Income Taxes

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

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

NOTE 5 - Dividends

The board of directors declared regular quarterly dividends for the first, second, third and fourth quarters at $0.25 per share in 2014 and 2013, respectively. Our quarterly dividend declarations amounted to $54 million per quarter or an aggregate of $216 million in 2014 and $54 million, $54 million, $53 million and $54 million in the first, second, third and fourth quarters, respectively, or an aggregate of $215 million in 2013.

NOTE 6 - Earnings per Share

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

	Years Ended November 30,	
	2014	2013 (restated)
Net income for basic and diluted earnings per share	$ 743	$ 296
Weighted-average ordinary shares outstanding	215	215
Dilutive effect of equity plans	1	1
Diluted weighted-average shares outstanding	216	216
Basic earnings per share	$3.45	$1.37
Diluted earnings per share	$3.44	$1.37

As described in Note 1, Carnival Corporation and Carnival plc operate as a DLC. Under the contracts governing the DLC arrangement, the Carnival Corporation & plc consolidated earnings accrue equally to each share of Carnival Corporation common stock and each Carnival plc ordinary share. For this reason, the U.S. GAAP earnings per share for Carnival Corporation & plc are provided for information on page 66.

The weighted-average number of ordinary shares has been reduced for shares in the Company held by the Company's Employee Benefit Trust for the satisfaction of equity awards that have not vested unconditionally. These Employee Benefit Trust held shares do not receive any dividends.

The dilutive shares relate to ordinary shares to be issued on vesting of restricted stock units and performance-based share awards and the exercise of employee share options. Details of employee share-based compensation are discussed in Note 20.

NOTE 7 - Cash and Cash Equivalents

Cash and cash equivalents were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Cash on ships	$ 50	$ 55	$ 16	$ 16
Cash used for current operations	79	95	27	43
Money market funds and time deposits	88	113	64	85
	$ 217	$ 263	$ 107	$ 144

NOTE 8 - Trade and Other Receivables, Net

Trade and other receivables, net, were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Trade, net	$ 111	$ 162	$ 55	$ 63
VAT, income taxes and other	34	22	17	8
	$ 145	$ 184	$ 72	$ 71

The aging of trade receivables was as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Current	$ 99	$ 147	$ 52	$ 62
1 to 30 days	7	7	2	2
31 to 90 days	4	7	1	1
91 to 180 days	3	3	1	-
Over 180 days	7	8		-
	$ 120	$ 172	$ 56	$ 65

The allowance account movements were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Allowance for bad debts at December 1,	$ 10	$ 11	$ 2	$ 3
Recoveries	(1)	-	-	(1)
Write-offs	-	(1)	(1)	-
Allowance for bad debts at November 30,	$ 9	$ 10	$ 1	$ 2

NOTE 9 - Inventories, Net

Inventories, net were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Food and beverage provisions and hotel and restaurant products and supplies, net	$ 73	$ 81	$ 24	$ 25
Fuel	39	45	14	17
Merchandise held for resale, net	15	16	0	1
	$ 127	$ 142	$ 38	$ 43

NOTE 10 - Property and Equipment

Property and equipment movements were as follows (in millions):

	Group			Company		
	Ships and ship improvements	Other property and equipment	Total	Ships and ship improvements	Other property and equipment	Total
Cost at November 30, 2012	$16,928	$ 1,193	$18,121	$ 5,747	$ 89	$ 5,836
Exchange movements	557	52	609	-	7	7
Additions	615	114	729	145	8	153
Disposals	(52)	(18)	(70)	(32)	(1)	(33)
Cost at November 30, 2013	18,048	1,341	19,389	5,860	103	5,963
Exchange movements	(1,293)	(85)	(1,378)	(272)	(21)	(293)
Additions	926	152	1,078	747	33	780
Disposals	(141)	(7)	(148)	(671)	(2)	(673)
Cost at November 30, 2014	$17,540	$ 1,401	$18,941	$ 5,664	$ 113	$ 5,777
Accumulated depreciation at November 30, 2012	$ (3,654)	$ (569)	$ (4,223)	$ (1,405)	$ (43)	$ (1,448)
Exchange movements	(53)	(56)	(109)	28	(2)	26
Depreciation and amortisation	(569)	(73)	(642)	(199)	(10)	(209)
Impairments	(176)	-	(176)	-	-	-
Disposals	46	18	64	27	2	29
Accumulated depreciation at November 30, 2013	(4,406)	(680)	(5,086)	(1,549)	(53)	(1,602)
Exchange movements	305	77	382	80	7	87
Depreciation and amortisation	(580)	(85)	(665)	(206)	(14)	(220)
Impairments (a)	(53)	-	(53)	-	-	-
Disposals	135	5	140	20	2	22
Accumulated depreciation at November 30, 2014	$ (4,599)	$ (683)	$ (5,282)	$ (1,655)	$ (58)	$ (1,713)
Net book value						
At November 30, 2014	$12,941	$ 718	$13,659	$ 4,009	$ 55	$ 4,064
At November 30, 2013	$13,642	$ 661	$14,303	$ 4,311	$ 50	$ 4,361

(a) In November 2014, we entered into a bareboat charter/sale agreement under which the 1,440-passenger capacity *Grand Holiday* was chartered to an unrelated entity in January 2015 through March 2025. Under this agreement, ownership of *Grand Holiday* will be transferred to the buyer in March 2025. This transaction did not meet the criteria to qualify as a finance lease and, accordingly, it will be accounted for as an operating lease whereby we will recognize the charter revenue over the term of the agreement. As a result of this transaction, we performed a ship impairment review and recognised a $31 million impairment charge during the fourth quarter of 2014. The

estimated fair value of the ship was substantially all determined based on the expected collectability of the bareboat charter payments, which is considered a Level 3 input. See Note 3 for ship gain and impairment charges.

Due to the expected absorption of Ibero's operations into Costa in November 2014, and certain ship-specific facts and circumstances, such as size, age, condition, viable alternative itineraries and historical operating cash flows, we performed discounted future cash flow analysis of Ibero's *Grand Celebration* as of May 31, 2014 to determine if the ship was impaired. The principal assumptions used in our discounted cash flow analysis consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, and the estimated residual value, which are all considered Level 3 inputs, and the then expected transfer of *Grand Celebration* into Costa in November 2014. Based on its discounted cash flow analysis, we determined that the net carrying value for *Grand Celebration* exceeded its estimated discounted future cash flows. As a result, we recognised a $22 million ship impairment charge during the second quarter of 2014.

Also, during the 2014 second quarter, *Costa Voyager* was sold and we recognised a $37 million gain as a reduction of impairment charges.

The determination of fair value includes numerous assumptions that are subject to various risks and uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships. Our ships' fair values are typically estimated based either on ship sales price negotiations and the associated probability of the ship selling or discounted future cash flows.

We believe that we have made reasonable estimates and judgments in determining whether ships have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognise an impairment loss.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. Capitalised interest, substantially all on our ships under construction, amounted to $10 million and $7 million in 2014 and 2013, respectively. The interest capitalisation rate is based on the weighted-average interest rates applicable to borrowings within the DLC during each period. During 2014 and 2013, the average capitalisation rate was 3.2% and 3.4%, respectively.

During 2014, the Group took delivery of the 3,692-passenger *Costa Diadema* and during 2013, the Group took delivery of the 2,194-passenger *AIDAstella*. In addition, during 2014 and 2013, the Group made stage payments for ships under construction.

In December 2014, we entered into a bareboat charter/sale agreement under which the 1,492-passenger capacity *Costa Celebration* (formerly *Grand Celebration*) was chartered to an unrelated entity in December 2014 through December 2024. Under this agreement, ownership of *Costa Celebration* will be transferred to the buyer in December 2024. This transaction did not meet the criteria to qualify as a finance lease and, accordingly, it will be accounted for as an operating lease whereby we will recognise the charter revenue over the term of the agreement.

At November 30, 2014 and 2013, the cost of ships under construction included above totalled $315 million and $271 million, respectively. At November 30, 2014 and 2013, the net book value of ship assets is shown after deducting government construction grants of $129 million and $149 million, respectively. At November 30, 2014 and 2013, the book value of our land was $39 million and $23 million, respectively.

See Note 3 for additional ship-related discussions.

NOTE 11 - Intangibles

Intangible movements were as follows (in millions):

	Group			Company
	Goodwill	Trademarks	Total	Goodwill
At November 30, 2012	$ 693	$ 13	$ 706	$ 176
Ibero impairment charges (a)	-	(13)	(13)	-
Exchange movements	30	-	30	3
At November 30, 2013	723	-	723	179
Exchange movements	(54)	-	(54)	(7)
At November 30, 2014	$ 669	$ -	$ 669	$ 172

(a) During 2013, we recognised a $13 million impairment loss to fully write-off Ibero's trademarks' carrying value.

At November 30, 2014 and 2013, all of our cruise brands carried goodwill, except for P&O Cruises (UK) and P&O Cruises (Australia), and the net book value of each of our CGUs' or cruise brands' goodwill balance was as follows: AIDA, $143 million (2013 $157 million), Costa, $354 million (2013 $387 million) and Cunard $172 million (2013 $179 million). As of July 31, 2014, we performed our annual goodwill impairment reviews to assess the recoverable amount of each cruise brand's goodwill. For the impairment reviews, the estimated recoverable amounts were based on the higher of the cruise brands' fair value less costs to sell and its value in use. Recoverable amounts for our brands that carried goodwill were determined using the 10-year discounted future cash flow analysis. Our annual impairment reviews resulted in no goodwill impairments.

The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses relate to forecasting future operating results and are as follows:

- net revenue yields and net cruise costs including fuel prices;
- capacity changes, including the expected deployment of vessels into, or out of, the cruise brands, including, but not limited to, the new ships discussed in Note 22;
- weighted-average cost of capital pre-tax discount rates, which ranged from 9.0% to 11.1% of market participants, adjusted for the risk attributable to the geographic region in which the brands operate and
- capital expenditures, terminal values and a range of 2.0% to 3.0% for long-term perpetuity growth rates.

The cash flows were estimated based on those a market participant would expect to derive from the businesses. For all the cruise brands, we used relevant past experience in determining an estimate of future cash flows.

For AIDA we have significant headroom and based on the sensitivity analysis performed no reasonably possible changes in the assumptions would cause the carrying amount of the brands' goodwill to exceed its recoverable amount.

The determination of our cruise brands' goodwill recoverable amounts includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our goodwill has been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognise an impairment charge.

The fair value of the Cunard goodwill currently exceeds the carrying value by more than $480 million. Changes in assumptions would cause the recoverable amount to fall below the carrying amount as follows:

- a reduction in the perpetuity growth rate after 10 years from an assumed increase of 2.5% compared to an assumed negative growth rate of 3.3% or
- an increase in the discount rate from the 9.0% assumption applied to a revised assumption of 11.4% or more or

- a reduction in the projected operating cash flows across future years by 25.1% or more or
- if there is one less ship in Cunard's fleet or
- an increase in fuel price to $954 per metric ton (or 43%) through 2019 and then a 2% annual increase thereafter or
- no increase in net revenue yields for the next three years and the inability to achieve net revenue yield growth of 2.5% thereafter.

The fair value of the Costa goodwill currently exceeds the carrying value by more than $750 million. Changes in assumptions would cause the recoverable amount to fall below the carrying amount as follows:

- a reduction in the perpetuity growth rate after 10 years from the 3.0% assumption applied to a revised assumption of a 1.0% growth rate or less or
- an increase in the discount rate from the 11.1% assumption applied to a revised assumption of 12.1% or more or
- a reduction in the projected operating cash flows across future years by 12.5% or more or
- an increase in fuel price to $759 per metric ton (or 17%) through 2017 and then a 2% annual increase thereafter or
- the inability to achieve a net revenue yield growth of 4.2% for the next four years and 1.7% thereafter.

Our brands' estimated recoverable amount significantly exceeded their carrying amount and there have not been any events or circumstances subsequent to July 31, 2014, which we believe require us to perform interim goodwill or trademark impairment tests.

NOTE 12 - Other Assets

Other assets were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Other receivables, including VAT	$ 68	$ 80	$ -	$ -
Insurance recoverables	89	22	-	-
Prepaid expenses and other	42	35	25	19
Deferred taxes	11	19	-	-
Derivative contract receivables	6	13	6	13
	$ 216	$ 169	$ 31	$ 32

Substantially all deferred tax assets relate to net operating losses expected to be recovered against future taxable income. At November 30, 2014 and 2013, the Group had gross deferred tax assets of $132 million and $118 million and the Company had gross deferred tax assets of $104 million and $98 million, respectively, which were not recognised.

NOTE 13 - Investments in Subsidiaries

The Company's investments in subsidiaries' movements were as follows (in millions):

At November 30, 2012	$ 4,982
Additions	1
Exchange movements	123
At November 30, 2013	5,106
Capital contributions to a subsidiary (a)	1,243
Exchange movements	(220)
At November 30, 2014	$ 6,129

(a) The capital contributions enabled a subsidiary to fund a ship addition and repay intercompany debt.

We have taken advantage of section 410(2) of the Companies Act 2006 to provide information only in relation to our principal subsidiary undertakings, which are the subsidiary undertakings whose results or financial position, in the opinion of our directors, principally affect the amounts shown in these Group consolidated IFRS financial statements. At November 30, 2014, the Company's principal operating subsidiary was Costa Crociere S.p.A., which is incorporated in Italy and is 99.97% directly owned by the Company, and principally affects the figures shown in the Group financial statements. This subsidiary owns and operates the Costa and AIDA cruise brands and through November 2014, the Ibero cruise brand. P&O Cruises (UK), P&O Cruises (Australia), Cunard and the leased ships of Princess and Carnival Cruise Line brands are divisions of the Company, whereas AIDA is a branch of Costa. The full information for all our subsidiary undertakings will be annexed to our next annual return made to the UK Registrar of Companies.

The following wholly owned UK subsidiaries are exempt from the requirement to prepare individual audited accounts or individual accounts (as further specified below) for the year ended November 30, 2014:

Company	Companies House Registration Number
P&O Princess Cruises International Limited (a)	03902746
SeaVacations Limited (a)	03681272
SeaVacations UK Limited (a)	03633566
Carnival (UK) Limited (b)	03141044
Costa Cruise Lines UK Limited (b)	02482631
P&O Princess American Holdings (b)	01453164
P&O Princess Cruises Pension Trustee Limited (b)	04069014
P&O Travel Limited (b)	00773151

(a) Exempt from preparing individual audited accounts by virtue of Section 479A of the Companies Act 2006.
(b) Exempt from preparing individual accounts by virtue of Section 394A of the Companies Act 2006 and from filing individual accounts by virtue of section 448 of the Companies Act 2006.

In order to obtain the above exemptions, the Company has guaranteed the outstanding liabilities to which each of the above companies is subject at November 30, 2014.

NOTE 14 - Unsecured Debt

Long-term debt and short-term borrowings consisted of the following (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Long-Term Debt				
Export Credit Facilities				
Fixed rate	$ 198	$ 260	$ 198	$ 260
Euro fixed rate	306	372	-	-
Euro floating rate (a)	1,136	863	1,000	701
Bank Loans				
Fixed rate	187	388	187	388
Floating rate (b)	150	-	150	-
Private Placement Notes				
Euro fixed rate	153	166	152	166
Long-Term Debt	2,130	2,049	1,687	1,515
Current Portion of Long-Term Debt				
Export Credit Facilities				
Fixed rate	65	65	65	65
Euro fixed rate	35	40	-	-
Euro floating rate (a)	134	102	121	87
Bank Loans				
Fixed rate	34	37	34	37
Floating rate (b)	-	100	-	100
Euro Floating rate	249	-	249	-
Private Placement Notes				
Euro fixed rate	1	29	1	29
Current Portion of Long-Term Debt	518	373	470	318
Floating Rate Short-Term Borrowings				
Euro bank loans	14	60	-	-
Short-Term Borrowings	14	60	-	-
Total Debt	$ 2,662	$ 2,482	$ 2,157	$ 1,833

(a) In 2014, we borrowed $498 million under a euro-denominated export credit facility, the proceeds of which were used to pay for a portion of *Costa Diadema's* purchase price and is due in semi-annual instalments through October 2026.

(b) In 2014, we borrowed $275 million under a euro-denominated floating rate revolving bank loan facility, the proceeds of which were used for general corporate purposes. This facility is due in November 2015.

In June 2014, Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries amended and replaced their existing five-year multi-currency revolving credit facility of $2.5 billion (comprised of $1.6 billion, €450 million and £150 million) with a new five-year multi-currency revolving credit facility (the "Facility"). This Facility of $2.6 billion (comprised of $1.7 billion, €500 million and £150 million) at November 30, 2014 expires in June 2019, and Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries have options to extend this Facility through June 2021 subject to the approval of each bank. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 40 basis points ("bps"). The margin varies based on changes to Carnival Corporation's and Carnival plc's long-term senior unsecured credit ratings. Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries are required to pay a commitment fee of 35% of the margin per annum on any undrawn portion. Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries will also incur an additional utilisation fee of 10 bps, 20 bps or 40 bps if equal to or less than one-third, more than one-third or more than two-thirds of the Facility, respectively, is drawn on the total amount outstanding.

At November 30, 2014, we have two other undrawn revolving credit facilities for $300 million and $75 million that expire in 2020 and 2015, respectively, and provide us with additional liquidity. At November 30, 2014 $2.9 billion was available under all of our revolving facilities.

The debt table above does not include the impact of our foreign currency and interest rate swaps. Amounts falling due within one year include accrued interest. The floating rate is based on LIBOR or EURIBOR. Substantially all of our fixed rate debt can only be called or prepaid by incurring costs. Further detail relating to the Group's policies on managing currency and interest rate risks and additional information on debt and committed financings are provided in Notes 1 and 24 herein, within the Business Review section of the Strategic Report and in Notes 5 and 10 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Scheduled annual maturities of our debt were as follows (in millions):

	Group		Company	
	November 30,			
Fiscal	2014	2013	2014	2013
2014		$ 433		$ 318
2015	$ 532	231	$ 470	182
2016	500	483	454	433
2017	257	232	211	182
2018	290	270	244	220
2019	218	192	172	142
Thereafter	865	641	606	356
	$ 2,662	$ 2,482	$ 2,157	$ 1,833

Our debt is denominated in different currencies, including the effect of foreign currency swaps, as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013	2014	2013
Euro	$ 2,251	$ 1,906	$ 1,746	$ 1,257
U.S. dollar	411	576	411	576
	$ 2,662	$ 2,482	$ 2,157	$ 1,833

NOTE 15 - Other Long-Term Liabilities

Other long-term liabilities were as follows (in millions):

	Group		Company	
	November 30,			
	2014	2013 (restated)	2014	2013 (restated)
Post-employment benefits (Note 18)	$ 37	$ 60	$ 8	$ 27
Claims reserve	120	51	13	11
Deferred income taxes	32	35	-	-
Customer deposits	41	32	29	18
Income taxes	9	23	1	-
Derivative payables	21	-	21	-
Other	23	22	6	6
	$ 283	$ 223	$ 78	$ 62

The Group and Company claims reserve includes estimated liabilities for illness and injury to crew, guest injuries and other third party claims and the Group's claims reserve primarily all related to the January 2012 ship incident.

Deferred income tax liabilities are principally related to differences between the (1) book and tax methods of calculating depreciation expense in our Holland America Princess Alaska Tours business and other North America operations and (2) the timing of recognising our Cozumel, Mexico port hurricane insurance settlement.

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. At November 30, 2014, these interest rate swap agreements effectively changed $546 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025.

Other liabilities of the Group and Company primarily include liabilities for contractual disputes and property lease obligations. These lease obligations are expected to be settled over their term.

NOTE 16 - Share Capital

The issued and fully paid Carnival plc ordinary share capital was as follows (dollars in millions):

	Number of Shares	Share Capital
At November 30, 2012	214,407,415	$357
Shares issued	67,494	1
At November 30, 2013	214,474,909	358
Shares issued	21,691	-
At November 30, 2014	214,496,600	$358

During 2014 and 2013, the Company issued 17,889 and 63,030 ordinary shares, respectively, following the exercise of share options, for total consideration of $1 million and $2 million, respectively, and for the issuance of Restricted Share Awards ("RSAs"), Restricted Stock Units ("RSUs"), Performance-Based Shares ("PBSs") and Market-Based Shares ("MBS") and issued 3,802 and 4,464 ordinary shares in connection with the Carnival plc Employee Stock Purchase Plan, respectively. In addition, 301,000 and 183,400 ordinary shares were issued in 2014 and 2013, respectively, to the Carnival plc Employee Benefit Trust, which are not included above as they were recorded as treasury stock. At November 30, 2014, there were 1,520,000 cumulative outstanding ordinary shares issued to the Carnival plc Employee Benefit Trust.

The Company has 50,000 allotted but unissued redeemable preference shares of £1 each. These redeemable preference shares are entitled to a cumulative fixed dividend of 8% per annum. The preference shares, which carry no voting rights, rank behind other classes of shares in relation to the payment of capital on certain types of distributions from the Company. The Company also has two allotted and issued subscriber shares of £1 each, that carry no voting rights and no right to receive any dividend or any amount paid on return of capital. Finally, the Company has one special voting share of £1 issued to Carnival Corporation in connection with the DLC transaction to enable Carnival Corporation's shareholders to vote as a group on Company shareholder matters.

NOTE 17 - Reserves and Other Equity Activity

The Group merger reserve relates to the difference between the book value and the fair value of certain businesses sold to Carnival Corporation during 2004 as part of a DLC corporate restructuring, which was accounted for as a group reconstruction.

At November 30, 2014 and 2013, the Carnival plc Employee Benefit Trust held 363,793 and 250,486 ordinary shares of Carnival plc, respectively, with an aggregate par value of $0.6 million and $0.4 million at November 30, 2014 and 2013, respectively. At November 30, 2014 and 2013, the market value of these shares was $16 million and $9 million, respectively. If they had been sold at this market value there would have been no tax liability in either 2014 or 2013 on the capital gain arising from the sale.

The income attributable to shareholders of the Company was $0.2 billion and $0.7 billion in 2014 and 2013, respectively. The 2013 income included $0.5 billion of dividends from subsidiary. Retained earnings consisted of $4.1 billion of distributable reserves and $1.7 billion of nondistributable reserves at both November 30, 2014 and 2013.

Our board of directors have authorised, subject to certain restrictions, the repurchase of up to an aggregate of $1.0 billion of Carnival plc ordinary shares and/or Carnival Corporation common stock (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by the boards of directors at any time. During 2014 and 2013, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program has been $975 million.

In addition to the Repurchase Program, the board of directors authorised, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million of Carnival Corporation common stock under the Stock Swap Programs described below. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and Stock Swap Programs concurrently. Carnival Corporation & plc use the Stock Swap Programs in situations where it 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. During 2014, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap Programs. During 2013, Carnival Investments Limited, a subsidiary of Carnival Corporation, sold 0.9 million of Carnival plc ordinary shares for net proceeds of $35 million. Substantially all of the net proceeds from these sales were used to repurchase 0.9 million shares of Carnival Corporation common stock. Pursuant to our Stock Swap Programs, Carnival Corporation sold these Carnival plc ordinary shares owned by Carnival Investments Limited only to the extent it was able to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. At February 20, 2015, the remaining availability under the Stock Swap Programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock.

Finally, the 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 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2015 annual general meeting or October 16, 2015.

See the Statements of Changes in Shareholders' Equity for movements in capital and other reserves.

NOTE 18 - Post-Employment Benefits

Employee Benefit Plans

Carnival plc is a contributing employer to three defined benefit pension plans: the P&O Princess Cruises (UK) Pension Scheme ("Company's UK Plan"), the multiemployer Merchant Navy Officers Pension Fund ("MNOPF") and the multiemployer Merchant Navy Ratings Pension Fund ("MNRPF"). The defined benefit plans are formally valued triennially by independent qualified actuaries. The valuations for these plans have been carried out at regular intervals, as required by the applicable UK regulations.

The Company's UK Plan's assets are managed on behalf of the trustee by independent fund managers. The Company's UK Plan is closed to new membership.

The MNOPF is a funded defined benefit multiemployer plan in which British officers employed by companies within the Group have participated and continue to participate. The MNOPF is divided into two sections, the "New Section" and the "Old Section", each of which covers a different group of participants, with the Old Section closed to further benefit accrual and to new membership and the New Section is only closed to new membership. The MNOPF is accounted for as a defined benefit plan. Based on the most recent actuarial review of the New Section at March 31, 2014, it was determined that this plan was 87% funded and the deficits are to be recovered through funding contributions from participating employers.

The Old Section covers predecessor employers' officers employed prior to 1978 and is fully funded. In December 2012, the fund's trustee completed a buy-in of the Old Section liabilities with a third-party insurer, whereby the insurer will pay the officers' pension liabilities as they become due. Therefore, we believe our obligation to share in any future funding is remote.

The MNRPF is also a defined benefit multiemployer pension plan available to certain of P&O Cruises (UK)'s shipboard British personnel. Based on the most recent actuarial review of the MNRPF at March 31, 2013, it was determined that this plan was 74% funded and, accordingly, has a funding deficit.

IAS 19 "Employee Benefits" was amended and was effective for the Group and Company beginning on December 1, 2013. The impact of adopting amendments to IAS 19 was an increase to the November 30, 2012 previously reported retained earnings of $4 million.

The recorded assets and liabilities on the Group's balance sheets for the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF and other post-employment benefit liabilities were as follows (in millions):

	November 30,	
	2014	2013 (restated)
Long-term assets		
Employee benefit plan surplus	$ 10	$ 3
Long-term liabilities		
Employee benefit plan deficits	$ 8	$ 26
Other post-employment benefits	29	34
	$ 37	$ 60

The employee benefit plan information provided below relates to the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF.

The pension liabilities for accounting purposes were calculated at November 30, 2014 and 2013 by the Group's qualified actuary. The principal assumptions used were as follows:

	Company's UK Plan (%)		MNOPF New Section (%)		MNRPF (%)	
	2014	2013	2014	2013	2014	2013
Discount rates	3.9	4.5	3.8	4.3	3.8	4.3
Expected rates of salary increases	3.7	3.9	3.7	3.9	3.7	3.9
Pension increases						
Deferment	2.2	2.4	2.2	2.4	2.2	2.4
Payment	3.0	3.2	3.0	3.2	3.0	3.2
Inflation	3.2	3.4	3.2	3.4	3.2	3.4

Assumptions regarding future mortality experience are set based on the Self Administered Pension Schemes tables for the "base" mortality tables. The weighted-average life expectancy in years of a 65-year old pensioner on the balance sheet dates was as follows:

	November 30,	
	2014	2013
Male	22.5	22.4
Female	25.1	25.0

The weighted-average life expectancy in years of a 45-year old future pensioner retiring at age 65 was as follows:

	November 30,	
	2014	2013
Male	25.1	25.0
Female	27.8	27.6

With regard to the Company's UK plan, management considers the types of investment classes in which pension plan assets are invested and the expected compound return that the portfolio can reasonably be expected to earn over time, based on long-term real rates of return experienced in the respective markets.

The amounts recognised in the balance sheets for these plans were determined as follows (in millions):

	November 30,	
	2014	2013 (restated)
Present value of obligations	$ (572)	$ (543)
Fair value of plans' assets	583	537
Net assets (liabilities) before restriction on assets	11	(6)
Restriction on assets	(9)	(17)
Net assets (liabilities) recognized in balance sheet	$ 2	$ (23)

Actuarial gains and losses for these plans were as follows (in millions):

	Years Ended November 30,				
	2014	2013 (restated)	2012	2011	2010
(Losses) gains on plans' liabilities	$(37)	$(37)	$(20)	$(13)	$ 19
Gains (losses) on plans' assets, including restriction on assets..	41	34	15	7	(3)
	$ 4	$ (3)	$ (5)	$ (6)	$ 16

The cumulative actuarial losses recognised in the Group or Company Statements of Shareholders' Equity at November 30, 2014 and 2013 for these plans were $34 million and $38 million, respectively.

The amounts recognised in the Group Statements of Income for these plans were as follows (in millions):

	Years Ended November 30,	
	2014	2013 (restated)
Current service cost	$ 7	$ 7
Past service cost and losses on settlements	2	-
Service cost	9	7
Interest cost on defined benefit obligation	24	20
Interest income on scheme assets	(23)	(19)
Net interest on defined benefit liability	1	1
Administrative expenses	2	1
Cost recognised in Group Statements of Income	$ 12	$ 9

Our estimated contributions expected to be paid into these plans during 2015 are $6 million for the Company's UK Plan and $1 million for the MNOPF New Section.

Analysis of the movements in the balance sheet assets (liabilities) for these plans was as follows (in millions):

	2014	2013 (restated)
Net liabilities at December 1	$ (23)	$(24)
Expenses (see above)	(12)	(9)
Amounts recognised in the Group Statements of Comprehensive Income	4	(3)
Employer contributions	32	17
Exchange movements	1	(4)
Net assets/(liabilities) at November 30	$ 2	$(23)

Changes in the present value of defined benefit obligations for these plans were as follows (in millions):

	2014	2013 (restated)
Present value of obligations at December 1	$ 543	$ 486
Current service cost	7	7
Interest cost	24	20
Contributions from employees	1	1
Benefits paid	(17)	(14)
Past service cost	2	-
Actuarial losses on plan liabilities	37	10
Gain due to change in share of MNOPF	-	27
Exchange movements	(25)	6
Present value of obligations at November 30	$ 572	$ 543

The sensitivity of plan liabilities to changes in certain key assumptions were as follows:

- 0.5% reduction in the discount rate results in an increase of $55 million;
- 0.5% increase in inflation rate results in an increase of $39 million and
- 1 year increase in life expectancy would result in an increase of $16 million.

Changes in the fair value of these plans' assets were as follows (in millions):

	2014	2013 (restated)
Fair value of plans' assets at December 1	$ 537	$ 453
Interest income on scheme assets	23	19
Return on scheme assets greater than discount rate	35	20
Employer contributions	32	17
Contributions from employees	1	1
Benefits paid	(17)	(14)
Loss due to change in share of MNOPF	-	29
Administrative expenses	(2)	(1)
Exchange movements	(26)	13
Fair value of plans' assets at November 30	$ 583	$ 537

The actual gains on these plans' assets in 2014 and 2013 were $58 million and $39 million, respectively.

These plans' assets were comprised as follows (in millions, except percentages):

	November 30,			
	2014		2013	
		%		%
Equities	$ 238	40.8	$ 256	47.6
Property	14	2.4	14	2.6
Corporate bonds	96	16.5	93	17.3
Fixed interest gilts	116	19.8	90	16.7
Liability matching investments	119	20.5	84	15.8
	583	100.0	537	100.0
Restriction on assets (a)	(9)		(17)	
	$ 574		$ 520	

(a) These assets are restricted because they related to a multiemployer plan.

The Company's net pension balance represents substantially all of the Group's funded employee benefit plans.

Other Post-Employment Benefits

At November 30, 2014 and 2013, other post-employment benefit liabilities included $8 million and $9 million, respectively, for a deferred bonus agreement to make annual payments to a former executive director through 2019. In addition, under Italian employment legislation Costa is required to maintain a staff leaving indemnity. Under the indemnity employees are entitled to receive a payment, calculated by reference to their length of service and salary up to December 31, 2006, if they cease employment with Costa. These payments are not conditional on employees reaching normal retirement age and following amendments to the legislation generate no further benefit accrual after December 31, 2006. At November 30, 2014 and 2013, Costa had accrued a liability of $11 million and $12 million, respectively.

Defined Contribution Plans

The Group has several defined contribution plans available to most of its shore staff employees. During 2014 and 2013, the Group expensed $8 million each year for these plans.

NOTE 19 - Key Management

The aggregate compensation of the Group's key management was as follows (in millions):

	Years Ended November 30,	
	2014	2013
Fees	$ 1	$ 1
Salaries and benefits	2	4
Performance related bonuses	4	6
Total short-term employment benefits	7	11
Share-based compensation	8	13
	$ 15	$ 24

The key management, which consists of the board of directors, has responsibility and authority for controlling, directing and planning Carnival plc's activities. Their aggregate compensation includes amounts paid by both Carnival Corporation and Carnival plc.

During 2014 and 2013, there were no exercises of share options by executive directors of Carnival plc ordinary shares. Further details on Directors' remuneration, including RSA, RSU, PBS and MBS awards, share options and pension entitlements, are set out in Parts I and II of the Carnival plc Directors' Remuneration Report.

NOTE 20 - Employees

The average number of our employees was as follows:

	Years Ended November 30,	
	2014	2013
Shore staff	6,493	6,337
Sea staff	29,112	29,429
	35,605	35,766

The aggregate payroll and related expenses included in both cruise operating expenses and selling and administrative expenses were as follows (in millions):

	Years Ended November 30,	
	2014	2013
Salaries, wages and benefits	$ 838	$ 883
Social security and payroll taxes	55	60
Pensions	27	22
Share-based compensation	10	7
	$ 930	$ 972

Share-based compensation included $0.2 million in both 2014 and 2013 that were recharged by Carnival Corporation in respect of RSU, PBS and MBS awards, and options granted over Carnival Corporation common stock to certain U.S.-based Carnival plc Group employees.

Equity Plans

We issue our share-based compensation awards under the Carnival plc stock plan, which has 8.4 million shares available for future grant at November 30, 2014. This plan allows us to issue Time-Based Share ("TBS") awards, which include RSA, RSU, PBS and MBS awards and stock options (collectively "equity awards"). Equity awards are principally granted to management level employees and members of our boards of directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Certain equity awards provide for accelerated vesting if we have a change in control, as defined.

Our total share-based compensation expense was $10 million and $7 million in 2014 and 2013, respectively, the vast majority of which is included in selling and administrative and the remainder in cruise payroll and related expenses.

TBS, PBS and MBS Awards

Carnival plc grants RSUs, which substantially all vest at the end of three years and accrue forfeitable dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared and have no voting rights. The share-based compensation expense for TBS awards is based on the quoted market price of the Carnival plc shares on the date of grant.

In 2014 and 2013, the Committee approved PBS awards to be granted to certain key Carnival plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival plc shares and expected total shareholder return rank relative to certain peer companies on the date of grant and the probability of Carnival Corporation & plc annual earnings target for each year over a three-year period being achieved. Our 2014 PBS awards also have a return on invested capital target. The PBS awards granted in 2014 and 2013 provide an opportunity to earn from zero to 200% and zero to 187.5%, respectively, of the number of target shares underlying the award achieved for each year over a three-year period.

In 2012, the Committee approved PBS awards to be granted to certain key Carnival plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival plc shares on the date of grant and the probability of Carnival Corporation & plc earnings per share growth over a three-year period being achieved. These PBS awards provide an opportunity to earn from zero to 200% of the number of target shares underlying the award achieved at the end of the third year. All PBS awards will accrue forfeitable dividend equivalents based on dividends declared and have no voting rights.

In 2014, the Committee approved MBS awards to be granted to certain of our senior executives. The MBS awards were valued at $3 million as of the date of the grant. The share based compensation expense for MBS awards were based on the quoted market price of the Carnival plc ordinary shares on the date of grant and the probability of certain market conditions being achieved. One-half of the MBS awards are expensed evenly over a three-year period and the remaining half are expensed evenly over a four-year period.

The Group awarded 252,042 RSUs, 50,778 PBSs and 41,479 MBSs at a weighted-average price of £27.72 in 2014 and 316,271 RSUs and 398,748 PBSs at a weighted-average price of £24.82 in 2013, respectively, principally to certain officers and management level employees.

Prior to granting RSUs, PBSs and MBSs, the Committee granted options over ordinary shares, under the Carnival plc 2005 Employee Share Plan and the Carnival plc Executive Share Option Plan, which have maximum terms of up to seven years for options granted after October 2006. Options granted prior to October 2006 have maximum terms of up to ten years. The number and weighted-average exercise price of Carnival plc options were as follows:

	2014		2013	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at December 1	739,707	$ 45.82	1,371,196	$ 45.88
Exercised	(17,889)	$ 39.87	(63,231)	$ 25.57
Forfeited or expired	(463,894)	$ 42.54	(568,258)	$ 50.47
Outstanding and exercisable at November 30	257,924	$ 46.55	739,707	$ 45.82

At November 30, 2014, our outstanding options had an exercise price ranging from $40.00 to $49.99 and a weighted-average remaining life of 0.3 years.

The obligations underlying the Company's stock options, RSUs, PBS and MBS awards are settled through the issuance of Carnival plc ordinary shares.

NOTE 21 - Related Party Transactions

Group

During 2014 and 2013, Holland America Line and Princess purchased land tours from us totalling $128 million and $126 million, respectively, and packaged these land tours for sale with their cruises. In addition, during 2014 and 2013, we sold $3 million each year of pre- and post-cruise vacations, shore excursions and transportation services to the Carnival Corporation group.

At November 30, 2014 and 2013, we owed $1.5 billion and $2.3 billion, respectively, to the Carnival Corporation group, which was unsecured and repayable on demand. Of our total liability to the Carnival Corporation group at November 30, 2014, $152 million is euro-denominated and bears interest, and the remaining balance of $1.3 billion is non-interest bearing.

Within the DLC arrangement, there are instances where we provide services to Carnival Corporation group companies, and also where Carnival Corporation group companies provide services to us. For example, we participate in Carnival Corporation & plc's group risk-sharing programs related to hull and machinery for ships and crew and guest claims. Additional disclosures of related party transactions are discussed in Note 3 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Within our operational and organisational structure, the key management personnel, as defined under IAS 24 "Related Party Disclosures," consists of the Directors of the Company. Details of the Directors' remuneration are provided in the Carnival plc Directors' Remuneration Report and any relevant transactions are given in the "Certain Relationships and Related Party Transactions" section, both of which are included within the Proxy Statement. The aggregate emoluments of our key management are shown in Note 19.

Company

At November 30, 2014 and 2013, Carnival Corporation owned 1,115,450, or 0.5% of the Company's ordinary shares, which are non-voting. During 2014 and 2013, Carnival Investment Limited did not purchase any ordinary shares of Carnival plc. At November 30, 2014 and 2013, Carnival Investments Limited owned 30,848,634 or 14.3% of the Company's ordinary shares, which are also non-voting.

During 2013, Carnival Investments Limited sold 0.9 million of Carnival plc ordinary shares for net proceeds of $35 million. Substantially all of the net proceeds from these sales were used to repurchase 0.9 million shares of Carnival Corporation common stock. Pursuant to our Stock Swap Programs, Carnival Corporation sold these Carnival plc ordinary shares owned by Carnival Investments Limited only to the extent it was able to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis.

In 2014 and 2013, Carnival Corporation and Carnival Investments Limited received dividends on their Carnival plc ordinary shares in the aggregate amount of $32 million and $49 million, respectively.

During 2014, the Company had multi-year ship charter agreements with Princess for three ships (2013 three ships) and Carnival Cruise Line for one ship operating year-round in Australia and/or Asia. In addition, Princess time chartered another two ships during 2014 seasonally in Australia or Asia to the Company and since September 2014, Carnival Cruise Line began time chartering another ship to us that operated seasonally from Australia. Both the year-round and seasonal charters are accounted for as operating leases. Princess and Carnival Cruise Line are subsidiaries of Carnival Corporation. The total charter payments in 2014 and 2013 were $444 million and $337 million, respectively, which were included in other ship operating expenses.

During 2014, the Company continued to provide a guarantee to the MNOPF for certain employees who have transferred between subsidiaries of the Company.

The key management personnel of the Company comprise members of the boards of directors. Except for some share-based compensation and some fees for UK-based services, the Directors did not receive any remuneration from the Company in 2014 and 2013, as their emoluments were borne by other companies within the DLC. Details of the Company's share-based compensation to Directors are disclosed in the Carnival plc Directors' Remuneration Report, which is included in the Proxy Statement. The Company did not have any transactions with the Directors during 2014 and 2013, other than those discussed in our Directors' Remunerations Report.

Transactions with Subsidiaries

The Company enters into loans with its subsidiaries at floating rates of interest, generally at rates agreed to between the parties from time to time. At November 30, 2014, the Company had a receivable from its subsidiary totalling $62 million of a floating rate euro-denominated loan. In addition at November 30, 2014, the Company had net receivables of $15 million from its subsidiaries, which are callable on demand. At November 30, 2013, the Company had net payables of $104 million due to its subsidiaries, which were payable on demand.

NOTE 22 - Commitments

Group

At November 30, 2014, we had three ships under contract for construction with an aggregate passenger capacity of more than 10,200 lower berths with two for AIDA and one for P&O Cruises (UK). The estimated total cost of these ships is $2.0 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. We have paid $0.3 billion through November 30, 2014 and our remaining cruise ship commitments, aggregated based on each ship's delivery date, are expected to be $1.1 billion and $0.6 billion in 2015 and 2016, respectively.

Future minimum lease and port facility commitments, aggregated based on the lease and port facility expiration dates, for noncancellable operating leases and port facility agreements were as follows (in millions):

	November 30,	
Fiscal	2014	2013
2014		$ 77
2015	$ 567	344
2016	9	12
2017	6	8
2018	15	14
2019	11	-
Thereafter	465	450
Total	$1,073	$ 905

Company

At November 30, 2014 and 2013, the Company had $751 million and $768 million, respectively, of contracted capital commitments relating to ship construction contracts. Ship capital commitments included contract payments to the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items.

NOTE 23 - Contingent Liabilities

The cross guarantees provided to and from Carnival Corporation as a result of the DLC arrangement, as further discussed within Notes 3, 5 and 10 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements and within the Business Review section of the Strategic Report, provide that Carnival plc has guaranteed all Carnival Corporation's indebtedness and certain other of their monetary obligations and Carnival Corporation has provided similar guarantees to Carnival plc.

Some of the debt contracts that we enter into include indemnification provisions that obligate the Group to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes and changes in laws that increase lender capital costs and other similar 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 the Group is not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. The Group has 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.

As a result of the January 2012 ship incident, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties, including us. The existing assertions are ongoing and there are significant jurisdictional uncertainties. The ultimate outcome of these matters cannot be determined at this time. However, we do not expect these matters to have a significant impact on our results of operations because we have insurance coverage for these types of third-party claims.

Additionally, 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, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. Management believes the ultimate outcome of these claims and lawsuits will not have a material adverse impact on the Group and Company financial statements.

NOTE 24 - Financial Instruments

Fair Value Measurements

IFRS establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- **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.

There were no transfers between Level 1, Level 2 and Level 3 during 2014 and 2013. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a significant impact on the fair values of our financial

instruments at November 30, 2014 and 2013. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. 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 realised in a current or future market exchange.

The fair value of cross guarantees within the DLC arrangement (see Note 23) are not significant at November 30, 2014 or 2013, and are not expected to result in any material loss.

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

Financial assets were as follows (in millions):

Group

	November 30, 2014				November 30, 2013			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Cash and cash equivalents (a)	$ 129	$ 129	$ -	$ -	$ 149	$ 149	$ -	$ -
Long-term other assets (b)	14	-	-	13	15	-	-	15
	$ 143	$ 129	$ -	$ 13	$ 164	$ 149	$ -	$ 15

Company

	November 30, 2014				November 30, 2013			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Cash and cash equivalents (a)	$ 43	$ 43	$ -	$ -	$ 59	$ 59	$ -	$ -
	$ 43	$ 43	$ -	$ -	$ 59	$ 59	$ -	$ -

(a) Cash and cash equivalents are comprised of cash on hand, and at November 30, 2013 also include time deposits. Due to their short maturities the carrying values approximate their fair values.

(b) At November 30, 2014 and 2013, long term other assets were substantially all comprised of notes and other receivables. The fair values of our notes receivable were estimated using risk-adjusted discount rates.

The carrying and estimated fair values of debt at November 30, 2014 and 2013 were as follows (in millions) (a):

Group

	November 30, 2014				November 30, 2013			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Floating rate								
Euro export credit facilities	$1,270	$ -	$1,236	$ -	$ 965	$ -	$ 958	$ -
Bank loans	150	-	149	-	100	-	100	-
Euro bank loan	249	-	248	-	-	-	-	-
Short-term euro bank loans	14	-	14	-	60	-	60	-
	$1,683	$ -	$1,647	$ -	$1,125	$ -	$1,118	$ -
Fixed rate								
Bearing interest at 2.0% to 2.9%	$ -	$ -	$ -	$ -	$ 150	$ -	$ 159	$ -
Bearing interest at 3.0% to 3.9%	396	-	428	-	486	-	520	-
Bearing interest at 4.0% to 4.9%	430	-	466	-	527	-	577	-
Bearing interest at 6.0% to 6.9%	-	-	-	-	26	-	29	-
Bearing interest at 7.0% to 7.9%	153	-	178	-	168	-	202	-
	$ 979	$ -	$1,072	$ -	$1,357	$ -	$1,487	$ -

Company

Floating rate								
Euro export credit facilities	$1,121	$ -	$1,090	$ -	$ 788	$ -	$ 779	$ -
Euro bank loan	249	-	248	-	-	-	-	-
Bank loans	150	-	149	-	100	-	100	-
	$1,520	$ -	$1,487	$ -	$ 888	$ -	$ 879	$ -
Fixed rate								
Bearing interest at 2.0% to 2.9%	$ -	$ -	$ -	$ -	$ 150	$ -	$ 159	$ -
Bearing interest at 3.0% to 3.9%	221	-	239	-	275	-	298	-
Bearing interest at 4.0% to 4.9%	263	-	279	-	326	-	354	-
Bearing interest at 6.0% to 6.9%	-	-	-	-	26	-	29	-
Bearing interest at 7.0% to 7.9%	153	-	178	-	168	-	202	-
	$ 637	$ -	$ 696	$ -	$ 945	$ -	$1,042	$ -

(a) Debt does not include the impact of interest rate swaps. The net difference between the fair value of our fixed rate debt and its carrying value was due to the market interest rates in existence at November 30, 2014 and 2013 being lower than the fixed interest rates on these debt obligations, including the impact of any changes in our credit ratings. At November 30, 2014 and 2013, the net difference between the fair value of our floating rate debt and its carrying value was due to the market interest rates in existence at November 30, 2014 and 2013 being slightly higher and slightly lower, respectively, than the floating interest rates on these debt obligations, including the impact of any changes in our credit ratings. 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.

The summary of the maturity profiles of the financial liabilities at November 30, 2014 and 2013 was as follows (in millions):

Group

2014	2015	2016	2017	2018	2019	There-after	Total
Floating rate debt	$ 406	$ 292	$ 142	$ 143	$ 131	$ 689	$1,803
Fixed rate debt	174	261	156	183	114	261	1,149
Undiscounted cash flow obligations of debt, including future interest	580	553	298	326	245	950	2,952
Amounts owed to Carnival Corporation group	1,513	-	-	-	-	-	1,513
Claims reserve (a)	178	-	-	-	-	-	178
Trade payables, accrued liabilities and other	730	-	-	-	-	-	730
Other liabilities	-	93	26	23	22	38	202
At November 30, 2014	$3,001	$ 646	$ 324	$ 349	$ 267	$ 988	$5,575

2013	2014	2015	2016	2017	2018	There-after	Total
Floating rate debt	$ 268	$ 109	$ 112	$ 115	$ 115	$ 537	$1,256
Fixed rate debt	222	187	431	163	196	407	1,606
Undiscounted cash flow obligations of debt, including future interest	490	296	543	278	311	944	2,862
Amounts owed to Carnival Corporation group	2,265	-	-	-	-	-	2,265
Claims reserve (a)	378	-	-	-	-	-	378
Trade payables, accrued liabilities and other	732	-	-	-	-	-	732
Other liabilities (restated)	9	45	14	13	14	34	129
At November 30, 2013	$3,874	$ 341	$ 557	$ 291	$ 325	$ 978	$6,366

(a) Primarily all of our claims reserve relate to crew, guest and other third-party claims from the January 2012 ship incident.

Company

2014	2015	2016	2017	2018	2019	There-after	Total
Floating rate debt	$ 378	$ 278	$ 128	$ 128	$ 116	$ 595	$1,623
Fixed rate debt	127	215	111	140	73	66	732
Undiscounted cash flow obligations of debt, including future interest	505	493	239	268	189	661	2,355
Amounts owed to Carnival Corporation group	1,328	-	-	-	-	-	1,328
Amounts owed to subsidiaries	-	-	-	-	-	-	-
Trade payables, accrued liabilities and other	291	-	-	-	-	-	291
Other liabilities	-	22	7	6	4	11	50
At November 30, 2014	$2,124	$ 515	$ 246	$ 274	$ 193	$ 672	$4,024

2013	2014	2015	2016	2017	2018	There-after	Total
Floating rate debt	$ 192	$ 93	$ 95	$ 97	$ 98	$ 409	$ 984
Fixed rate debt	169	135	381	115	149	148	1,097
Undiscounted cash flow obligations of debt, including future interest	361	228	476	212	247	557	2,081
Amounts owed to Carnival Corporation group	1,943	-	-	-	-	-	1,943
Amounts owed to subsidiaries	104	-	-	-	-	-	104
Trade payables, accrued liabilities and other	265	-	-	-	-	-	265
Other liabilities (restated)	3	28	1	1	2	8	43
At November 30, 2013	$ 2,676	$ 256	$ 477	$ 213	$ 249	$ 565	$ 4,436

Substantially all financial liabilities are held at amortised cost. The fair values of our financial liabilities not included in the table above approximate their book values.

As noted below the Group's liquidity is considered on a consolidated Carnival Corporation & plc basis. Included in the "Future Commitments and Funding Sources" section within the Business Review section of the Strategic Report is a schedule of the maturity profiles of the recorded and unrecorded contractual cash obligations of Carnival Corporation & plc at November 30, 2014.

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) that are measured at fair value on a recurring basis were as follows (in millions):

Group

	November 30, 2014		November 30, 2013	
	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents (a)	$ 88	$ -	$ 114	$ -
Marketable securities held in rabbi trust (b)	$ 1	$ -	$ 2	$ -
Derivatives				
Net investment hedges (c)	$ -	$ 12	$ -	$ 2
Interest rate swaps (d)	$ -	$ -	$ -	$ 3
Foreign currency zero cost collars (e)	$ -	$ -	$ -	$ 8
Liabilities				
Derivatives				
Net investment hedges (c)	$ -	$ -	$ -	$ (4)
Interest rate swaps (d)	$ -	$ (28)	$ -	$ (7)
Foreign currency zero cost collars (e)	$ -	$ (1)	$ -	$ -

Company

Assets				
Cash equivalents (a)	$ 64	$ -	$ 85	$ -
Derivatives				
Net investment hedges (c)	$ -	$ 12	$ -	$ 2
Interest rate swaps (d)	$ -	$ -	$ -	$ 3
Foreign currency zero cost collars (e)	$ -	$ -	$ -	$ 8
Liabilities				
Derivatives				
Net investment hedges (c)	$ -	$ -	$ -	$ (4)
Interest rate swaps (d)	$ -	$ (28)	$ -	$ (7)
Foreign currency zero cost collars (e)	$ -	$ (1)	$ -	$ -

(a) Cash equivalents are comprised of money market funds.
(b) At November 30, 2014 and 2013, marketable securities held in rabbi trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks and money market funds.
(c) At November 30, 2014 and 2013, we had foreign currency forwards totalling $403 million and $578 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2014, these foreign currency forwards settle through July 2017.
(d) At November 30, 2014 and 2013, we had euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At November 30, 2014 and 2013, these interest rate swap agreements effectively changed $546 million and $657 million, respectively, of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025.
(e) At November 30, 2014 and 2013, 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 ship building payments totalling $550 million and $301 million, respectively.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation model such as interest rate and yield price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value derivatives for foreign currency options and forwards and interest rate swaps using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact. We also corroborate our fair value estimates using valuations provided by our counterparties.

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 recognised within assets and liabilities were as follows (in millions):

	November 30, 2014				
	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	$(2)	$12	$ -	$ 12
Liabilities	$31	$(2)	$29	$ -	$ 29

	November 30, 2013				
	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	$16	$(3)	$13	$(4)	$ 9
Liabilities	$14	$(3)	$11	$(4)	$ 7

Capital Management

Within the DLC arrangement, the consolidated Carnival Corporation & plc group's primary financial goals are to profitably grow its cruise business and increase its return on invested capital, reaching double digit returns in the next three to four years while maintaining a strong balance sheet. Their ability to generate significant operating cash flows allows Carnival Corporation & plc to internally fund its capital investments. Carnival Corporation & plc's goal is to return excess free cash flows to its shareholders in the form of additional dividends and/or share buybacks. In addition, Carnival Corporation & plc is committed to maintaining its strong investment grade credit ratings, which are among the highest in the leisure travel industry. Other objectives of its capital structure policy are to maintain a sufficient level of liquidity with its available cash and cash equivalents and committed financings for immediate and future liquidity needs and a reasonable debt maturity profile that is spread out over a number of years. The Group manages its capital on a consolidated Carnival Corporation & plc basis, applying U.S. GAAP. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the Business Review section of the Strategic Report. The net debt to capital ratio of the Group at November 30, 2014 and 2013 was calculated as follows (in millions):

	2014	2013 (restated)
Total debt	$ 2,662	$ 2,482
Less cash and cash equivalents	(217)	(263)
Net debt	2,445	2,219
Shareholders' equity	8,754	8,933
Total capital	$ 11,199	$ 11,152
Net debt to capital ratio	21.8%	19.9%

At November 30, 2014 and 2013, the net debt to capital ratio for the consolidated Carnival Corporation & plc group, applying U.S. GAAP and prepared on the same basis as above, was 26.5% and 27.0%, respectively. Substantially all of our Group and Company debt agreements, including our Facility, contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, including those held by Carnival Corporation, 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. At November 30, 2014, we believe we were in compliance with all of our debt covenants.

Liquidity Risk

Within the DLC arrangement, liquidity and liquidity risk is assessed on a consolidated Carnival Corporation & plc basis and there are cross guarantees between the two parent companies that result in there being little substantive difference in the availability of debt financing for either Carnival Corporation or Carnival plc. Typically, the Carnival Corporation & plc debt financing agreements allow for either Carnival Corporation or Carnival plc to draw under the facilities, with the non-borrowing parent as guarantor. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the Business Review section of the Strategic Report.

As noted in the "Future Commitments and Funding Sources" section within the Business Review section of the Strategic Report, at November 30, 2014 the consolidated Carnival Corporation & plc group had $2.3 billion available for borrowing under its revolving credit facilities, net of its commercial paper borrowings and $2.5 billion under committed future financings, in addition to $92 million of cash and cash equivalents, which excludes $239 million of cash on hand used for current operations.

Interest Rate Risk

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. The interest rate profiles of the book value of financial assets and (liabilities) at November 30, 2014 were as follows (in millions):

Group

	2015	2016	2017	2018	2019	There-after	Total
Floating rate							
Cash and cash equivalents	$ 217	$ -	$ -	$ -	$ -	$ -	$ 217
Euro export credit facilities	(132)	(130)	(130)	(130)	(118)	(630)	(1,270)
Euro bank loan	(249)	-	-	-	-	-	(249)
Bank loans	-	(150)	-	-	-	-	(150)
Short-term euro bank loans	(14)	-	-	-	-	-	(14)
	$ (178)	$ (280)	$ (130)	$ (130)	$ (118)	$ (630)	$ (1,466)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (52)	$ (48)	$ (48)	$ (48)	$ (48)	$ (152)	$ (396)
Bearing interest at 4.0% to 4.9%	(83)	(80)	(80)	(52)	(52)	(83)	(430)
Bearing interest at 6.0% to 7.9%	(2)	(92)	-	(59)	-	-	(153)
	$ (137)	$ (220)	$ (128)	$ (159)	$ (100)	$ (235)	$ (979)

Company

Floating rate							
Cash and cash equivalents	$ 107	$ -	$ -	$ -	$ -	$ -	$ 107
Euro export credit facilities	(119)	(117)	(117)	(117)	(106)	(545)	(1,121)
Euro bank loan	(249)	-	-	-	-	-	(249)
Bank loans	-	(150)	-	-	-	-	(150)
	$ (261)	$ (267)	$ (117)	$ (117)	$ (106)	$ (545)	$ (1,413)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (34)	$ (31)	$ (31)	$ (31)	$ (31)	$ (63)	$ (221)
Bearing interest at 4.0% to 4.9%	(66)	(63)	(63)	(36)	(35)	-	(263)
Bearing interest at 6.0% to 7.9%	(2)	(92)	-	(59)	-	-	(153)
	$ (102)	$ (186)	$ (94)	$ (126)	$ (66)	$ (63)	$ (637)

The interest rate profiles of financial assets and (liabilities) at November 30, 2013 were as follows (in millions):

Group

	2014	2015	2016	2017	2018	There-after	Total
Floating rate							
Cash and cash equivalents	$ 263	$ -	$ -	$ -	$ -	$ -	$ 263
Euro export credit facilities	(102)	(98)	(98)	(98)	(98)	(471)	(965)
Bank loans	(100)	-	-	-	-	-	(100)
Short-term euro bank loans	(60)	-	-	-	-	-	(60)
	$ 1	$ (98)	$ (98)	$ (98)	$ (98)	$ (471)	$ (862)
Fixed rate							
Bearing interest at 2.0% to 2.9%	$ -	$ -	$ (150)	$ -	$ -	$ -	$ (150)
Bearing interest at 3.0% to 3.9%	(59)	(51)	(51)	(51)	(52)	(222)	(486)
Bearing interest at 4.0% to 4.9%	(85)	(80)	(81)	(81)	(54)	(146)	(527)
Bearing interest at 6.0% to 6.9%	(26)	-	-	-	-	-	(26)
Bearing interest at 7.0% to 7.9%	(1)	-	(102)	-	(65)	-	(168)
	$ (171)	$ (131)	$ (384)	$ (132)	$ (171)	$ (368)	$ (1,357)

Company

	2014	2015	2016	2017	2018	There-after	Total
Floating rate							
Cash and cash equivalents	$ 144	$ -	$ -	$ -	$ -	$ -	$ 144
Euro export credit facilities	(86)	(85)	(85)	(85)	(85)	(362)	(788)
Bank loans	(100)	-	-	-	-	-	(100)
	$ (42)	$ (85)	$ (85)	$ (85)	$ (85)	$ (362)	$ (744)
Fixed rate							
Bearing interest at 2.0% to 2.9%	$ -	$ -	$ (150)	$ -	$ -	$ -	$ (150)
Bearing interest at 3.0% to 3.9%	(38)	(33)	(33)	(34)	(34)	(103)	(275)
Bearing interest at 4.0% to 4.9%	(67)	(62)	(62)	(63)	(36)	(36)	(326)
Bearing interest at 6.0% to 6.9%	(26)	-	-	-	-	-	(26)
Bearing interest at 7.0% to 7.9%	(1)	-	(102)	-	(65)	-	(168)
	$ (132)	$ (95)	$ (347)	$ (97)	$ (135)	$ (139)	$ (945)

The Group and Company have fixed and floating rate debt and use interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. Based upon a 10% hypothetical change in the November 30, 2014 market interest rates, our annual interest expense on floating rate debt would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring costs, therefore, it is unlikely we will be able to take significant steps in the short-term to mitigate our fixed rate debt exposure in the event of a significant decrease in market interest rates. Within the DLC arrangement, interest rate risks are considered on a combined Carnival Corporation & plc basis. For additional information see the Business Review section of the Strategic Report and Note 10 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Foreign Currency Exchange Rate Risks

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 nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances. Our primary focus is to manage the economic foreign currency exchange risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not accounting risks. While we will continue to monitor our exposure to these economic risks, we do not currently hedge our foreign currency exchange risks with derivative or nonderivative financial instruments, with the exception of 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 Risk

Our European and Australian cruise brands generate significant revenues and incur significant expenses in their euro, sterling or Australian dollar functional currency, which subjects us to "foreign currency translational" risk related to these currencies. Accordingly, exchange rate fluctuations of the euro, sterling and Australian dollar 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 cruise brands' revenues and expenses. Any weakening of the U.S. dollar has the opposite effect.

Most of our brands also have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and principally includes the euro, sterling and Australian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, we also have "foreign currency transactional" risks related to changes in the exchange rates for our brands' revenues and expenses that are in a currency other than their functional currency. However, these brands' revenues and expenses in non-functional currencies create some degree of natural offset from these currency exchange movements. In addition, we monitor this foreign currency transactional risk in order to measure its impact on our results of operations. Based on a 10% hypothetical change in all currency exchange rates that were used in Carnival Corporation & plc's December 19, 2014 guidance, Carnival Corporation & plc's estimated full year non-GAAP guidance would change by $0.30 per share, including both foreign currency translational and transactional impacts. For additional information see the Business Review section of the Strategic Report and Note 10 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Investment Currency Risk

At November 30, 2014, substantially all of the Group net operating assets were denominated in euros, sterling and Australian dollars. As a result of this currency composition, the Group's U.S. dollar consolidated balance sheet can be affected by currency movements. The Group partially mitigates the effect of such movements by entering into foreign currency forwards and having some borrowings in the same currencies as those in which the assets are denominated.

The exchange rates for each of our major currencies as of and for the year ended November 30, 2014 and 2013 were as follows:

	2014			2013		
	£:U.S.$	euro:U.S.$	Aus:U.S.$	£:U.S.$	euro:U.S.$	Aus:U.S.$
November 30 exchange rates	1.56	1.25	0.85	1.63	1.36	0.91
Average yearly exchange rates	1.65	1.34	0.91	1.56	1.32	0.98

At November 30, the fair value of derivatives included in the Group and Company balance sheets at November 30, 2014 and 2013 were as follows (in millions):

	2014			2013		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Foreign currency forwards-net investment hedges	$ 403	$ 12	$ -	$ 578	$ -	$ 2
Debt related interest rate swaps-cash flow hedge	$ 546	-	28	$ 657	-	4
Foreign currency zero cost collars-ships	$ 550	-	1	$ 301	8	-
		$ 12	$ 29		$ 8	$ 6

At November 30, 2014, the Group and Company have $403 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2014, we estimate that these foreign currency forwards' fair values would change by $40 million, which would be offset by a corresponding change of $40 million in the U.S. dollar value of our net investments. In addition, based on a 10% hypothetical change in the

U.S. dollar to euro, sterling and Australian dollar exchange rates at November 30, 2014, which are the functional currencies we translate into our U.S. dollar reporting currency, we estimate our 2014 cumulative translation adjustment would have changed by $511 million.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealised gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant. Ineffectiveness arising on cash flow hedges was not material during 2014 and 2013 and, accordingly, all cash flow hedges were considered effective.

Newbuild Currency Risk

Our shipbuilding contracts are typically denominated in euros. Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our UK brands are made on a case-by-case basis, taking into consideration 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 nonderivative financial instruments to manage foreign currency exchange rates risk for some of our ship construction payments.

In 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia's* euro-denominated shipyard payments. These collars mature in late February 2015 at a weighted-average ceiling of $287 million and a weighted-average floor of $266 million. In 2014, we entered into additional foreign currency zero cost collars that are also designated as cash flow hedges for the remaining portion of *Britannia's* euro-denominated shipyard payments. These collars also mature in late February 2015 at a weighted-average ceiling of $281 million, and a weighted-average floor of $274 million. 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 November 30, 2014, the estimated fair value of these outstanding foreign currency zero cost collars was a nominal liability. Based on a 10% hypothetical increase or decrease in the November 30, 2014 sterling rates to euro exchange rates, we estimate the fair value of these collars would increase $26 million or decrease $27 million, respectively. Additional detail relating to the Group's and Company's financial risk management objectives and policies is included in Note 1, the Business Review section of the Strategic Report and Note 10 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

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. Our maximum exposure under foreign currency contracts and interest rate swap agreements that are in-the-money, which were not material at November 30, 2014, is the replacement cost, net of any collateral received or contractually allowed offset, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimise credit risk exposure, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions, insurance companies and export credit agencies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimise risk. We normally do require 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.

We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe and credit and debit card providers to which we extend credit in the normal course of our business, which includes charter-hire agreements in Asia 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 honour 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 receivables, charter-hire agreements and contingent obligations are not considered to be material, primarily due to the large number of unrelated accounts within our customer base, the amount of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables and related contingent obligations. We do not normally require collateral or other security to support normal credit sales.

Independent auditors' report to the members of Carnival plc

Report on the financial statements

Our opinion

In our opinion:

- Carnival plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of:
    - the state of the Group's and of the Company's affairs as at November 30, 2014; and
    - the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

Carnival plc's financial statements comprise:

- the Group and Company balance sheets as at November 30, 2014;
- the Group statement of income and statement of comprehensive income for the year then ended;
- the Group and Company statements of cash flows for the year then ended;
- the Group and Company statements of changes in shareholders' equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

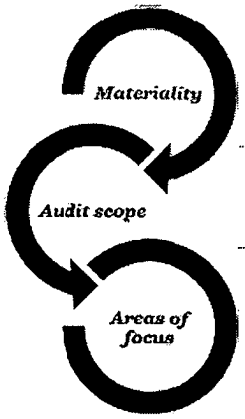
Certain required disclosures have been presented elsewhere in the Carnival plc Annual Report Documents (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The Carnival Corporation consolidated financial statements for 2014, prepared under U.S. Generally Accepted Accounting Principles (referred to as either "The Carnival Corporation & plc Annual Report" or the "DLC Financial Statements"), which are included in Annex 1 of the Carnival plc Strategic Report and IFRS financial statements, as other information, do not form part of the Carnival plc IFRS Financial Statements and as such are not within the scope of this opinion.

Our audit approach

Overview



- Overall group materiality: $38 million, which represents 5% of average income before taxes from continuing operations for the past four years, adjusted for the goodwill, trademarks and ship impairment charges to avoid the volatility that such items would create.
- Carnival plc has six operating units which fall into three reporting segments. Three operating units were subject to an audit of their complete financial information due to their size.

The areas of audit focus were:

- Impairment reviews of Costa Cruises ("Costa") and Cunard goodwill and the carrying value of certain Costa, Ibero Cruises ("Ibero") and P&O Cruises (UK) ("P&O (UK)") ships.
- Costa Concordia incident (the "January 2012 ship incident").
- Risk of fraud in relation to revenue recognition.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	*How our audit addressed the area of focus*
Impairment reviews of Costa and Cunard Goodwill and of certain Costa, Ibero and P&O (UK) ships The Group holds significant amounts of goodwill and property, plant and equipment in the form of ships on the balance sheet related to its cruise brands ("brands"), as detailed in Notes 10 and 11 to the financial statements. The risk is that these balances are overstated and need to be impaired. In determining whether the carrying value of goodwill and certain ships are impaired or not, the directors are required to make judgements about the future performance of these brands and ships, including whether the ships will remain in use or be sold. The economic conditions in the Italian, Spanish and UK markets led the directors to evaluate the carrying value of certain Costa, Ibero and P&O (UK) ships. We continued to focus on the valuation of Costa, which had a goodwill carrying value of $354 million because the performance of this brand over the past 3 years has been impacted by the January 2012 ship incident. We focussed on the valuation of Cunard, which had a goodwill carrying value of $172 million as the UK cruise market has continued to experience economic pressures, which could erode the headroom previously assessed. Costa's and Cunard's goodwill valuations are dependent on continuing net revenue yield growth and operational improvements. As such we focussed on the assumptions the directors made about the growth rates in these areas. No goodwill impairment charge was taken as a result of the directors' review. The ship valuations are either dependent on continuing net revenue yield growth and operational improvements, where the ship is expected to remain in use, or for those that are expected to be disposed; then the valuation is dependent on expected sale proceeds. As such we focussed on the assumptions the directors made about the growth rates in these areas or the expected sale proceeds considering recent ship sales in assessing the carrying value of vessels. As a result of these reviews an impairment charge of $53 million was taken on two Ibero ships.	We evaluated the directors' future cash flow forecasts, and the process by which they were prepared, for Costa and Cunard and for those ships that experienced an event that would potentially trigger an impairment review in the current year, including comparing the forecasts to the latest Board approved plans. We evaluated the reasonableness of the directors' forecasts, through considering their historical forecasting accuracy. In addition, we challenged: • the directors' key assumptions for changes to net revenue yield, net cruise costs (including fuel prices), new ship additions and remaining useful life of the ships, by comparing them to current revenue booking and cost trends, as well as historical results and economic and external industry data; • the long-term growth rates in the forecasts, by comparing them to external industry forecasts; • the discount rate applied to the goodwill assessments by assessing the cost of capital for the Group; and • the discount rate applied to the ship assessments by assessing the cost of capital of the brand and country. We found the assumptions to be consistent with our expectations as a result of performing a sensitivity analysis on each of the key assumptions, particularly considering the expected growth in net revenue yields across their key markets, changes to cruise costs, including the impact of fuel consumption and price changes, new ship additions, long-term growth rate, the discount rate and the remaining life of the ships and how the actual results compared to previous forecasts. For Costa and Cunard we consider that lower than expected growth in the net revenue yields, adverse economic conditions or an inability to achieve the planned results could reasonably be expected to give rise to an impairment charge in the future. This is consistent with management's assessment as detailed in Note 11. We also considered recent ship sales compared to the carrying value of the vessels and the likelihood of management being able to redeploy ships into other markets, should the need arise, where carrying values could be recovered and took into account instances where this had occurred in the past. Our testing provided us with evidence to support management's assessment of the impairment charge for the two Ibero ships.

Area of focus	*How our audit addressed the area of focus*
The 2012 ship incident The Group holds a significant provision of $255 million and largely an offsetting insurance recoverable on the balance sheet in relation to this January 2012 ship incident (Notes 12 & 15). The risk is that these balances are not correctly stated. During the course of the year the ship was re-floated and transported to a ship yard in Genoa, Italy for recycling. The directors have had to continue to make judgements about the exposure to wreck removal costs, environmental site restoration and legal claims as well as the amounts recoverable under insurance. We continued to focus on the completeness and accuracy of the provision recognised at year end as well as the valuation of the carrying value of the insurance recoverable and the associated presentation in the financial statements.	We examined the terms of the wreckage removal contract and held independent discussions with the Group's insurance providers regarding the status of the insurance claim under the contract. In evaluating the wreck removal costs and incident related legal claims from guests and crew, we evaluated the views of both internal and external legal counsel of the Group. We also examined the evidence available from the costs incurred to date. We evaluated the Group's accounting for the insurance claim; the cash received to date and considered the collectability of the insurance recoverable. We also challenged the directors' assumptions relating to the remaining costs to be incurred, taking into account the expected future costs and reports of the engineers contracted by the Group and the insurance providers. Based on this we did not identify any material omissions from the provision and we found that there was evidence to support the directors' conclusion that it was appropriate to recognise the insurance recoverable on the balance sheet on a gross basis.
Risks of fraud in relation to revenue recognition We focused on the timing of revenue recognition in the final months of the accounting period to check that revenue was recorded in the correct period relating to cruises that straddle the year end and for revenue that has been received in advance of the cruise departure, which is deferred until the voyage has taken place.	We examined the appropriateness of the Group's accounting policy surrounding revenue recognition and its compliance with IFRSs as adopted by the EU, and tested the application of this policy, with particular emphasis on the risks identified opposite. Where appropriate we evaluated the relevant Information Technology systems and tested the operating effectiveness of the internal controls over the recording of revenue against a specific voyage in the period and we evaluated the Group's cut off straddle adjustment for voyages where the duration spanned the year end by comparing management's estimate to data such as voyage departure dates, duration, and voyage revenue and cost records. At the year end we tested the revenue received in advance of the cruise taking place with reference to cruise voyage schedules and a sample of bookings to determine the appropriateness of related customer deposits which have been deferred. We also tested journal entries posted to revenue accounts to identify any unusual or irregular items, and the reconciliations between the revenue systems used by the Group and its financial ledgers. Based on our testing we did not identify any material misstatements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Carnival plc has six operating units which fall into three reporting segments. Three operating units, Costa, AIDA Cruises and Carnival UK (Cunard and P&O (UK)), were subject to an audit of their complete financial information, due to their size, by local component audit teams. We visited the Costa and Carnival UK operating units to review the component teams' work and to meet local management. As it related to the AIDA component team we met and reviewed their work via the use of video conferences and Webex's. Additionally, specific audit procedures were performed on certain balances and transactions in respect of other operating units, including the carrying value of certain ships. This together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	$38 million (2013: $38 million).
How we determined it	5% of average income before taxes from continuing operations of the past four years, adjusted for the goodwill, trademarks and ship impairment charges.
Rationale for benchmark applied	We believe that the average income before taxes from continuing operations of the past four years, adjusted for the goodwill, trademarks and ship impairment charges ("items") provides us with a consistent year on year basis for determining materiality by considering the impact of the January 2012 ship incident on overall continuing operations during this period and eliminating the disproportionate impact of these items. We also looked at other benchmarks, such as using the current year net income before tax, rather than an average, and noted that materiality would be unchanged.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.9 million (2013: $1.9 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page C-11 in Annex C to the Proxy Statement, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion the information given in the Strategic Report, included within the Annual Report, and the Carnival plc Directors' Report, set out in Annex A to the Proxy Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• Information in the Annual Report is: - materially inconsistent with the information in the audited financial statements; or - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or - otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page A-8 in Annex A to the Proxy Statement, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on pages C-4 to C-5 and C-6 to C-9 in Annex C to the Proxy Statement, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report in Annex B to the Proxy Statement, dated February 20, 2015, to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page A-8 in Annex A to the Proxy Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

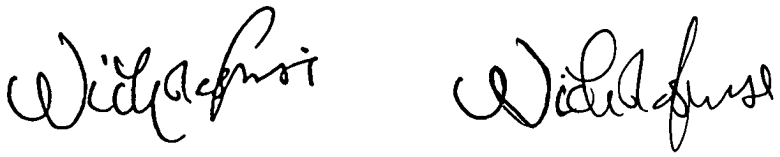
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
February 20, 2015



CARNIVAL CORPORATION&PLC

2014 ANNUAL REPORT

Annex 1
DLC Annual Report

CARNIVAL CORPORATION & PLC
2014 ANNUAL REPORT

TABLE OF CONTENTS

COMPANY 1
HIGHLIGHTS 1
CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS 2
SHAREHOLDER BENEFIT 5
CONSOLIDATED FINANCIAL STATEMENTS
- CONSOLIDATED STATEMENTS OF INCOME 6
- CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 7
- CONSOLIDATED BALANCE SHEETS 8
- CONSOLIDATED STATEMENTS OF CASH FLOWS 9
- CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY 10
- NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 11

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING 37
REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM 38
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 39
SELECTED FINANCIAL DATA 61
MARKET PRICE FOR COMMON STOCK AND ORDINARY SHARES 62
STOCK PERFORMANCE GRAPHS 63
SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) 65
CORPORATE AND OTHER INFORMATION 67

COMPANY

Carnival Corporation & plc is among the most profitable and financially strong leisure travel companies in the world. We are the largest cruise company with a global market share of 48% based on the number of guests carried and a leading provider of vacations to all major cruise destinations throughout the world. We operate our cruise ships within a portfolio of nine leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences in all the world's most important vacation markets. We believe having global and regional brands that are predominately serving multiple source markets and national brands that are predominately serving major source markets provides us with a unique advantage to compete within the entire leisure market for consumers' discretionary vacation spending. Our vision is to deliver unmatched joyful vacation experiences and breakthrough total shareholder returns by exceeding guest expectations and achieving the full benefits inherent in our scale.

Our portfolio of cruise brands in North America, Europe, Australia and Asia are comprised of Carnival Cruise Line, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK). Together, these brands operate 100 ships totaling 212,000 lower berths with ten new ships scheduled to enter service between late February 2015 and November 2018. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

HIGHLIGHTS

	2014	2013	2012	2011	2010
	(in millions, except per share amounts and statistical data)				
Revenues	**$ 15,884**	$ 15,456	$ 15,382	$ 15,793	$ 14,469
Net Income	**$ 1,236**	$ 1,078	$ 1,298	$ 1,912	$ 1,978
Non-GAAP Net Income [a]	**$ 1,524**	$ 1,232	$ 1,514	$ 1,939	$ 1,934
Earnings Per Share - Diluted	**$ 1.59**	$ 1.39	$ 1.67	$ 2.42	$ 2.47
Non-GAAP Earnings Per Share - Diluted [a]	**$ 1.96**	$ 1.58	$ 1.94	$ 2.46	$ 2.42
Statistical Data					
Passengers Carried (in thousands)	**10,600**	10,100	9,800	9,600	9,100
Passenger Capacity [b] [c]	**212,000**	208,000	203,000	196,000	191,000
Number of Ships [c]	**100**	101	100	99	98

[a] For a reconciliation to U.S. GAAP, see "Selected Financial Data."

[b] Passenger capacity is calculated based on two passengers per cabin.

[c] As of November 30, except for 2011 which are as of January 23, 2012.

CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

Dear Shareholders,

Achieving positive revenue yields and earnings growth of nearly 25 percent over 2013, we reached a significant inflection point for our company. Looking ahead, we are working hard to enable growth to accelerate in the years to come as we aggressively work toward delivering double-digit return on invested capital ("ROIC").

In 2014, we achieved non-GAAP net income exceeding $1.5 billion and cash from operations of nearly $3.5 billion, while containing costs and overcoming our share of obstacles, including the loss of higher yielding itineraries due to geopolitical concerns and historically high industry capacity increases in the Caribbean. These strong results were well above our 2014 guidance and a credit to the outstanding efforts of our 120,000 shipboard and shoreside team members who create exceptional vacation experiences each and every day for our more than 10.5 million guests across the globe.

Our earnings growth in 2014 was driven by improved performance at our Costa Cruises and Carnival Cruise Line brands. Costa experienced a further improvement in perception with an almost doubling of trust and confidence in Italy. Significantly, the brand experienced continued yield growth as well as improved profitability through collaboration across our Continental European brands.

Carnival Cruise Line was recognized as the most improved in consumer perception of any brand in any category in the United States in 2014 by YouGov. A number of initiatives introduced by Carnival Cruise Line such as the Carnival LIVE concert series, children's programs Camp Ocean and Seuss at Sea, as well as the Great Vacation Guarantee, are clearly resonating with guests.

New product initiatives and innovative marketing campaigns implemented across our brands over the past year are driving increased demand. We experienced a sustained improvement in booking trends throughout 2014 and are gaining momentum in our efforts to drive ticket prices and onboard revenues higher.

THE PATH TO DOUBLE DIGIT ROIC

Measured Capacity Growth

In 2014, we continued progress toward enhancing our fleet while maintaining our commitment to measured capacity growth. We delivered two spectacular ships, *Regal Princess* and *Costa Diadema*. These new ship introductions generated substantial media coverage and positive buzz, including the star studded North American debut of *Regal Princess* which featured a reunion of the "Love Boat" cast and 25 guest stars who appeared on the hit TV show. The delivery of *Costa Diadema* was equally stunning and included a festive inaugural in Genoa, Italy.

As we continue to advance our fleet, we have a number of ships that we expect to replace with newer, larger and more fuel efficient vessels over time. These new ships will be more than double the size of those they are replacing, offer higher yielding balcony cabins, more than 20 percent lower unit costs and greater than 35 percent improved fuel efficiency.

We recently signed orders for three new ships for delivery in 2018 bringing the total order book to 10 vessels over a four-year period. We also sold four of our smaller, less-efficient ships resulting in only a 3 percent net capacity increase over this period and reinforcing our commitment to measured capacity growth.

Accelerating Demand

At the same time we are striving to drive additional demand. Cruising captures just a small percentage of the overall vacation market. Consequently, our biggest opportunity is to increase cruise consideration among consumers. We have a number of initiatives underway to attract first-time cruisers through increased demand in established markets, as well as expansion into new markets.

We are continually implementing product enhancements across all our brands, and striving to deliver an even better guest experience to increase retention and life-long advocacy. "Word of mouth" remains the most powerful tool in attracting first-time cruise guests.

We are unwaveringly focused on increasing demand on all fronts. That includes a significant public relations effort across all brands to deliver our message to consumers that cruising is a great experience, at a great value. In fact, we enjoyed a significant increase in our collective share of voice globally in 2014 with our number of positive mentions more than doubling.

We have increased our investment in advertising, having spent over $600 million in 2014. We launched new marketing campaigns in multiple regions. In North America, Carnival Cruise Line was the National Cruise Line advertiser of the Winter Olympics telecast while Princess Cruises launched its first television campaign in 10 years. In addition, both Costa Cruises in Europe and P&O Cruises in the UK launched new advertising campaigns.

As we began 2015, we aired a new commercial on Super Bowl Sunday – the world's biggest marketing stage. Our company's first major multi-brand marketing initiative extended well beyond the Super Bowl itself garnering nearly 5 billion media impressions even before the game aired and more than 10 billion total impressions to date.

These efforts collectively help to drive demand for our brands that outpaces capacity, ultimately leading to higher yields.

New Market Opportunities

Asia, and in particular, China continues to be a focus for emerging market development, where we expect double-digit growth over the next few years. We expect China to be the largest cruise market in the world over time. We were the first to enter the market through our Costa Cruises brand in 2006 and are currently the largest cruise operator in mainland China. This year we will lead the industry with four ships which will homeport out of Mainland China and more than 12 marketing offices in the region. To coordinate our growth strategy, our Chief Operations Officer, Alan Buckelew, has relocated to China and we have entered into several strategic agreements focused on expanding the cruise industry in China.

We signed a memorandum of understanding ("MOU") with China State Shipbuilding Corporation, China's largest shipyard, and Italian shipbuilder, Fincantieri, to explore the possibility of shipbuilding and other strategic partnerships to foster growth. We also signed a MOU with China Merchants Group, China's oldest state enterprise, to explore joint ventures in port and destination development, as well as other areas to successfully develop our industry.

We have clearly established a solid foothold as the largest cruise operator home-porting in China, and our development strategy is accelerating.

Working Together to Unlock Our Potential

I feel strongly that our brands must remain independent, especially concerning the guest interface, yet work together to unlock the potential of leveraging our scale and collective expertise. We began 2014 with the first-ever global leadership team meeting that brought together our top 65 leaders from around the world and achieved remarkable alignment on our vision and top priorities. By strengthening our communication and coordination, we enjoyed some early wins on our revenue and cost cross-brand collaboration efforts.

We furthered our never-ending pursuit of capturing insights from our guests beginning with our segmentation study in North America, the first we have done across brands and the largest ever done in our industry. We conducted extensive interviews with over 40,000 respondents and mined our 30 million past-guest database for insight to help grow demand and onboard revenue.

We elevated our level of cross-brand global deployment planning to drive greater penetration and more effective capacity management. Additionally, we conducted our first deep dive examination of our revenue management systems to share best practices and identify gaps, new opportunities and tools.

Some early wins on our cost containment efforts already contributed $20 million of savings in 2014. We anticipate another $70 to $80 million in cost reductions to benefit 2015 and have further opportunity to help offset inflation in the broader base of non-fuel purchases over time.

Sustainable Operations

We recognize our reputation and success depend on sustainable and transparent operations. We are committed to ensuring cruising is the most enjoyable vacation experience possible for our guests. We maintain this commitment by keeping our guests and crewmembers safe, by protecting the environment, by developing our workforce, by strengthening our stakeholder relations, enhancing the port communities that our ships visit and maintaining our fiscal strength.

Increasing our fuel efficiency remains at the cornerstone of our sustainability efforts. It is gratifying to say we have reduced our unit fuel consumption by 25 percent since 2007, meeting our stated goal of delivering a 20 percent reduction (per unit) in carbon emissions ahead of schedule. Over that time, our effort has saved over 1 billion gallons of fuel and $2.5 billion in fuel costs. This efficiency improvement is a testament to the breadth of efforts undertaken to reduce consumption.

Moreover, we have taken the lead on developing technology to mitigate the impact of new low-sulfur fuel usage requirements which came into effect in January while maintaining our commitment to the pristine environments in which we have the great pleasure to sail. We are aggressively installing new air emissions technology on approximately 70 percent of our fleet by 2017 while at the same time rolling out other energy efficient technology. These advancements are an important investment in the environment and lay a solid foundation for sustainable earnings improvement.

EXECUTING ALONG THE PATH

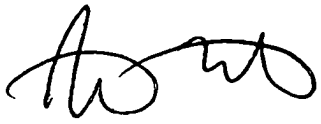
We believe we are executing along a clear path toward double-digit ROIC. We improved ROIC by nearly one percentage point in 2014 and expect another percentage point of improvement in 2015. We continue to manage the total capital plan with a keen eye toward exceeding guest expectations, while at the same time maintaining fiscal discipline.

Our collective efforts created significant value for shareholders in fiscal 2014, with our share price advancing over 22 percent as well as returning nearly $800 million in dividends.

Importantly, the ground work for continued progress is laid and we are firmly on a path to deliver double-digit ROIC in the next three to four years.

In closing, I thank our Board for their counsel and support throughout the past year and I thank our management for their strong leadership in moving our company forward. For his contribution, I especially thank Gerry Cahill, an invaluable leader who retired after more than 20 years, and most recently served as President and CEO of the Carnival Cruise Line brand. We welcome Christine Duffy, the new head of Carnival Cruise Line, Orlando Ashford, the new head of Holland America Line and Neil Palombo, the new head of Costa Cruises — three strong additions to our very capable leadership team.

Our business, or any business, is all about the people. One out of every two guests who cruise anywhere in the world cruise on one of our nine brands and 100 ships. That is only possible because of the extraordinary efforts of our employees worldwide who passionately and consistently deliver joyful and memorable vacation experiences for our guests, as well as our travel agent partners around the globe who support our brands. I thank them all. My sincerest appreciation to our shareholders and, of course, our more than 10.5 million valued guests for choosing to spend their vacation with us. I look forward to welcoming you aboard again soon.



Arnold W. Donald
President and Chief Executive Officer
February 20, 2015

CARNIVAL CORPORATION&PLC

SHAREHOLDER BENEFIT

Carnival Corporation & plc is pleased to extend the following benefit to our shareholders:

	North America Brands	Continental Europe Brands	United Kingdom Brands	Australia Brands
Onboard credit per stateroom on sailings of 14 days or longer	US $250	€200	£150	A$250
Onboard credit per stateroom on sailings of 7 to 13 days	US $100	€ 75	£ 60	A$100
Onboard credit per stateroom on sailings of 6 days or less	US $ 50	€ 40	£ 30	A$ 50

The benefit is applicable on sailings through July 31, 2016 aboard the brands listed below. Certain restrictions apply. Applications to receive these benefits should be made at least two weeks prior to cruise departure date.

This benefit is available to shareholders holding a minimum of 100 shares of Carnival Corporation or Carnival plc. Employees, travel agents cruising at travel agent rates, tour conductors or anyone cruising on a reduced-rate or complimentary basis are excluded from this offer. This benefit is not transferable, cannot be exchanged for cash and, cannot be used for casino credits/charges and gratuities charged to your onboard account. Only one onboard credit per shareholder-occupied stateroom. Reservations must be made by February 29, 2016.

Please provide by fax or by mail your name, reservation number, ship and sailing date, along with proof of ownership of Carnival Corporation or Carnival plc shares (for example, photocopy of shareholder proxy card, shares certificate, a dividend tax voucher or a current brokerage or nominee statement with your brokerage account number **blacked out**) to your travel agent or to the cruise line you have selected below.

North America Brands

Carnival Cruise Line*

Guest Administration
3655 N.W. 87th Avenue
Miami, FL 33178
Tel 800 438 6744 ext. 70450
Fax 305 406 6102

Princess Cruises*

Booking Support
24303 Town Center Drive, Suite 200
Santa Clarita, CA 91355
Tel 800 872 6779 ext. 30317
Fax 661 753 0180

Holland America Line

World Cruise Reservations
300 Elliott Avenue West
Seattle, WA 98119
Tel 800 522 3399
Fax 206 281 0627

Seabourn

Seabourn Reservations
300 Elliott Avenue West
Seattle, WA 98119
Tel 800 929 9391
Fax 206 501 2900

Cunard*

Booking Support
24303 Town Center Drive, Suite 200
Santa Clarita, CA 91355
Tel 800 872 6779 ext. 30317
Fax 661 753 0180

Costa Cruises*

Guest Services Administration
200 S. Park Road, Suite 200
Hollywood, FL 33021
Tel 800 462 6782
Fax 954 266 5868

Continental Europe Brands

Costa Cruises*

Manager of Reservation
Piazza Piccapietra, 48
16121 Genoa, Italy
Tel 39 0 10 548 3800
Fax 39 0 10 999 7019

Aida Cruises

Manager of Reservations
Am Strande 3d
18055 Rostock, Germany
Tel 49 0 381 2027 0805
Fax 49 0 381 2027 0804

United Kingdom Brands

P & O Cruises (UK), Cunard* Princess Cruises (UK)*

Carnival UK
Carnival House
100 Harbour Parade
Southampton SO15 1ST
United Kingdom

P & O CRUISES (UK)
Tel 44 0 843 374 0111
Fax 44 0 238 065 7360

CUNARD
Tel 44 0 843 374 0000
Fax 44 0 238 065 7360

PRINCESS CRUISES (UK)
Tel 44 0 843 373 0333
Fax 44 0 238 065 7509

Australia Brands

P & O Cruises (Australia), Princess Cruises* Carnival Cruise Line*

Customer Service Manager
PO Box 2006
North Sydney NSW 2059
Tel 61 2 8 424 8800
Fax 61 2 8 424 9161

* The onboard credit for Carnival Cruise Line, Costa Cruises, Cunard and Princess Cruises is determined based on the operational currency onboard the vessel.

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

	Years Ended November 30,		
	2014	2013	2012
Revenues			
Cruise			
Passenger tickets	$11,889	$11,648	$11,658
Onboard and other	3,780	3,598	3,513
Tour and other	215	210	211
	15,884	15,456	15,382
Operating Costs and Expenses			
Cruise			
Commissions, transportation and other	2,299	2,303	2,292
Onboard and other	519	539	558
Fuel	2,033	2,208	2,381
Payroll and related	1,942	1,859	1,742
Food	1,005	983	960
Other ship operating	2,445	2,589	2,233
Tour and other	160	143	154
	10,403	10,624	10,320
Selling and administrative	2,054	1,879	1,720
Depreciation and amortization	1,635	1,588	1,527
Ibero goodwill and trademark impairment charges	-	13	173
	14,092	14,104	13,740
Operating Income	1,792	1,352	1,642
Nonoperating (Expense) Income			
Interest income	8	11	10
Interest expense, net of capitalized interest	(288)	(319)	(336)
(Losses) gains on fuel derivatives, net	(271)	36	(7)
Other income (expense), net	4	(8)	(7)
	(547)	(280)	(340)
Income Before Income Taxes	1,245	1,072	1,302
Income Tax (Expense) Benefit, Net	(9)	6	(4)
Net Income	$ 1,236	$ 1,078	$ 1,298
Earnings Per Share			
Basic	$ 1.59	$ 1.39	$ 1.67
Diluted	$ 1.59	$ 1.39	$ 1.67
Dividends Declared Per Share	$ 1.00	$ 1.00	$ 1.50

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

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

	Years Ended November 30,		
	2014	2013	2012
Net Income	$1,236	$1,078	$1,298
Items Included in Other Comprehensive (Loss) Income			
Change in foreign currency translation adjustment	(746)	332	25
Other	(31)	36	(23)
Other Comprehensive (Loss) Income	(777)	368	2
Total Comprehensive Income	$ 459	$1,446	$1,300

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

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

	November 30, 2014	November 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 331	$ 462
Trade and other receivables, net	332	405
Insurance recoverables	154	381
Inventories	364	374
Prepaid expenses and other	322	315
Total current assets	1,503	1,937
Property and Equipment, Net	32,773	32,905
Goodwill	3,127	3,210
Other Intangibles	1,270	1,292
Other Assets	859	760
	$39,532	$40,104
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 666	$ 60
Current portion of long-term debt	1,059	1,408
Accounts payable	626	639
Claims reserve	262	456
Accrued liabilities and other	1,276	1,126
Customer deposits	3,032	3,031
Total current liabilities	6,921	6,720
Long-Term Debt	7,363	8,092
Other Long-Term Liabilities	960	736
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, $0.01 par value; 1,960 shares authorized; 652 shares at 2014 and 651 shares at 2013 issued	7	7
Ordinary shares of Carnival plc, $1.66 par value; 216 shares at 2014 and 2013 issued	358	358
Additional paid-in capital	8,384	8,325
Retained earnings	19,242	18,782
Accumulated other comprehensive (loss) income	(616)	161
Treasury stock, 59 shares at 2014 and 2013 of Carnival Corporation and 32 shares at 2014 and 2013 of Carnival plc, at cost	(3,087)	(3,077)
Total shareholders' equity	24,288	24,556
	$39,532	$40,104

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

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

	Years Ended November 30,		
	2014	2013	2012
OPERATING ACTIVITIES			
Net income	$ 1,236	$ 1,078	$ 1,298
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,635	1,588	1,527
Losses on ship sales and ship impairments, net	2	163	49
Goodwill, trademark and other impairment charges	-	27	173
Share-based compensation	52	42	39
Losses (gains) on fuel derivatives, net	271	(36)	7
Other, net	35	35	12
Changes in operating assets and liabilities			
Receivables	75	(128)	(15)
Inventories	1	19	(16)
Insurance recoverables, prepaid expenses and other	401	402	148
Accounts payable	9	79	(24)
Claims reserves and accrued and other liabilities	(379)	(330)	(192)
Customer deposits	92	(105)	(7)
Net cash provided by operating activities	3,430	2,834	2,999
INVESTING ACTIVITIES			
Additions to property and equipment	(2,583)	(2,149)	(2,332)
Proceeds from sale of ships	42	70	46
Insurance proceeds for a ship	-	-	508
Other, net	34	23	6
Net cash used in investing activities	(2,507)	(2,056)	(1,772)
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	617	4	(224)
Principal repayments of long-term debt	(2,466)	(2,212)	(1,052)
Proceeds from issuance of long-term debt	1,626	2,687	946
Dividends paid	(776)	(1,164)	(779)
Purchases of treasury stock	-	(138)	(90)
Sales of treasury stock	-	35	-
Other, net	(29)	8	9
Net cash used in financing activities	(1,028)	(780)	(1,190)
Effect of exchange rate changes on cash and cash equivalents	(26)	(1)	(22)
Net (decrease) increase in cash and cash equivalents	(131)	(3)	15
Cash and cash equivalents at beginning of year	462	465	450
Cash and cash equivalents at end of year	$ 331	$ 462	$ 465

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

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

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock	Total share-holders' equity
Balances at November 30, 2011	$6	$357	$8,180	$18,349	$(209)	$(2,851)	$23,832
Net income	-	-	-	1,298	-	-	1,298
Other comprehensive income	-	-	-	-	2	-	2
Cash dividends declared	-	-	-	(1,168)	-	-	(1,168)
Purchases of treasury stock under the Repurchase Program and other	-	-	72	-	-	(107)	(35)
Balances at November 30, 2012	6	357	8,252	18,479	(207)	(2,958)	23,929
Net income	-	-	-	1,078	-	-	1,078
Other comprehensive income	-	-	-	-	368	-	368
Cash dividends declared	-	-	-	(775)	-	-	(775)
Purchases and sales under the Stock Swap program	-	-	10	-	-	(9)	1
Purchases of treasury stock under the Repurchase Program and other	1	1	63	-	-	(110)	(45)
Balances at November 30, 2013	7	358	8,325	18,782	161	(3,077)	24,556
Net income	-	-	-	1,236	-	-	1,236
Other comprehensive loss	-	-	-	-	(777)	-	(777)
Cash dividends declared	-	-	-	(777)	-	-	(777)
Other	-	-	59	1	-	(10)	50
Balances at November 30, 2014	$7	$358	$8,384	$19,242	$(616)	$(3,087)	$24,288

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

NOTE 1 – General

Description of Business

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 Articles of Association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE (see Note 3).

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 2014 Annual Report as "Carnival Corporation & plc," "our," "us" and "we."

We are the largest cruise company and among the largest leisure travel companies in the world. Each of our nine leading global, regional and national brands is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia ("EAA") reportable cruise segments (see Note 11). As of January 22, 2015, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships
North America			
Carnival Cruise Line	62,366	29%	24
Princess Cruises ("Princess")	44,090	21	18
Holland America Line	23,540	11	15
Seabourn	1,782	1	5
North America Cruise Brands	131,778	62	62
EAA			
Costa Cruises ("Costa")	35,828	17	15
AIDA Cruises ("AIDA")	18,656	9	10
P&O Cruises (UK)	14,736	7	7
Cunard	6,694	3	3
P&O Cruises (Australia)	4,804	2	3
EAA Cruise Brands	80,718	38	38
	212,496	100%	100

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a voting control of greater than 50% or for which we are the primary beneficiary, whereby we have the power to direct the most significant activities and the obligation to absorb significant losses or receive significant benefits from the entity (see Note 3). We do not separately present our noncontrolling interests in the consolidated financial statements since the amounts are insignificant. For affiliates we do not control but where significant influence over financial and operating policies exists, as typically evidenced by a voting control of 20% to 50%, the investment is accounted for using the equity method.

Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results may differ from the estimates used in preparing our consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation. Certain prior period amounts have been reclassified in the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows to conform to the current period presentation. The reclassifications in the Consolidated Statements of Cash Flows had no impact on net cash provided by operating activities and net cash used in investing and financing activities.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost. At November 30, 2014 and 2013, cash and cash equivalents are comprised of cash on hand, money market funds and time deposits.

Inventories

Inventories consist substantially of food and beverages, hotel and restaurant products and supplies, fuel and gift shop merchandise held for resale, which are all carried at the lower of cost or market. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization were computed using the straight-line method over our estimates of useful lives and residual values, as a percentage of original cost, as follows:

	Years	Residual Values
Ships	30	15%
Ship improvements	Shorter of remaining ship life or useful life (3-28)	0%
Buildings and improvements	10-35	0% or 10%
Computer hardware and software	3-10	0% or 10%
Transportation equipment and other	3-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life (3-30)	-

The cruise industry is very capital intensive, and at January 22, 2015, we operated 100 cruise ships. Therefore, we have a capital program that we develop for the improvement of our ships and for asset replacements in order to enhance the effectiveness and efficiency of our operations; comply with, or exceed all relevant legal and statutory requirements related to health, environment, safety, security and sustainability; and gain strategic benefits or provide newer improved product innovations to our guests.

Ship improvement costs that we believe add value to our ships, such as those discussed above, are capitalized to the ships and depreciated over the shorter of their or the ships' estimated remaining useful life, while costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred and included in other ship operating expenses. Dry-dock costs primarily represent planned major

maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance. We capitalize interest as part of the cost of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is also included in other ship operating expenses.

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

A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment at least annually and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our reporting units, also referred to as "cruise brands." The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed two-step quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a cruise brand's estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any cruise brand. When performing the quantitative test, if the estimated fair value of the cruise brand exceeds its carrying value, no further analysis or write-down of goodwill is required. However, if the estimated fair value of the cruise brand is less than the carrying value of its net assets, the estimated fair value of the cruise brand is assigned to all its underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair values. If necessary, goodwill is then written down to its implied fair value.

Trademarks represent substantially all of our other intangibles. For certain acquisitions, we have allocated a portion of the purchase prices to the acquiree's identified trademarks. Trademarks are estimated to have an indefinite useful life and, therefore, are not amortizable, but are reviewed for impairment at least annually and, when events or circumstances dictate, more frequently. The impairment review for trademarks also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value. The costs of developing and maintaining our trademarks are expensed as incurred.

A significant amount of judgment is also required in estimating the fair values of our cruise brands and trademarks.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not significant. Future travel discount vouchers issued to guests are included as a reduction of cruise passenger ticket revenues when such vouchers are utilized. Guest cancellation fees are recognized in cruise passenger ticket revenues at the time of the cancellation.

Our sale to guests of air and other transportation to and from airports near the home ports of our ships and the related cost of purchasing these services are included in cruise passenger ticket revenues and cruise

transportation costs, respectively. The proceeds that we collect from the sales of third-party shore excursions and on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other cruise revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. These fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were $532 million, $517 million and $477 million in 2014, 2013 and 2012, respectively. The remaining portion of fees, taxes and charges are also included in cruise passenger ticket revenues but are expensed in other ship operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed or expenses are incurred. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognized ratably over the term of the charter agreement using the straight-line method (see Note 11).

Insurance

We maintain insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damages to hull and machinery for each of our ships, war risks, workers' compensation, employee health, directors and officers liability, property damages and general liabilities for third-party claims. We recognize insurance recoverables from third-party insurers for incurred expenses at the time the recovery is probable and upon realization for amounts in excess of incurred expenses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions. While we believe our estimated accrued claims reserves are adequate, the ultimate losses will differ.

At November 30, 2014 and 2013, substantially all of our aggregated short-term and long-term insurance recoverables are for crew, guest and other third-party claims related to the January 2012 ship incident. At November 30, 2014 and 2013, the majority of our aggregated short-term and long-term claims reserves also relate to this January 2012 ship incident. At November 30, 2014 and 2013, our long-term insurance recoverables and long-term claims reserve are included in other assets and other long-term liabilities, respectively, and are not material.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs. Brochures and media production costs are recorded as prepaid expenses and charged to expense as consumed or upon the first airing of the advertisement, respectively. Advertising expenses totaled $623 million, $588 million and $527 million in 2014, 2013 and 2012, respectively. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and includes salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

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

We execute transactions in a number of different currencies, principally the U.S. dollar, euro, sterling and Australian dollar. Exchange rate gains and losses arising from changes in foreign currency exchange rates

between the time an expense is recorded and when it is settled as well as the remeasurement of monetary assets and liabilities, all denominated in a currency other than the functional currency of the entity involved, are recognized currently in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. The net gains or losses resulting from these "nonoperating foreign currency transactions" were insignificant in 2014, 2013 and 2012. In addition, the unrealized gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included as a component of AOCI.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. For performance-based share awards, we generally recognize compensation cost ratably using the straight-line attribution method over the expected vesting period based on the probability of the performance condition being achieved. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognized compensation expense will be reversed and future compensation expense will be adjusted accordingly. For market-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market conditions are not expected to be met, compensation expense will still be recognized. In addition, we estimate the amount of expected forfeitures based on historical forfeiture experience when calculating compensation cost. If the actual forfeitures that occur are significantly different from the estimate, then we revise our estimates.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares and common stock equivalents outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights (see Note 3).

NOTE 3 – DLC Arrangement

In 2003, Carnival Corporation and Carnival plc completed a DLC transaction, which implemented Carnival Corporation and Carnival plc's DLC arrangement. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The constitutional documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation's shareholders may differ from the interests of Carnival plc's shareholders (a "class rights action" such as transactions primarily designed to amend or unwind the DLC arrangement), each shareholder body will vote separately as a class. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

Upon the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed the Equalization and Governance Agreement, which provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC arrangement. Because the equalization ratio is 1 to 1, one Carnival plc ordinary share is entitled to the same distributions, subject to the terms of the Equalization and Governance Agreement, as one share of Carnival Corporation common stock. In a liquidation of either company or both companies, if the hypothetical potential per share liquidation distributions to each company's shareholders are not equivalent, taking into account the relative value of the two companies' assets and the indebtedness of each company, to the extent that one company has greater net assets so that any liquidation distribution to its shareholders would not be equivalent on a per share basis, the company with the ability to make a higher net distribution is required to make a payment to the other company to equalize the possible net distribution to shareholders, subject to certain exceptions.

At the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed deeds of guarantee. Under the terms of Carnival Corporation's deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. The terms of Carnival plc's deed of guarantee mirror

those of Carnival Corporation's. In addition, Carnival Corporation and Carnival plc have each extended their respective deeds of guarantee to the other's pre-DLC indebtedness and certain other monetary obligations, or alternatively have provided standalone guarantees in lieu of utilization of these deeds of guarantee, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and certain other monetary obligations. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third-party beneficiaries of such deed of guarantee.

The deeds of guarantee are governed and construed in accordance with the laws of the Isle of Man. Subject to the terms of the deeds of guarantee, the holders of indebtedness and other obligations that are subject to the deeds of guarantee will have recourse to both Carnival plc and Carnival Corporation, though a Carnival plc creditor must first make written demand on Carnival plc and a Carnival Corporation creditor on Carnival Corporation. Once the written demand is made by letter or other form of notice, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor. Accordingly, there is no requirement under the deeds of guarantee to obtain a judgment, take other enforcement actions or wait any period of time prior to taking steps against the relevant guarantor. All actions or proceedings arising out of or in connection with the deeds of guarantee must be exclusively brought in courts in England.

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and may enter into additional transactions in the future to take advantage of the flexibility provided by the DLC arrangement, and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

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

NOTE 4 – Property and Equipment

Property and equipment consisted of the following (in millions):

	November 30,	
	2014	2013
Ships, including ship improvements	$ 42,886	$ 42,367
Ships under construction	533	535
	43,419	42,902
Land, buildings and improvements, including leasehold improvements and port facilities	1,088	971
Computer hardware and software, transportation equipment and other	1,322	1,251
Total property and equipment	45,829	45,124
Less accumulated depreciation and amortization	(13,056)	(12,219)
	$ 32,773 (a)	$ 32,905 (a)

(a) At November 30, 2014 and 2013, the net carrying values of ships and ships under construction for our North America, EAA, Cruise Support and Tour and Other segments were $18.6 billion, $12.6 billion, $0.3 billion and $0.1 billion and $18.3 billion, $13.2 billion, $0.3 billion and $0.1 billion, respectively.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. Capitalized interest, substantially all included in our ships under construction, amounted to $21 million, $15 million and $17 million in 2014, 2013 and 2012, respectively.

Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, were $918 million, $954 million and $832 million in 2014, 2013 and 2012, respectively, and are substantially all included in other ship operating expenses.

During 2012, we wrote-off the net carrying value of a ship related to the January 2012 ship incident and received €395 million (or $508 million) of hull and machinery insurance proceeds for the total loss of the ship. As a result, in 2012 we recognized €14 million (or $17 million) of proceeds in excess of the net carrying value of the ship as a reduction of other ship operating expenses. In addition, during 2012 we incurred $28 million of January 2012 ship incident-related expenses, that were not covered by insurance and are principally included in other ship operating expenses. See Note 7 for a discussion of loss contingencies related to the January 2012 ship incident.

See Note 10 for a discussion regarding ship sales and impairments.

NOTE 5 – Unsecured Debt

Long-term debt and short-term borrowings consisted of the following (in millions):

	November 30, 2014		November 30,	
	Interest Rates	Maturities Through	2014 (a)	2013 (a)
Long-Term Debt				
Export Credit Facilities				
Fixed rate (b)	4.2% to 5.5%	2020	$ 1,358	$ 1,684
Euro fixed rate (b)	3.8% to 4.5%	2025	340	408
Floating rate (c)	1.4% to 1.6%	2026	1,031	1,196
Euro floating rate (b)(d)	0.3% to 1.2%	2026	1,909	1,742
Bank Loans				
Fixed rate (b)(e)	-	-	-	650
Euro fixed rate (b)	3.9%	2021	221	276
Floating rate (b)(e)(f)	0.7% to 1.2%	2019	800	850
Euro floating rate (b)(g)	0.7%	2015	249	138
Private Placement Notes				
Fixed rate	5.9% to 6.0%	2016	116	116
Euro fixed rate (b)	6.9% to 7.3%	2018	153	194
Publicly-Traded Notes				
Fixed rate	1.2% to 7.1%	2028	2,219	2,219
Other	3.8% to 7.3%	2030	26	27
Short-Term Borrowings				
Euro bank loans (h)	1.3%	2015	13	60
U.S. dollar-denominated commercial paper (h)	0.4%	2015	653	-
Total Debt			9,088	9,560
Less short-term borrowings			(666)	(60)
Less current portion of long-term debt			(1,059)	(1,408)
Total Long-term Debt			$ 7,363	$ 8,092

(a) The debt table does not include the impact of our foreign currency and interest rate swaps. At November 30, 2014, 67% and 33% (69% and 31% at November 30, 2013) of our debt was U.S. dollar and euro-denominated, respectively, including the effect of foreign currency swaps. At November 30, 2014, 52% and 48% (59% and 41% at November 30, 2013) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs. In addition, substantially all of our debt agreements, including our main revolving credit facility, contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. 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 (see Note 10) could become due, and all debt and derivative contracts could be terminated. At November 30, 2014, we believe we were in compliance with all of our debt covenants.

(b) Includes $2.4 billion of debt whose interest rates, and in the case of our main revolver its commitment fees, would increase upon a downgrade in the long-term senior unsecured credit ratings of Carnival Corporation or Carnival plc.

(c) In 2014, we repaid an aggregate of $590 million outstanding under two export credit facilities prior to their maturities through May 2024. In addition, in 2014 we borrowed $554 million under an export credit facility, the proceeds of which were used to pay for a portion of *Regal Princess*' purchase price and is due in semi-annual installments through May 2026.

(d) In 2014, we borrowed $498 million under a euro-denominated export credit facility, the proceeds of which were used to pay for a portion of *Costa Diadema's* purchase price and is due in semi-annual installments through October 2026.

(e) In 2014, we restructured two floating rate bank loan facilities that had an aggregate outstanding balance of $250 million and were previously due through 2016. The restructuring converted the terms into perpetual one-year maturities and added a $150 million tranche, which was used to repay a portion of a $500 million fixed rate bank loan in 2014 prior to its 2015 maturity date. We can terminate this facility at any time upon three days notice, and the bank can terminate the facility at any time upon one-year's notice.

(f) In 2014, we borrowed $150 million under a floating rate bank loan, which is due in September 2019. We used the net proceeds of this loan for general corporate purposes.

(g) In 2014, we borrowed $275 million under a euro-denominated floating rate revolving bank loan facility, the proceeds of which were used for general corporate purposes. This facility has a perpetual term although we can terminate it at any time, and the bank can terminate the facility at any time upon nine months notice.

(h) The interest rate associated with our short-term borrowings represents an aggregate-weighted average interest rate.

At November 30, 2014, the scheduled annual maturities of our debt were as follows (in millions):

	Fiscal						
	2015	2016	2017	2018	2019	Thereafter	Total
Short-term borrowings	$ 666	$ -	$ -	$ -	$ -	$ -	$ 666
Long-term debt	1,059	1,785	634	1,302	685	2,957	8,422
	$1,725	$1,785	$634	$1,302	$685	$2,957	$9,088

Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the debt. In addition, all debt issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Committed Ship Financings

We have unsecured euro and U.S. dollar long-term export credit committed ship financings in order to pay for a portion of our ships' purchase prices. These commitments, if drawn, are repayable semi-annually over 12 years. We have the option to cancel each one at specified dates prior to the underlying ship's delivery date.

At January 22, 2015, our committed ship financings are as follows:

Cruise Brands and Ships	Fiscal Year Scheduled for Funding	Amount (in millions)
North America		
Carnival Cruise Line		
Carnival Vista	2016	$ 483
Holland America Line		
Koningsdam	2016	379
Seabourn		
Newbuild (a)	2016	204
North America Cruise Brands		1,066
EAA		
AIDA		
AIDAprima (a)	2015	393
Newbuild (a)	2016	393
P&O Cruises (UK)		
Britannia (a)	2015	480
EAA Cruise Brands		1,266
		$2,332

(a) Commitments are euro-denominated.

Revolving Credit Facilities

In June 2014, Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries amended and replaced their existing five-year multi-currency revolving credit facility of $2.5 billion (comprised of $1.6 billion, €450 million and £150 million) with a new five-year multi-currency revolving credit facility (the "Facility"). This Facility of $2.6 billion (comprised of $1.7 billion, €500 million and £150 million) at November 30, 2014 expires in June 2019, and we have options to extend this Facility through June 2021 subject to the approval of each bank. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 40 basis points ("bps"). The margin varies based on changes to Carnival Corporation's and Carnival plc's long-term senior unsecured credit ratings. We are required to pay a commitment fee of 35% of the margin per annum on any undrawn portion. We will also incur an additional utilization fee of 10 bps, 20 bps or 40 bps if equal to or less than one-third, more than one-third or more than two-thirds of the Facility, respectively, is drawn on the total amount outstanding.

At November 30, 2014, we have two other undrawn revolving credit facilities for $300 million and $75 million that expire in 2020 and 2015, respectively, and provide us with additional liquidity. At November 30, 2014, $2.9 billion was available under all of our revolving credit facilities.

NOTE 6 – Commitments

Ship Commitments

At November 30, 2014, as adjusted for our new ship orders through January 22, 2015, we had ten ships under contract for construction with an aggregate passenger capacity of more than 28,200 lower berths. The estimated total cost of these ships is $6.2 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We have paid $0.5 billion through November 30, 2014 and anticipate paying $1.6 billion, $1.9 billion, $0.8 billion and $1.4 billion of the remaining estimated total costs in 2015, 2016, 2017 and 2018, respectively.

Operating Leases, Port Facilities and Other Commitments

Rent expense under our operating leases, principally for office and warehouse space, was $63 million, $61 million and $57 million in 2014, 2013 and 2012, respectively.

At November 30, 2014, minimum amounts payable for our operating leases, with initial or remaining terms in excess of one year, and for the annual usage of port facilities and other contractual commitments with remaining terms in excess of one year, were as follows (in millions):

	Fiscal						
	2015	2016	2017	2018	2019	Thereafter	Total
Operating leases	$ 56	$ 45	$ 30	$ 25	$24	$147	$ 327
Port facilities and other	231	188	141	110	70	600	1,340
	$287	$233	$171	$135	$94	$747	$1,667

NOTE 7 – Contingencies

Litigation

As a result of the January 2012 ship incident, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties, including us. The existing assertions are ongoing and there are significant jurisdictional uncertainties. The ultimate outcome of these matters cannot be determined at this time. However, we do not expect these matters to have a significant impact on our results of operations because we have insurance coverage for these types of third-party claims.

The UK Maritime & Coastguard Agency and the U.S. Department of Justice are investigating allegations that *Caribbean Princess* breached international pollution laws. We are cooperating with the investigations, including conducting our own internal investigation into the matter. The ultimate outcome of this matter cannot be determined at this time. However, we do not expect it to have a significant impact on our results of operations.

Additionally, 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, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. Management believes the ultimate outcome of these claims and lawsuits will not have a material adverse impact on our consolidated financial statements.

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

At November 30, 2014, Carnival Corporation had estimated contingent obligations totaling $397 million, excluding termination payments as discussed below, to participants in LILO transactions for two of its ships. At the inception of these leases, the aggregate of the net present value of these obligations was paid by Carnival Corporation 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 the event that Carnival Corporation were to default on its contingent obligations and assuming performance by all other participants, we estimate that it would, as of November 30, 2014, be responsible for a termination payment of $31 million. In 2017, Carnival Corporation has the right to exercise options that would terminate these LILO transactions at no cost to it.

If the credit rating of one of the financial institutions who is directly paying the contingent obligations falls below AA-, or below A- for the other financial institution, then Carnival Corporation will be required to replace the applicable financial institution with another financial institution whose credit rating is at least AA or meets other specified credit requirements. In such circumstances, it would incur additional costs, although we estimate that they would not be material to our consolidated financial statements. The financial institution payment undertaker subject to the AA- credit rating threshold has a credit rating of AA, and the financial institution subject to the A-credit rating threshold has a credit rating of A+. If Carnival Corporation's credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for $36 million, or, alternatively, provide mortgages for this aggregate amount on these two ships.

Contingent Obligations – Indemnifications

Some of the debt contracts 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 and changes in laws that increase lender capital costs and other similar 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, under current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 8 – Taxation

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

U.S. Income Tax

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

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

In general, under Section 883 of the Internal Revenue Code, certain non-U.S. corporations (such as our North American cruise ship businesses) are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Applicable U.S. Treasury

regulations provide in general that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. (an "equivalent exemption jurisdiction") and (ii) the foreign corporation meets a defined publicly-traded test. Subsidiaries of foreign corporations that are organized in an equivalent exemption jurisdiction and meet the publicly-traded test also benefit from Section 883. We believe that Panama is an equivalent exemption jurisdiction and Carnival Corporation currently qualifies as a publicly-traded corporation under the regulations. Accordingly, substantially all of Carnival Corporation's income is exempt from U.S. federal income and branch profit taxes.

Regulations under Section 883 list items that the Internal Revenue Service ("IRS") does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

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

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

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

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax on a rolling 10-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

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

Italian and German Income Tax

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

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of 5.5% under the Italian International shipping tax regime since all of their ships are Italian registered.

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

Income and Other Taxes in Asian Countries

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

Other

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

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes, fees and other charges are included in commissions, transportation and other costs and other ship operating expenses.

NOTE 9 – Shareholders' Equity

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2014 and 2013, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued. Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During 2014, there were no repurchases of Carnival Corporation common stock under the Repurchase Program. In 2013 and 2012, we repurchased 2.8 million and 2.6 million shares of Carnival Corporation common stock for $103 million and $90 million, respectively, under the Repurchase Program. During 2014, 2013 and 2012, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program has been $975 million.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described below. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. 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. 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 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2015 annual general meeting or October 16, 2015. At January 22, 2015, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock.

During 2014 and 2012, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs. During 2013, Carnival Investments Limited, a wholly owned subsidiary of Carnival Corporation, sold 0.9 million of Carnival plc ordinary shares for net proceeds of $35 million. Substantially all of the net proceeds from these sales were used to repurchase 0.9 million shares of Carnival Corporation common stock. Pursuant to our Stock Swap programs, Carnival Corporation sold these Carnival plc ordinary shares owned by Carnival Investments Limited only to the extent it was able to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. During 2013, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the Stock Swap programs.

At November 30, 2014, there were 15.9 million shares of Carnival Corporation common stock reserved for issuance under its employee benefit and dividend reinvestment plans. At November 30, 2014, there were 8.4 million ordinary shares of Carnival plc authorized for future issuance under its employee benefit plans.

On November 15, 2012, our Boards of Directors declared a special dividend to holders of Carnival Corporation common stock and Carnival plc ordinary shares of $0.50 per share, or $0.4 billion, which was paid in December 2012. The special dividend was in addition to our $0.25 per share regular 2012 quarterly dividend.

Accumulated other comprehensive (loss) income was as follows (in millions):

	November 30,	
	2014	2013
Cumulative foreign currency translation adjustments, net	$(512)	$234
Unrecognized pension expenses	(90)	(97)
Unrealized losses on marketable securities	(5)	(7)
Net (losses) gains on cash flow derivative hedges	(9)	31
	$(616)	$161

During 2014, $18 million of unrecognized pension expenses were reclassified out of accumulated other comprehensive (loss) income, of which $12 million and $6 million were included in payroll and related expenses and selling and administrative expenses, respectively.

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

Fair Value Measurements

U.S. accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a significant impact on the fair values of our financial instruments at November 30, 2014 and 2013. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. 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 estimated carrying and fair values and basis of valuation of our financial instrument assets and liabilities that are not measured at fair value on a recurring basis were as follows (in millions):

	November 30, 2014				November 30, 2013			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents (a)	$ 240	$240	$ -	$ -	$ 349	$349	$ -	$ -
Restricted cash (b)	11	11	-	-	-	-	-	-
Long-term other assets (c)	156	1	103	49	110	1	58	50
Total	$ 407	$252	$ 103	$49	$ 459	$350	$ 58	$50
Liabilities								
Fixed rate debt (d)	$4,433	$ -	$4,743	$ -	$5,574	$ -	$5,941	$ -
Floating rate debt (d)	4,655	-	4,562	-	3,986	-	3,997	-
Total	$9,088	$ -	$9,305	$ -	$9,560	$ -	$9,938	$ -

(a) Cash and cash equivalents are comprised of cash on hand, and at November 30, 2013 also include time deposits. Due to their short maturities, the carrying values approximate their fair values.

(b) Restricted cash is comprised of a money market deposit account.

(c) At November 30, 2014 and 2013, long-term other assets were substantially all comprised of notes and other receivables. The fair values of our Level 1 and 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.

(d) Debt does not include the impact of interest rate swaps. The net difference between the fair value of our fixed rate debt and its carrying value was due to the market interest rates in existence at November 30, 2014 and 2013 being lower than the fixed interest rates on these debt obligations, including the impact of any changes in our credit ratings. At November 30, 2014 and 2013, the net difference between the fair value of our floating rate debt and its carrying value was due to the market interest rates in existence at November 30, 2014 and 2013 being slightly higher and slightly lower, respectively, than the floating interest rates on these debt obligations, including the impact of any changes in our credit ratings. 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.

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 that are measured at fair value on a recurring basis were as follows (in millions):

	November 30, 2014			November 30, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents (a)	$ 91	$ -	$ -	$113	$ -	$ -
Restricted cash (b)	19	-	-	28	-	-
Marketable securities held in rabbi trusts (c)	113	9	-	113	10	-
Derivative financial instruments (d)	-	14	-	-	60	-
Long-term other asset (e)	-	-	20	-	-	17
Total	$223	$ 23	$ 20	$254	$ 70	$ 17
Liabilities						
Derivative financial instruments (d)	$ -	$278	$ -	$ -	$ 31	$ -
Total	$ -	$278	$ -	$ -	$ 31	$ -

(a) Cash equivalents are comprised of money market funds.

(b) The majority of restricted cash is comprised of money market funds.

(c) At November 30, 2014 and 2013, marketable securities held in rabbi trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks, money market funds and Level 2 other investments. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

(d) See "Derivative Instruments and Hedging Activities" section below for detailed information regarding our derivative financial instruments.

(e) Long-term other asset is comprised of an auction-rate security. The fair value was based on a broker quote in an inactive market, which is considered a Level 3 input. During 2014, there were no purchases or sales pertaining to this auction-rate security and, accordingly, the change in its fair value was based solely on the strengthening of the underlying credit.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation models such as interest rate, yield and commodity price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value derivatives for foreign currency options and forwards, interest rate swaps and fuel derivatives using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact. We also corroborate our fair value estimates using valuations provided by our counterparties.

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

Sales and Impairments of Ships

In November 2014, we sold the 672-passenger capacity *Ocean Princess* for a total gain of $24 million, of which $14 million was recognized in the fourth quarter of 2014 as a reduction in other ship operating expenses. We provided $66 million of financing to the buyer, which is due in semi-annual installments through November 2019. Prior to the ship's delivery in March 2016, we will continue to operate it under a bareboat charter agreement. As a result of the sale-leaseback accounting for this transaction, the remaining gain of $10 million will be recognized as a reduction in other ship operating expenses over the term of the bareboat charter agreement through March 2016.

In November 2014, we entered into a bareboat charter/sale agreement under which the 1,440-passenger capacity *Grand Holiday* was chartered to an unrelated entity in January 2015 through March 2025. Under this agreement, ownership of *Grand Holiday* will be transferred to the buyer in March 2025. This transaction did not meet the criteria to qualify as a sales-type lease and, accordingly, it will be accounted for as an operating lease whereby we will recognize the charter revenue over the term of the agreement. As a result of this transaction, we performed a ship impairment review and recognized a $31 million impairment charge in other ship operating expenses during the fourth quarter of 2014. The estimated fair value of the ship was substantially all determined based on the expected collectability of the bareboat charter payments, which is considered a Level 3 input.

Due to the expected absorption of Ibero Cruises' ("Ibero") operations into Costa in November 2014, and certain ship specific facts and circumstances, such as size, age, condition, viable alternative itineraries and historical operating cash flows, we performed an undiscounted future cash flow analysis of Ibero's *Grand Celebration* as of May 31, 2014 to determine if the ship was impaired. The principal assumptions used in our undiscounted cash flow analysis consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, and the estimated residual value, which are all considered Level 3 inputs, and the then expected transfer of *Grand Celebration* into Costa in November 2014. Based on its undiscounted cash flow analysis, we determined that the net carrying value for *Grand Celebration* exceeded its estimated undiscounted future cash flows. Accordingly, we then estimated the May 31, 2014 fair value of this ship based on its discounted future cash flows and compared the estimated fair value to its net carrying value. As a result, we recognized a $22 million ship impairment charge in other ship operating expenses during the second quarter of 2014.

In December 2014, we entered into a bareboat charter/sale agreement under which the 1,492-passenger capacity *Costa Celebration* (formerly *Grand Celebration*) was chartered to an unrelated entity in December 2014 through December 2024. Under this agreement, ownership of *Costa Celebration* will be transferred to the buyer in December 2024. This transaction did not meet the criteria to qualify as a sales-type lease and, accordingly, it will be accounted for as an operating lease whereby we will recognize the charter revenue over the term of the agreement.

During the third quarter of 2013, we recognized $73 million and $103 million of impairment charges related to *Costa Voyager* and *Costa Classica*, respectively. In November 2013, *Costa Voyager* was taken out-of-service, and during the second quarter of 2014 *Costa Voyager* was sold and we recognized a $37 million gain as a reduction in other ship operating expenses. The estimated fair values of these ships at the time of impairment were based on their undiscounted cash flow analyses, which included principal assumptions similar to most of those discussed above for *Grand Celebration*.

During 2012, *Costa Allegra* suffered damage and, accordingly, we decided to withdraw this ship from operations resulting in a $34 million impairment charge, which is included in other ship operating expenses. In addition, during 2012, we incurred $17 million for *Costa Allegra* incident-related expenses, which are principally included in other ship operating expenses. In October 2012, we sold *Costa Allegra*. Furthermore, during 2012, we recognized $23 million of ship impairment charges related to *Seabourn Legend* and *Seabourn Pride* in other ship operating expenses. The estimated fair value for all three of these ships was determined based on their sales value, which is considered a Level 3 input.

In 2014, 2013 and 2012, we recognized $53 million, $176 million and $57 million, respectively, of ship impairment charges in other ship operating expenses.

Valuation of Goodwill and Other Intangibles

The reconciliation of the changes in the carrying amounts of our goodwill, which goodwill has been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2012	$1,898	$1,276	$3,174
Foreign currency translation adjustment	-	36	36
Balance at November 30, 2013	1,898	1,312	3,210
Foreign currency translation adjustment	-	(83)	(83)
Balance at November 30, 2014	$1,898	$1,229	$3,127

At July 31, 2014, all of our cruise brands carried goodwill, except for Ibero and Seabourn. As of that date, we performed our annual goodwill impairment reviews, which included performing a qualitative assessment for all cruise brands that carried goodwill, except for Carnival Cruise Line, Cunard and P&O Cruises (UK). Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the weighted-average cost of capital ("WACC"), overall financial performance, changes in fuel prices and capital expenditures were considered in the qualitative assessment to determine how changes in these factors would affect each of these cruise brands' estimated fair values. Based on our qualitative assessments, we determined it was more-likely-than-not that each of these cruise brands' estimated fair values exceeded their carrying values and, therefore, we did not proceed to the two-step quantitative goodwill impairment reviews.

As of July 31, 2014, we also performed our annual goodwill impairment reviews of Carnival Cruise Line's, Cunard's and P&O Cruises (UK)'s goodwill. We did not perform a qualitative assessment but instead proceeded directly to step one of the two-step quantitative goodwill impairment review and compared each of Carnival Cruise Line's, Cunard's and P&O Cruises (UK)'s estimated fair value to the carrying value of their allocated net assets. Their estimated cruise brand fair value was based on a discounted future cash flow analysis. The principal assumptions used in our cash flow analyses consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices; capacity changes, including the expected rotation of vessels into, or out of, Carnival Cruise Line, Cunard and P&O Cruises (UK); capital expenditures; WACC of market participants, adjusted for the risk attributable to the geographic regions in which Carnival Cruise Line, Cunard and P&O Cruises (UK) operate and terminal values, which are all considered Level 3 inputs. Based on the discounted cash flow analyses, we determined that each of Carnival Cruise Line's, Cunard's and P&O Cruises (UK)'s estimated fair value significantly exceeded their carrying value and, therefore, we did not proceed to step two of the impairment reviews.

At November 30, 2014, accumulated goodwill impairment charges were $153 million, which are all related to Iberò and were recognized in 2012.

The reconciliation of the changes in the carrying amounts of our intangible assets not subject to amortization, which represent trademarks that have been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2012	$927	$372	$1,299
Ibero trademarks impairment charge (a)	-	(13)	(13)
Balance at November 30, 2013	927	359	1,286
Foreign currency translation adjustment	-	(21)	(21)
Balance at November 30, 2014	$927	$338	$1,265

(a) In 2013, we recognized a $13 million impairment charge to fully write-off Ibero's trademarks' carrying value.

At July 31, 2014, 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, which included performing a qualitative assessment for AIDA, P&O Cruises (Australia) and Princess. Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the WACC, changes in royalty rates and overall financial performance were considered in the qualitative assessment to determine how changes in these factors would affect the estimated fair values for each of these cruise brands' recorded trademarks. Based on our qualitative assessments, we determined it was more likely-than-not that the estimated fair value for AIDA's, P&O Cruises (Australia)'s and Princess' recorded trademarks exceeded their carrying value and, therefore, none of these trademarks were impaired.

As of July 31, 2014, we also performed our annual trademark impairment review of P&O Cruises (UK). We did not perform a qualitative assessment but instead proceeded directly to the quantitative trademark impairment review. Our quantitative assessment included estimating P&O Cruises (UK)'s trademarks fair value based upon a discounted future cash flow analysis, which estimated the amount of royalties that we are relieved from having to pay for use of the associated trademarks, based upon forecasted cruise revenues and a market participant's royalty rate. The royalty rate was estimated primarily using comparable royalty agreements for similar industries. Based on our quantitative assessment, we determined that the estimated fair value for P&O Cruises (UK)'s trademarks significantly exceeded their carrying values and, therefore, none of these trademarks were impaired.

In 2013, we recognized a $14 million impairment charge related to an investment, leaving an insignificant carrying value at November 30, 2014 and 2013. In 2012, we recognized a $20 million impairment charge to write-off a portion of Ibero's trademarks' carrying value.

At November 30, 2014 and 2013, our intangible assets subject to amortization are not significant to our consolidated financial statements.

The determination of our cruise brand, cruise ship 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 in determining whether our goodwill, cruise ships and trademarks have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognize an impairment charge.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. In addition, we utilize our fuel derivatives program to mitigate a portion of the risk to our future cash flows attributable to potential fuel price increases, which we define as our "economic risk." Our policy is to not use any financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. The changes in fair value are recognized currently in earnings if the derivatives do not qualify as effective hedges, or if we do not seek to qualify for hedge accounting treatment, such as for our fuel derivatives. If a derivative is designated as a fair value hedge, then changes in the fair value

of the derivative are offset against the changes in the fair value of the underlying hedged item. If a derivative is designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of AOCI until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a nonderivative financial instrument is designated as a hedge of our net investment in a foreign operation, then changes in the fair value of the financial instrument are recognized as a component of AOCI to offset a portion of the change in the translated value of the net investment being hedged, until the investment is sold or substantially liquidated. We formally document hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

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

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	November 30, 2014	November 30, 2013
Derivative assets			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	$ 6	$ -
	Other assets – long-term	6	2
Foreign currency zero cost collars (b)	Other assets – long-term	-	8
Interest rate swaps (c)	Prepaid expenses and other	1	1
	Other assets – long-term	1	5
		14	16
Derivatives not designated as hedging instruments			
Fuel (d)	Prepaid expenses and other	-	14
	Other assets – long-term	-	30
		-	44
Total derivative assets		$ 14	$60
Derivative liabilities			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Accrued liabilities and other	$ -	$ 4
Foreign currency zero cost collars (b)	Accrued liabilities and other	1	-
Interest rate swaps (c)	Accrued liabilities and other	13	13
	Other long-term liabilities	35	13
		49	30
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	90	-
	Other long-term liabilities	139	1
		229	1
Total derivative liabilities		$278	$31

(a) At November 30, 2014 and 2013, we had foreign currency forwards totaling $403 million and $578 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2014, these foreign currency forwards settle through July 2017.

(b) At November 30, 2014 and 2013, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See "Newbuild Currency Risks" below for additional information regarding these derivatives.

(c) We have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At November 30, 2014 and 2013, these interest rate swap agreements effectively changed $750 million and $909 million, respectively, of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025. In addition, at November 30, 2014 and 2013 we had U.S. dollar interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At November 30, 2014 and 2013, these interest rate swap agreements effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt. These interest rate swaps settle through February 2016.

(d) At November 30, 2014 and 2013, 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 and through 2017, respectively. See "Fuel Price Risks" below for additional information regarding these fuel derivatives.

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):

	November 30, 2014				
	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	$ 78	$(64)	$ 14	$(14)	$ -
Liabilities	$342	$(64)	$278	$(14)	$264

	November 30, 2013				
	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	$137	$(77)	$ 60	$ (7)	$ 53
Liabilities	$108	$(77)	$ 31	$ (7)	$ 24

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

	November 30,		
	2014	2013	2012
Net investment hedges	$ 25	$(11)	$ 48
Foreign currency zero cost collars – cash flow hedges	$(10)	$ (1)	$ 16
Interest rate swaps – cash flow hedges	$(28)	$ 2	$(11)

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 interest-bearing, non-restricted cash to be posted or received as collateral to the extent the fuel derivative fair value payable to or receivable from an individual counterparty, respectively, exceeds $100 million. At November 30, 2014 and 2013, 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 November 30, 2014 and 2013 and for the years ended November 30, 2014, 2013 and 2012 where such impacts were not significant.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We use our fuel derivatives program to mitigate a portion of our economic risk attributable to potential fuel price increases. We designed our fuel derivatives program to maximize operational flexibility by utilizing derivative markets with significant trading liquidity and our program currently consists of zero cost collars on Brent.

All of our derivatives 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 derivatives will act as economic hedges; however, hedge accounting is not applied. As part of our fuel derivatives program, we will continue to evaluate various derivative products and strategies. In 2014, 2013 and 2012, our unrealized (losses) gains, net on fuel derivatives were $(268) million, $36 million and $6 million, respectively, and in 2014 and 2012, our realized losses, net were $(3) million and $(13) million, respectively. There were no realized gains or losses in 2013.

At November 30, 2014, our outstanding fuel derivatives consisted of zero cost collars on Brent to cover a portion of our estimated fuel consumption as follows:

Maturities (a)	Transaction Dates	Barrels (in thousands)	Weighted-Average Floor Prices	Weighted-Average Ceiling Prices	Percent of Estimated Fuel Consumption Covered
Fiscal 2015					
	November 2011 ...	2,160	$80	$114	
	February 2012	2,160	$80	$125	
	June 2012	1,236	$74	$110	
	April 2013	1,044	$80	$111	
	May 2013	1,884	$80	$110	
	October 2014	1,920	$79	$110	
		10,404			51%
Fiscal 2016					
	June 2012	3,564	$75	$108	
	February 2013	2,160	$80	$120	
	April 2013	3,000	$75	$115	
		8,724			42%
Fiscal 2017					
	February 2013	3,276	$80	$115	
	April 2013	2,028	$75	$110	
	January 2014	1,800	$75	$114	
	October 2014	1,020	$80	$113	
		8,124			39%
Fiscal 2018					
	January 2014	2,700	$75	$110	
	October 2014	3,000	$80	$114	
		5,700			28%

(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 nonderivative financial instruments. Our primary focus is to manage the economic foreign currency exchange risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not accounting risks. While we will continue to monitor our exposure to these economic risks, we do not currently hedge our foreign currency exchange risks with derivative or nonderivative financial instruments, with the exception of 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 European and Australian cruise brands generate significant revenues and incur significant expenses in their euro, sterling or Australian dollar functional currency, which subjects us to "foreign currency translational" risk

related to these currencies. Accordingly, exchange rate fluctuations of the euro, sterling and Australian dollar 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 cruise brands' revenues and expenses. Any weakening of the U.S. dollar has the opposite effect.

Most of our brands also have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and principally includes the euro, sterling and Australian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, we also have "foreign currency transactional" risks related to changes in the exchange rates for our brands' revenues and expenses that are in a currency other than their functional currency. However, these brands' revenues and expenses in non-functional currencies create some degree of natural offset from these currency exchange movements. In addition, we monitor this foreign currency transactional risk in order to measure its impact on our results of operations.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations' functional currencies, substantially all sterling. As of November 30, 2014 and 2013, we have designated $2.4 billion and $2.2 billion, respectively, of our foreign currency intercompany payables as nonderivative hedges of our net investments in foreign operations. Accordingly, we have included $359 million and $234 million of cumulative foreign currency transaction nonderivative gains in the cumulative translation adjustment component of AOCI at November 30, 2014 and 2013, respectively, which offsets a portion of the losses recorded in AOCI upon translating our foreign operations' net assets into U.S. dollars. During 2014, 2013 and 2012, we recognized foreign currency nonderivative transaction gains (losses) of $125 million, $(9) million and $39 million, respectively, in the cumulative translation adjustment component of AOCI.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our cruise brands are made on a case-by-case basis, taking into consideration 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 nonderivative financial instruments to manage foreign currency exchange rate risk for some of our ship construction payments.

In July 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia*'s euro-denominated shipyard payments. These collars mature in February 2015 at a weighted-average ceiling of $287 million and a weighted-average floor of $266 million. In June 2014, we entered into additional foreign currency zero cost collars that are also designated as cash flow hedges for the remaining portion of *Britannia's* euro-denominated shipyard payments. These collars also mature in February 2015 at a weighted-average ceiling of $281 million and a weighted-average floor of $274 million. 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.

On January 22, 2015, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of a Princess and Seabourn newbuilds' euro-denominated shipyard payments. The Princess newbuild's collars mature in March 2017 at a weighted-average ceiling of $590 million and a weighted-average floor of $504 million. The Seabourn newbuild's collars mature in November 2016 at a weighted-average ceiling of $221 million and a weighted-average floor of $185 million. 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 January 22, 2015, substantially all of our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild construction payments for a Carnival Cruise Line, Holland America Line and Seabourn newbuild, which represent a total unhedged commitment of $1.7 billion.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' or the shipyards' functional currency 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. At November 30, 2014, 52% and 48% (59% and 41% at November 30, 2013) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps. In addition, to the extent that we have excess cash available for investment, we purchase high quality short-term investments with floating interest rates, which offset a portion of the impact of interest rate fluctuations arising from our floating interest rate debt portfolio.

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. Our maximum exposure under foreign currency and fuel derivative contracts and interest rate swap agreements that are in-the-money, which were not material at November 30, 2014, is the replacement cost, net of any collateral received or contractually allowed offset, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimize credit risk exposure, 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 normally conducting business with large, well-established financial institutions, insurance companies and export credit agencies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk. We normally do require 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.

We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe and credit and debit card providers to which we extend credit in the normal course of our business, which includes charter-hire agreements in Asia 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 receivables, charter-hire agreements and contingent obligations are not considered to be material, primarily due to the large number of unrelated accounts within our customer base, the amount of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables and related contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 11 – Segment Information

We have three reportable cruise segments that are comprised of our (1) North America cruise brands, (2) EAA cruise brands and (3) Cruise Support. In addition, we have a Tour and Other segment. 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. Decisions to allocate resources and assess performance for Carnival Corporation & plc are made by the CODM upon review of the segment results across all of our cruise brands and other segments.

Our North America cruise segment includes Carnival Cruise Line, Holland America Line, Princess and Seabourn. Our EAA cruise segment includes AIDA, Costa, Cunard, P&O Cruises (Australia), P&O Cruises (UK) and prior to November 2014, Ibero. These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, ship 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. In 2012, our Tour and Other segment also included two ships that we chartered to an unaffiliated entity. In April 2013, we sold one of these two ships and recognized a $15 million gain as a reduction of Tour and Other operating expenses. Accordingly, subsequent to this 2013 sale and through November 30, 2014, our Tour and Other segment included only one ship. The significant accounting policies of our segments are the same as those described in Note 2 – "Summary of Significant Accounting Policies."

Selected information for our segments as of and for the years ended November 30 was as follows (in millions):

	Revenues	Operating expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets	
2014								
North America Cruise Brands (a)	$ 9,559	$ 6,418	$1,121	$ 959	$1,061	$1,315	$22,765	
EAA Cruise Brands	6,148	3,914	725	616	893	1,054	15,228	
Cruise Support	90	39	200	25	(174)	156	1,023	
Tour and Other (a)	215	160	8	35	12	58	516	(c)
Intersegment elimination (a)	(128)	(128)	-	-	-	-	-	
	$15,884	$10,403	$2,054	$1,635	$1,792	$2,583	$39,532	
2013								
North America Cruise Brands (a)	$ 9,370	$ 6,439	$1,048	$ 927	$ 956	$1,350	$22,448	
EAA Cruise Brands	5,906	4,137	686	599	471(b)	642	16,126	
Cruise Support	96	31	136	26	(97)	108	1,016	
Tour and Other (a)	210	143	9	36	22	49	514	(c)
Intersegment elimination (a)	(126)	(126)	-	-	-	-	-	
	$15,456	$10,624	$1,879	$1,588	$1,352	$2,149	$40,104	
2012								
North America Cruise Brands (a)	$ 9,364	$ 6,240	$ 949	$ 898	$1,277	$ 990	$21,893	
EAA Cruise Brands	5,827	4,010	650	561	433(b)	1,291	15,894	
Cruise Support	86	22	114	28	(78)	33	888	
Tour and Other (a)	211	154	7	40	10	18	486	(c)
Intersegment elimination (a)	(106)	(106)	-	-	-	-	-	
	$15,382	$10,320	$1,720	$1,527	$1,642	$2,332	$39,161	

(a) A portion of the North America cruise brands' segment revenues includes revenues for the tour portion of a cruise when a land tour package is sold along with a cruise by either Holland America Line or Princess. These intersegment tour revenues, which are included in our Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

(b) Includes $13 million in 2013 and $173 million in 2012 of impairment charges related to Ibero's goodwill and trademarks.

(c) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, glass-domed railcars, which run on the Alaska Railroad, and our owned ships that we leased out under long-term charters to an unaffiliated entity.

Non-U.S. revenues for our cruise brands represent sales generated from outside the U.S. principally by non-U.S. travel agents and tour operators. Substantially all of our long-lived assets are located outside of the U.S. and consist of our ships and ships under construction.

Revenues by geographic areas, which are based on where our guests are sourced and not the cruise brands on which they sailed, were as follows (in millions):

	Years Ended November 30,		
	2014	2013	2012
North America	$ 7,762	$ 7,738	$ 7,952
Europe	5,676	5,426	5,367
Australia and Asia	2,097	1,772	1,506
Other	349	520	557
	$15,884	$15,456	$15,382

NOTE 12 – Compensation Plans

Equity Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 18.6 million shares available for future grant at November 30, 2014. These plans

allow us to issue time-based share ("TBS") awards, which include restricted stock awards ("RSAs") and restricted stock units ("RSUs"), performance-based share ("PBS") awards, market-based share ("MBS") awards and stock options (collectively "equity awards"). Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Certain equity awards provide for accelerated vesting if we have a change in control, as defined.

Our total share-based compensation expense was $52 million, $42 million and $39 million in 2014, 2013 and 2012, respectively, of which $48 million, $39 million and $36 million has been included in selling and administrative expenses in 2014, 2013 and 2012, respectively, and $4 million in 2014 and $3 million in both 2013 and 2012 in cruise payroll and related expenses.

TBS, PBS and MBS Awards

RSAs generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. RSAs have been granted to certain officers and non-executive board members and vest at the end of three years, except for shares released from restriction to satisfy retirement eligible tax obligations ("tax release shares"). In addition, Carnival Corporation and Carnival plc grant RSUs, which also vest at the end of three years, except for tax release shares, and accrue forfeitable dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense for TBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant.

In 2014 and 2013, the Committee approved PBS awards to be granted to certain key Carnival Corporation & plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares and expected total shareholder return rank relative to certain peer companies on the date of grant and the probability of our annual earnings target for each year over a three-year period being achieved. Our 2014 PBS awards also have a return on invested capital ("ROIC") target. The PBS awards granted in 2014 and 2013 provide an opportunity to earn from zero to 200% and zero to 187.5%, respectively, of the number of target shares underlying the award achieved for each year over a three-year period.

In 2012, the Committee approved PBS awards to be granted to certain key Carnival Corporation & plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant and the probability of our earnings per share growth over a three-year period being achieved. These PBS awards provide an opportunity to earn from zero to 200% of the number of target shares underlying the award achieved at the end of the third year. All PBS awards will accrue forfeitable dividend equivalents based on dividends declared.

In 2014 and 2013, the Committee approved MBS awards to be granted to certain senior executives. The MBS awards granted in 2014 and 2013 were valued at $13 million and $4 million, respectively, as of the date of grant. The share-based compensation expense for all of the MBS awards were based on the quoted market prices of the Carnival Corporation common stock or the Carnival plc ordinary shares on the date of grant and the probability of certain market conditions being achieved. One-half of all of the MBS awards are expensed evenly over a three-year period and the remaining half are expensed evenly over a four-year period.

During the year ended November 30, 2014, TBS, PBS and MBS award activity was as follows:

	TBS Awards		PBS Awards		MBS Awards	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2013	3,026,701	$37.01	510,839	$35.91	93,457	$47.03
Granted	1,184,099	$41.89	228,506	$36.63	176,763	$73.14
Vested	(862,232)	$45.97	(31,698)	$33.29	-	$ -
Forfeited	(138,518)	$39.27	(134,860)	$42.40	-	$ -
Outstanding at November 30, 2014	3,210,050	$36.30	572,787	$34.82	270,220	$64.11

The total grant date fair value of TBS, PBS and MBS awards vested was $41 million, $42 million and $52 million in 2014, 2013 and 2012, respectively. As of November 30, 2014, there was $55 million of total unrecognized compensation cost related to TBS, PBS and MBS awards. As of November 30, 2014, the total unrecognized compensation costs are expected to be recognized over a weighted-average period of 0.9 years for both TBS and PBS awards and 1.5 years for MBS awards.

Stock Option Plans

In 2007 and 2008, the Committee decided to cease granting stock options to our employees and non-executive board members, respectively, and to instead grant them TBS awards. A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2014 related to stock options previously granted was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (a)
			(in years)	(in millions)
Outstanding at November 30, 2013	3,922,172	$48.42		
Exercised	(17,889)	$39.87		
Forfeited or expired	(2,845,027)	$46.88		
Outstanding and exercisable at November 30, 2014	1,059,256	$51.36	0.4	$ -

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2014.

As of the dates of exercise, there was a nominal intrinsic value of options exercised in 2014 and a total of $3 million and $7 million in 2013 and 2012, respectively. As of November 30, 2014, there is no unrecognized compensation cost as there were no unvested stock options. Our stock options will expire through 2016.

Defined Benefit Pension Plans

We have several single-employer defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. Substantially all of the remaining defined benefit plans are unfunded. In determining all of our plans' benefit obligations at November 30, 2014 and 2013, we assumed weighted-average discount rates of 3.5% and 4.0%, respectively. The net asset or net liability positions under these single-employer defined benefit pension plans are not material.

In addition, we participate in two multiemployer defined benefit pension plans in the UK, the British Merchant Navy Officers Pension Fund (registration number 10005645) ("MNOPF"), and the British Merchant Navy Ratings Pension Fund (registration number 10005646) ("MNRPF"), which are referred to as "the multiemployer plans." The MNOPF is divided into two sections, the "New Section" and the "Old Section." The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. However, contributions made by employers, including us, may be used to provide benefits to employees of other participating employers, and if any of the participating employers withdraw from the multiemployer plans or fail to make their required contributions, any unfunded obligations would be the responsibility of the remaining participating employers. We are contractually obligated to make all required contributions as determined by the plans' trustees. All of our multiemployer plans are closed to new membership, and the MNOPF Old Section is also closed to further benefit accrual and is fully funded. Based on the most recent actuarial reviews of the MNOPF New Section and the MNRPF at March 31, 2014 and March 31, 2013, respectively, it was determined that these plans were 87% and 74% funded, respectively. The multiemployer plans have implemented recovery plans, as appropriate, whereby their estimated funding deficits are to be recovered through funding contributions from participating employers.

We expense our portion of the MNOPF deficit as amounts are invoiced by, and become due and payable to, the trustees. In 2014 and 2012, our contributions to the MNOPF fund were not material and did not exceed 5% of total contributions to the fund. In 2013, we received and paid in full a special assessment invoice from the MNOPF trustee for our additional share of the MNOPF New Section deficit. Accordingly, we expensed the invoice of $15 million in cruise payroll and related expense in 2013, which exceeded 5% of total contributions to

the fund. In addition, we accrue and expense our portion of the MNRPF deficit based on our estimated probable obligation from the most recent actuarial review. In 2014, we expensed $18 million of our estimated probable obligation relating to our allocated share of the MNRPF deficit in cruise payroll and related expenses. As of November 30, 2014, our remaining estimated obligation of the MNRPF deficit was $13 million after contributing $24 million in 2014. In 2014, our contributions to the MNRPF are expected to exceed 5% of total contributions to the fund. In 2013 and 2012, our contributions to the MNRPF were not material and did not exceed 5% of total contributions to the fund. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future, however, such amounts are not expected to be material to our consolidated financial statements.

Total expense for all defined benefit pension plans, including the multiemployer plans, was $69 million, $62 million and $45 million in 2014, 2013 and 2012, respectively.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was $25 million in both 2014 and 2013 and $22 million in 2012.

NOTE 13 – Earnings Per Share

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

	Years Ended November 30,		
	2014	2013	2012
Net income for basic and diluted earnings per share	$1,236	$1,078	$1,298
Weighted-average common and ordinary shares outstanding	776	775	778
Dilutive effect of equity plans	2	2	1
Diluted weighted-average shares outstanding	778	777	779
Basic and diluted earnings per share	$ 1.59	$ 1.39	$ 1.67
Anti-dilutive equity awards excluded from diluted earnings per share computations	1	4	8

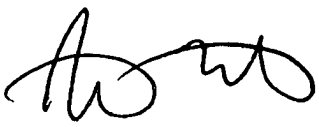
NOTE 14 – Supplemental Cash Flow Information

Cash paid for interest, net of capitalized interest, was $297 million, $301 million and $347 million in 2014, 2013 and 2012, respectively. In addition, cash paid for income taxes, net of recoveries, was $5 million in 2014 and $4 million in both 2013 and 2012.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 1992 Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2014.

PricewaterhouseCoopers LLP, the independent registered certified public accounting firm that audited our consolidated financial statements, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2014 as stated in their report, which is included in this 2014 Annual Report.



Arnold W. Donald
President and
Chief Executive Officer
January 29, 2015



David Bernstein
Chief Financial Officer
January 29, 2015

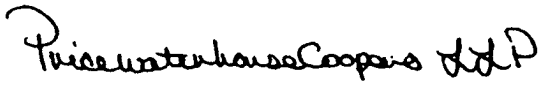
REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") at November 30, 2014 and November 30, 2013, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2014, based on criteria established in the 1992 Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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



Miami, Florida
January 29, 2015

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 2014 Annual Report 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, among other things, the forecasting of our non-GAAP earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill, ship and trademark fair values and outlook. 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 2014 Annual Report. 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:

- general economic and business conditions;
- increases in fuel prices;
- incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and other incidents affecting the health, safety, security and satisfaction of guests and crew;
- the international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel;
- negative publicity concerning the cruise industry in general or us in particular, including any adverse environmental impacts of cruising;
- geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect;
- economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- changes in and compliance with laws and regulations relating to the protection of persons with disabilities, employment, environment, health, safety, security, tax and other regulations under which we operate;
- our inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations;
- increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages;
- lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations;
- 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;
- disruptions and other damages to our information technology and other networks and operations, and breaches in data security;
- failure to keep pace with developments in technology;
- competition from and overcapacity in the cruise ship and land-based vacation industry;
- loss of key personnel or our ability to recruit or retain qualified personnel;
- union disputes and other employee relationship issues;
- 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;
- the continued strength of our cruise brands and our ability to implement our strategies;
- additional risks to our international operations not generally applicable to our U.S. operations;
- our decisions to self-insure against various risks or our inability to obtain insurance for certain risks at reasonable rates;

- litigation, enforcement actions, fines or penalties;
- fluctuations in foreign currency exchange rates;
- whether our future operating cash flow will be sufficient to fund future obligations and whether we will be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations;
- risks associated with our DLC arrangement;
- uncertainties of a foreign legal system as Carnival Corporation and Carnival plc are not U.S. corporations and
- the ability of a small group of shareholders to effectively control the outcome of shareholder voting.

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 2014 Annual Report, 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.

2014 Executive Overview

Overall, 2014 was a strong year as we turned the corner with improved earnings and positive net revenue yields, despite the loss of attractive itineraries due to geopolitical factors and large cruise industry capacity increases in the Caribbean. We continued to gain momentum and achieved about a 1 percentage point increase in ROIC, as we move towards our goal of double digit ROIC in the next three to four years, while maintaining a strong balance sheet. (We define ROIC as the twelve-month non-GAAP earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress.)

Non-GAAP net income for 2014 increased 24% to $1.5 billion ($1.2 billion U.S. GAAP). We saw strong profit improvement at both our Carnival Cruise Line and Costa brands and enjoyed several early wins from our cross-brand collaboration efforts that contributed to our improved 2014 results, particularly in the area of onboard revenues. The increase in our non-GAAP net income was driven by slightly higher net revenue yields (constant dollar), an increase in capacity and lower fuel prices and fuel consumption per ALBD ("available lower berth day"), partially offset by slightly higher net cruise costs excluding fuel per ALBD (constant dollar).

Our slightly higher net revenue yield (constant dollar) was due to a more than 3% increase in net onboard and other revenue yields, partially offset by slightly lower net passenger ticket revenue yields. The growth in net onboard and other revenue yields was driven by increases in primarily all the net onboard revenue categories on both sides of the Atlantic. The slight decrease in net passenger ticket revenue yields was driven by our North America brands' facing a promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity, partially offset by improvements at our continental European brands.

Our moderate capacity growth was driven by our new ship deliveries, partially offset by our ship sales. During 2014, we introduced Princess Cruises' 3,560-passenger *Regal Princess* and Costa Cruises' 3,692-passenger *Costa Diadema*. We are building new, innovative, purpose-built ships that are larger and more efficient and have a wider range of onboard amenities and features, which enable us to better compete for consumers' vacation spend. These larger ships enable us to obtain greater economies of scale. In addition, we continue to make substantial investments in our existing ship enhancement programs to improve our onboard product offerings and enrich our guests' vacation experiences. Furthermore, in 2014 we sold four of our smaller, less efficient vessels: *Costa Celebration*, *Costa Voyager*, *Grand Holiday* and *Ocean Princess*.

We benefited from a reduction in fuel prices, which resulted in $126 million of savings. In addition, we had an almost 5% reduction in fuel consumption per ALBD thus saving another $107 million of fuel expense compared to 2013, which continued our multiple-year cumulative unit fuel consumption savings trend that has reached 25% since 2007. We achieved our stated goal of delivering a 20% reduction (per unit) in the intensity of carbon dioxide emissions from our shipboard operations one year prior to our target date and are currently developing new goals aimed at protecting the environment and further reducing our fuel consumption. We are installing new exhaust gas cleaning systems on our ships to achieve environmental objectives and mitigate the financial impact of the new 2015 low sulfur regulatory requirements. We are also implementing a series of new energy saving technology initiatives across our fleet in areas such as propulsion, air conditioning and waste heat recovery systems as well as more efficient lighting in order to help reduce our carbon footprint and costs.

Our ability to generate significant operating cash flows allows us to internally fund our capital investments. We generated $3.4 billion of cash from operations, 21% higher than last year, and used $2.5 billion to fund investing

activities, leaving us with almost $1.0 billion, most of which was returned to shareholders through our regular quarterly dividend. Our goal is to return "excess free cash flows" (defined as cash flows from operations less investing activities and regularly scheduled quarterly dividends) to our shareholders in the form of additional dividends and/or share buybacks.

We identified new strategies and tactics to strengthen our cruise ticket revenue management processes and systems across our portfolio of brands, such as optimizing our pricing methodologies, improving our pricing models and increasing our brands' coordination of our global fleet deployments. Our objectives are to drive greater penetration, more effective capacity management and improve revenue yields. In addition, we have started to implement various demand creating initiatives as we strive to create additional demand for our brands that far outpaces supply, ultimately leading to higher revenue yields.

Our goal is to consistently exceed our guests' expectations while providing them with a wide variety of exceptional vacation experiences. To this end, we are conducting psychographic segmentation studies to gain a more insightful and impactful understanding of our guests' needs, wants and expectations. We will then target our advertising and promotions toward these specific guest segments in order to drive demand for our offerings and better guide our guests to the cruise brand experience that best matches their tastes. These studies should enable us to better differentiate each brand in the minds of vacationers and consumers-at-large and adjust the product and service offerings of our brands.

Strong relationships with our travel agents are also vital to our success. In 2014, we continued to strengthen our relationship with the travel agent community by increasing our communication and outreach, implementing changes based on travel agent feedback, increasing our trade marketing presence and improving our educational programs to assist agents in stimulating cruise demand.

In 2014, our operating income in China significantly increased due to a combination of capacity growth and revenue yield improvement. We believe that we have significant opportunities to continue to grow our presence in China due to its large and growing middle-class population and expansion of their international tourism. Due to the high strategic importance we place on the China cruise market, in 2014 we relocated our Chief Operations Officer to China to more closely oversee our brands' strategic initiatives, coordinate our growth strategy in China and the surrounding markets and liaise with Chinese government officials. With the introduction of *Costa Serena* in 2015, we will have four ships home ported in China, which will represent a 140% increase in guest capacity over a two-year period and will offer our Chinese guests diversified cruise products with two brands targeting two different segments of travelers. As part of our China cruise strategy, we are exploring opportunities aimed at the development of a domestic cruise company and the formation of a domestic cruise shipbuilding company, as well as port development, talent development and training, enhanced relationships with our distribution partners and sharing of supply chain and logistics expertise.

With 100 ships and 10.6 million guests in 2014, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies and implementing cross-brand initiatives aimed at cost containment. In 2014, we continued working on expanding cross-brand contracting for food and beverages and began working on cross-brand contracting for air travel to further utilize the scale of our combined purchases.

Our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business. We are developing a company-wide safety management system that standardizes our maritime related policies, procedures and processes and are increasing the amount of maritime safety, ship command and engine room management training for our shipboard officers at our expanding global training facility in the Netherlands. We are also updating our processes, systems and training surrounding fire prevention, detection and suppression. Furthermore, we continue to make investments in our ships' maritime systems to improve their safety and reliability, which also allows us to operate them more efficiently and sustainably.

We employ an average of 81,200 crew members, including officers, onboard the 100 ships we currently operate, which exclude crew who are on a leave. We also have an average of 10,100 full-time shoreside employees and 2,800 part-time/seasonal employees. Our goal is to select, train and retain the finest shipboard and shoreside employees because having a team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. We have structured our work processes and incentive compensation plans to reflect a culture that enables our brands to better align their individual performance with our primary financial goals. Our management teams are aligned by geographic region to further optimize our operations, utilize our scale and better manage our performance. In 2014, we accelerated our cross-brand collaboration and streamlined our non-guest facing operations within the Holland America Line, Princess and Seabourn group.

While we are well underway with certain initiatives discussed above and are already beginning to see their positive results, some of our initiatives will take longer to realize their full benefits due to our size and the nature of the cruise industry. Our strategic initiatives demonstrate the benefits of communicating, coordinating and collaborating across our brands and will help us fulfill our vision to deliver unmatched joyful vacation experiences and breakthrough total shareholder returns by exceeding guests' expectations and achieving the full benefits inherent in our scale.

As of January 22, 2015, we have ten cruise ships scheduled to be delivered between February 2015 and November 2018, some of which will replace existing capacity as older, smaller and less efficient ships exit our fleet. We strategically time the introduction of additional ships into our brands to allow ample time for those lines to further grow their guest base and absorb the new capacity. We have removed 16 ships from our fleet since 2006 and have agreements in place to remove three more ships by March 2016. Based on our current ship orders and announced ship withdrawals, our net capacity growth rate is expected to be 2.0% in 2015 and 2.8% compounded annually through 2018. We are committed to measured capacity growth so that we achieve an optimal balance of supply and demand to maximize our profitability in established cruise regions, such as North America and Western Europe. We believe the increasing deployment of ships into the emerging Asia market may further moderate the level of supply in North America and Western Europe.

Outlook for the 2015 First Quarter and Full Year

On December 19, 2014, we said that we expected our non-GAAP diluted earnings per share for the 2015 first quarter and full year to be in the ranges of $0.07 to $0.11 and $2.30 to $2.60, respectively (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on fuel prices of $421 per metric ton and $436 per metric ton for the 2015 first quarter and full year, respectively. In addition, our guidance was based on 2015 first quarter and full year currency rates of $1.23 to the euro, $1.57 to sterling and $0.83 to the Australian dollar. The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

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 including, but not limited to, general economic and business conditions, increases in fuel prices, incidents, spread of contagious diseases, adverse weather conditions, geopolitical events, negative publicity and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statements together with the discussion of these and other risks under "Cautionary Note Concerning Factors That May Affect Future Results."

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships, including ship improvements and ships under construction, which represent 80% of our total assets at November 30, 2014. We make several critical accounting estimates with respect to our ship accounting. First, in order to compute our ships' depreciation expense, which represented 11% of our cruise costs and expenses in 2014, we have to estimate the useful life of each of our ships as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs that we believe add value to our ships and have a useful life greater than one year, and depreciate those improvements over the shorter of their or the ships' estimated remaining useful life, while the costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate the net book value of the asset being retired in order to remove it from the ship's cost basis.

We determine the useful life of our ships and ship improvements based on our estimates of the period over which the assets will be of economic benefit to us, including the impact of long-term vacation market conditions, marketing and technical obsolescence, competition, physical deterioration, historical useful lives of similarly-built ships, regulatory constraints and maintenance requirements. In addition, we consider estimates of the

weighted-average useful lives of the ships' major component systems, such as the hull, cabins, main electric, superstructure and engines. Taking all this into consideration, we have estimated our new ships' useful lives at 30 years.

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

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our 2014 ship depreciation expense would have increased by approximately $50 million assuming we had reduced our estimated 30-year ship useful life estimate by one year at the time we took delivery or acquired each of our ships. In addition, our 2014 ship depreciation expense would have increased by approximately $205 million assuming we had estimated our ships to have no residual value at the time of their delivery or acquisition.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which we use them. In addition, we believe that the estimates we made are reasonable and our methods consistently applied in all material respects in determining (1) the useful life and residual values of our ships, including ship improvements; (2) which improvement costs add value to our ships and (3) the net book value of ship component assets being retired. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairments

Impairment reviews of our cruise ships, goodwill and trademarks require us to make significant estimates to determine the fair values of these assets and cruise brands.

For our cruise ships, we perform our impairment reviews, if required, at the individual cruise ship level, which is the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for a discussion of ship impairment charges recorded in 2014, 2013 and 2012.

We believe it is more-likely-than-not ("MLTN") that each of our cruise brands' estimated fair value that carry goodwill at November 30, 2014 exceeded their carrying value. We also believe that it is MLTN that the estimated fair value of each of our cruise brands' trademarks recorded at November 30, 2014 exceeded their carrying values. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional discussion of our goodwill and trademark impairment reviews.

The determination of fair value includes numerous assumptions that are subject to various risks and uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships, cruise brands and trademarks. Our ships' fair values are typically estimated based either on ship sales price negotiations or discounted future cash flows. The principal assumptions used to calculate our discounted future cash flows include forecasted future operating results over the expected period we believe the ships will have economic benefit to us and their estimated residual values.

In performing qualitative assessments of our cruise brands that carry goodwill, qualitative factors that we consider to determine their effect on each of the cruise brand's estimated fair values include industry and market conditions, macroeconomic conditions, changes to WACC, overall financial performance, changes in fuel prices

and capital expenditures. In determining the estimated fair values of cruise brands utilizing discounted future cash flow analysis for our quantitative goodwill impairment tests, significant judgments are made related to forecasting future operating results, including net revenue yields and net cruise costs including fuel prices; capacity changes, including the expected rotation of vessels into, or out of, the cruise brand; capital expenditures; WACC of market participants, adjusted for the risk attributable to the geographic region in which the cruise brand operates and terminal values. In addition, third-party appraisers are sometimes used to help determine fair values of cruise brands and trademarks, and their valuation methodologies are also typically subject to uncertainties similar to those discussed above.

In addition, in performing our qualitative assessments of our cruise brands' significant trademarks, qualitative factors that we consider to determine their effect on each of the cruise brand's recorded trademarks' estimated fair values include industry and market conditions, macroeconomic conditions, changes to the WACC, changes in royalty rates and overall financial performance. In determining our trademark estimated fair values for our quantitative impairment tests, we also use discounted future cash flow analysis, which requires some of the same significant judgments discussed above. Specifically, determining the estimated amount of royalties that we are relieved from having to pay for the use of the associated trademarks is based upon forecasted cruise revenues and a market participant's royalty rate. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

We believe that we have made reasonable estimates and judgments in determining whether our cruise ships, goodwill and trademarks have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognize an impairment charge.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory, guest and crew and tax matters. In addition, we periodically assess the recoverability of our trade and other receivables, charter-hire agreements and other counterparty credit exposures, such as contractual nonperformance by financial and other institutions with which we conduct significant business. Our credit exposure 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. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is probable, or MLTN for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable or MLTN loss, if any, can be made. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability and establish a reserve when we believe a loss is probable or MLTN for income tax matters, and the amount of the loss can be reasonably estimated in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Such accruals and reserves are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar non-income tax matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverages. See Note 7 – "Contingencies," Note 8 – "Taxation" and Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional information concerning our contingencies.

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

Results of Operations

We earn substantially all of our cruise revenues from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment. We also collect fees, taxes and other charges from our guests, and

- sales of goods and services primarily onboard our ships not included in the cruise ticket price including substantially all liquor and some non-alcoholic beverage sales, casino gaming, shore excursions, gift shop sales, photo sales, communication services, full service spas, specialty themed restaurants, cruise vacation protection programs and pre- and post-cruise land packages. These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise bookings, which represent costs that are directly associated with passenger cruise ticket revenues, and include travel agent commissions, air and other transportation related costs, fees, taxes and other charges that vary with guest head counts and related credit and debit card or direct debit fees,
- onboard and other cruise costs, which represent costs that are directly associated with onboard and other revenues, and include the costs of liquor and some non-alcoholic beverages, costs of tangible goods sold by us in our gift shops and from our photo sales, communication costs, costs of cruise vacation protection programs, costs of pre- and post-cruise land packages and related credit and debit card or direct debit fees. Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires,
- fuel costs, which include fuel delivery costs,
- payroll and related costs, which represent all costs related to our shipboard personnel, including deck and engine crew, including officers, and hotel and administrative employees, while costs associated with our shoreside personnel are included in selling and administrative expenses,
- food costs, which include both our guest and crew food costs and
- other ship operating expenses, which include port costs that do not vary with guest head counts, repairs and maintenance, including minor improvements and dry-dock expenses, hotel costs, entertainment, gains and losses on ship sales, ship impairments, freight and logistics, insurance premiums and all other ship operating expenses.

For segment information related to our North America and EAA cruise brands' revenues, expenses, operating income and other financial information, see Note 11 – "Segment Information" in the consolidated financial statements.

Statistical Information

	Years Ended November 30,		
	2014	2013	2012
ALBDs (in thousands) (a)(b)	76,000	74,033	71,976
Occupancy percentage (c)	104.1%	105.1%	105.5%
Passengers carried (in thousands)	10,566	10,061	9,829
Fuel consumption in metric tons (in thousands)	3,194	3,266	3,354
Fuel consumption in metric tons per ALBD	0.042	0.044	0.047
Fuel cost per metric ton consumed	$ 636	$ 676	$ 710
Currencies			
U.S. dollar to €1	$ 1.34	$ 1.32	$ 1.28
U.S. dollar to £1	$ 1.66	$ 1.56	$ 1.58
U.S. dollar to Australian dollar	$ 0.91	$ 0.98	$ 1.03

(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) In 2014, we had a 2.7% capacity increase in ALBDs compared to 2013 comprised of a 4.3% capacity increase in our North America brands and a minor capacity increase in our EAA brands.

Our North America brands' capacity increase was caused by:

- the full year impact from one Princess 3,560-passenger capacity ship delivered in 2013;
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2014 and
- fewer ship dry-dock days in 2014 compared to 2013.

In 2013, we had a 2.9% capacity increase in ALBDs compared to 2012 comprised of a 3.4% and 2.5% capacity increase in our EAA brands and North America brands, respectively.

Our EAA brands' capacity increase was caused by:

- the full year impact from one AIDA 2,194-passenger capacity ship and one Costa 2,984-passenger capacity ship both delivered in 2012;
- the partial year impact from one AIDA 2,194-passenger capacity ship delivered in 2013 and
- fewer ship dry-dock days in 2013 compared to 2012.

These increases were partially offset by the full year impact from the removal of two Costa ships and the sale of one P&O Cruises (Australia) 1,462-passenger capacity ship all in 2012.

Our North America brands' capacity increase was caused by:

- the full year impact from one Carnival Cruise Line 3,690-passenger capacity ship delivered in 2012 and
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2013.

These increases were partially offset by more ship dry-dock days in 2013 compared to 2012.

(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.

2014 Compared to 2013

Revenues

Consolidated

Cruise passenger ticket revenues made up 75% of our 2014 total revenues. Cruise passenger ticket revenues increased by $241 million, or 2.1%, to $11.9 billion in 2014 from $11.6 billion in 2013.

This increase was caused by:

- $309 million – 2.7% capacity increase in ALBDs and
- $102 million – foreign currency translational impact from a weaker U.S. dollar against the euro and sterling, net of a stronger U.S. dollar against the Australian dollar ("2014 net currency impact").

These increases were partially offset by:

- $114 million – 1.0 percentage point decrease in occupancy and
- $37 million – decrease in cruise ticket pricing.

The remaining 25% of 2014 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $182 million, or 5.1%, to $3.8 billion in 2014 from $3.6 billion in 2013. This increase was principally due to our 2.7% capacity increase in ALBDs, which accounted for $96 million, and higher onboard spending by our guests, which accounted for $92 million, partially offset by a 1.0 percentage point decrease in occupancy, which accounted for $36 million. Onboard and other revenues included concession revenues of $1.1 billion in both 2014 and 2013.

North America Brands

Cruise passenger ticket revenues made up 73% of our 2014 total revenues. Cruise passenger ticket revenues increased slightly by $19 million to $6.9 billion in 2014 from $6.8 billion in 2013.

This increase was caused by:

- $294 million – 4.3% capacity increase in ALBDs.

This increase was partially offset by:

- $130 million – 2.0 percentage point decrease in occupancy;
- $75 million – decrease in cruise ticket pricing and
- $58 million – decrease in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decrease was driven by the promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity.

The remaining 27% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $168 million, or 7.0%, to $2.6 billion in 2014 from $2.4 billion in 2013.

This increase was caused by:

- $103 million – 4.3% capacity increase in ALBDs;
- $78 million – higher onboard spending by our guests and
- $20 million – higher other third-party revenues.

These increases were partially offset by:

- $46 million – 2.0 percentage point decrease in occupancy.

Onboard and other revenues included concession revenues of $735 million in 2014 and $727 million in 2013.

EAA Brands

Cruise passenger ticket revenues made up 82% of our 2014 total revenues. Cruise passenger ticket revenues increased by $223 million, or 4.6%, to $5.0 billion in 2014 from $4.8 billion 2013.

This increase was substantially due to:

- $102 million – 2014 net currency impact;
- $49 million – increase in air transportation revenues from guests who purchased their tickets from us;
- $39 million – increase in cruise ticket pricing and
- $23 million – slight increase in occupancy.

The remaining 18% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $19 million, or 1.7%, and remained at $1.1 billion in both 2014 and 2013. Onboard and other revenues included concession revenues of $367 million in 2014 and $370 million in 2013.

Costs and Expenses

Consolidated

Operating costs and expenses decreased by $221 million, or 2.1%, to $10.4 billion in 2014 from $10.6 billion in 2013.

This decrease was caused by:

- $176 million – nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $126 million – lower fuel prices;
- $107 million – lower fuel consumption per ALBD;
- $64 million – decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $56 million – nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $51 million – gains from the sales of *Costa Voyager* and *Ocean Princess*;
- $40 million – lower dry-dock and other ship repair and maintenance expenses and
- $38 million – 1.0 percentage point decrease in occupancy.

These decreases were partially offset by:

- $278 million – 2.7% capacity increase in ALBDs;
- $59 million – 2014 net currency impact;
- $53 million – impairment charges related to *Costa Celebration* and *Grand Holiday* and
- $47 million – various other operating expenses, net.

Selling and administrative expenses increased by $175 million, or 9.3%, to $2.1 billion in 2014 from $1.9 billion in 2013.

Depreciation and amortization expenses increased by $47 million, or 3.0%, and remained at $1.6 billion in both 2014 and 2013.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 91% in 2013.

North America Brands

Operating costs and expenses decreased slightly by $22 million and remained at $6.3 billion in both 2014 and 2013.

This decrease was caused by:

- $103 million – decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $87 million – lower fuel prices;
- $58 million – lower fuel consumption per ALBD;
- $56 million – nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $43 million – 2.0 percentage point decrease in occupancy;
- $43 million – lower dry-dock and other ship repair and maintenance expenses and
- $14 million – gain from the sale of *Ocean Princess.*

These decreases were partially offset by:

- $271 million – 4.3% capacity increase in ALBDs;
- $39 million – nonrecurrence in 2014 of an intersegment transaction, which was fully offset in our Cruise Support segment and
- $72 million – various other operating expenses, net.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 90% in 2013.

EAA Brands

Operating costs and expenses decreased by $223 million, or 5.4%, to $3.9 billion in 2014 from $4.1 billion in 2013.

This decrease was caused by:

- $176 million – nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $51 million – lower fuel consumption per ALBD;
- $41 million – lower fuel prices;
- $39 million – lower dry-dock and other ship repair and maintenance expenses;
- $37 million – gain from the sale of *Costa Voyager* and
- $37 million – various other operating expenses, net.

These decreases were partially offset by:

- $59 million – 2014 net currency impact;
- $53 million – impairment charges related to *Costa Celebration* and *Grand Holiday* and
- $46 million – increases in commissions, transportation and other related expenses principally due to an increase in air transportation costs related to guests who purchased their tickets from us.

Our total costs and expenses as a percentage of revenues decreased to 86% in 2014 from 92% in 2013.

Operating Income

Our consolidated operating income increased by $440 million, or 33%, to $1.8 billion in 2014 from $1.4 billion in 2013. Our North America brands' operating income increased by $105 million, or 11%, to $1.1 billion in 2014 from $956 million in 2013, and our EAA brands' operating income increased by $422 million, or 90%, to $893 million in 2014 from $471 million in 2013. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

Net interest expense decreased by $31 million, or 9.7%, to $288 million in 2014 from $319 million in 2013. In 2014, losses on fuel derivatives, net of $271 million were substantially all comprised of unrealized losses, net, and in 2013 gains on fuel derivatives, net of $36 million were all comprised of unrealized gains, net.

Key Performance Non-GAAP Financial Indicators

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segments' financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business; gains and losses on ship sales and ship impairments, net; and restructuring expenses that are not part of our core operating 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.

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. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices and food expenses, once our ship capacity levels have been determined.

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 passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures 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 to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. In addition, we exclude gains and losses on ship sales and ship impairments, net and restructuring expenses from our calculation of net cruise costs with and without fuel as they are not considered part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we also believe it is more meaningful for gains and losses on ship sales and ship impairments, net and restructuring expenses to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these items.

In addition, because our EAA cruise brands utilize the euro, sterling and Australian dollar to measure their results and financial condition, the translation of those 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. Accordingly, we also monitor and report these non-GAAP financial measures assuming the 2014 and 2013 periods' currency exchange rates have remained constant with the 2013 and 2012 periods' rates, respectively, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on the translation of our EAA brands. We believe that this is a useful measure since it facilitates a comparative view of the changes in our business in a fluctuating currency exchange rate environment.

Although our constant dollar basis measure removes the foreign currency translational impact as discussed above, it does not remove the foreign currency transactional impact from changes in exchange rates on our brands' revenues and expenses that are denominated in a currency other than their functional currency. Historically, the foreign currency transactional impact has not been significant when measuring the periodic changes in our results of operations. However, given the continuing expansion of our global business and the heightened volatility in foreign currency exchange rates, we believe the foreign currency transactional impact will be more significant in measuring our 2015 results compared to 2014 than in previous years. See "Quantitative and Qualitative Disclosures About Market Risk" for a further discussion of the 2015 impact of foreign currency exchange rate changes.

We believe that the goodwill, trademark and other impairment charges and restructuring expenses recognized in 2014, 2013 and 2012 are special charges and, therefore, are also not an indication of our future earnings performance. As such, we believe it is more meaningful for these impairment charges and restructuring expenses to be excluded from our net income and earnings per share and, accordingly, we present non-GAAP net income and non-GAAP earnings per share excluding these charges.

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 non-GAAP net income and non-GAAP earnings per share excluding these unrealized gains and losses.

We have not included in our earnings guidance the impact of unrealized gains and losses on fuel derivatives because these unrealized amounts involve a significant amount of uncertainty, and we do not believe they are an indication of our future earnings performance. Accordingly, our earnings guidance is presented on a non-GAAP basis only. As a result, we did not present a reconciliation between forecasted non-GAAP diluted earnings per share guidance and forecasted U.S. GAAP diluted earnings per share guidance, since we do not believe that the reconciliation information would be meaningful. However, we do forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they 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.

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):

	Years Ended November 30,				
	2014	2014 Constant Dollar	2013	2013 Constant Dollar	2012
Passenger ticket revenues	$ 11,889	$ 11,787	$ 11,648	$ 11,581	$ 11,658
Onboard and other revenues	3,780	3,765	3,598	3,588	3,513
Gross cruise revenues	15,669	15,552	15,246	15,169	15,171
Less cruise costs					
Commissions, transportation and other	(2,299)	(2,277)	(2,303)	(2,285)	(2,292)
Onboard and other	(519)	(516)	(539)	(538)	(558)
	(2,818)	(2,793)	(2,842)	(2,823)	(2,850)
Net passenger ticket revenues	9,590	9,510	9,345	9,296	9,366
Net onboard and other revenues	3,261	3,249	3,059	3,050	2,955
Net cruise revenues	$ 12,851	$ 12,759	$ 12,404	$ 12,346	$ 12,321
ALBDs	75,999,952	75,999,952	74,032,939	74,032,939	71,975,652
Gross revenue yields	$ 206.17	$ 204.63	$ 205.94	$ 204.89	$ 210.78
% increase (decrease) vs. prior year	0.1%	(0.6)%	(2.3)%	(2.8)%	
Net revenue yields	$ 169.09	$ 167.88	$ 167.56	$ 166.76	$ 171.18
% increase (decrease) vs. prior year	0.9%	0.2%	(2.1)%	(2.6)%	
Net passenger ticket revenue yields	$ 126.18	$ 125.14	$ 126.23	$ 125.57	$ 130.13
% decrease vs. prior year	0.0%	(0.9)%	(3.0)%	(3.5)%	
Net onboard and other revenue yields	$ 42.90	$ 42.75	$ 41.33	$ 41.19	$ 41.05
% increase vs. prior year	3.8%	3.4%	0.7%	0.4%	

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):

	Years Ended November 30,				
	2014	2014 Constant Dollar	2013	2013 Constant Dollar	2012
Cruise operating expenses	$ 10,243	$ 10,184	$ 10,481	$ 10,434	$ 10,166
Cruise selling and administrative expenses	2,046	2,035	1,871	1,864	1,713
Gross cruise costs	12,289	12,219	12,352	12,298	11,879
Less cruise costs included above					
Commissions, transportation and other	(2,299)	(2,277)	(2,303)	(2,285)	(2,292)
Onboard and other	(519)	(516)	(539)	(538)	(558)
Losses on ship sales and ship impairments, net	(2)	(5)	(178)	(167)	(49)
Restructuring expenses	(18)	(18)	-	-	-
Net cruise costs	9,451	9,403	9,332	9,308	8,980
Less fuel	(2,033)	(2,033)	(2,208)	(2,208)	(2,381)
Net cruise costs excluding fuel	$ 7,418	$ 7,370	$ 7,124	$ 7,100	$ 6,599
ALBDs	75,999,952	75,999,952	74,032,939	74,032,939	71,975,652
Gross cruise costs per ALBD	$ 161.69	$ 160.77	$ 166.83	$ 166.12	$ 165.04
% (decrease) increase vs. prior year	(3.1)%	(3.6)%	1.1%	0.6%	
Net cruise costs per ALBD	$ 124.35	$ 123.70	$ 126.05	$ 125.74	$ 124.77
% (decrease) increase vs. prior year	(1.3)%	(1.9)%	1.0%	0.8%	
Net cruise costs excluding fuel per ALBD	$ 97.60	$ 96.95	$ 96.23	$ 95.91	$ 91.69
% increase vs. prior year	1.4%	0.8%	4.9%	4.6%	

Non-GAAP diluted earnings per share was computed as follows (in millions, except per share data):

	Years Ended November 30,		
	2014	2013	2012
Net income – diluted			
U.S. GAAP net income	$1,236	$1,078	$1,298
Losses on ship sales and ship impairments, net	2 (a)	163 (b)	49 (c)
Goodwill, trademark and other impairment charges	-	27 (d)	173 (e)
Restructuring expenses	18	-	-
Unrealized losses (gains) on fuel derivatives, net	268	(36)	(6)
Non-GAAP net income	$1,524	$1,232	$1,514
Weighted-average shares outstanding – diluted	778	777	779
Earnings per share – diluted			
U.S. GAAP earnings per share	$ 1.59	$ 1.39	$ 1.67
Losses on ship sales and ship impairments, net	- (a)	0.21 (b)	0.06 (c)
Goodwill, trademark and other impairment charges	-	0.03 (d)	0.22 (e)
Restructuring expenses	0.02	-	-
Unrealized losses (gains) on fuel derivatives, net	0.35	(0.05)	(0.01)
Non-GAAP earnings per share	$ 1.96	$ 1.58	$ 1.94

(See next page for footnotes.)

(a) Represents impairment charges of $22 million for *Grand Celebration* and $31 million for *Grand Holiday*, partially offset by gains of $37 million from the sale of *Costa Voyager* and $14 million from the sale of *Ocean Princess*.

(b) Substantially due to $176 million of impairment charges related to *Costa Classica* and *Costa Voyager*, partially offset by a $15 million gain in our Tour and Other segment from the sale of a former Holland America Line ship, which was on charter to an unaffiliated entity.

(c) Represents impairment charges of $34 million for *Costa Allegra* and $23 million for two Seabourn ships, partially offset by an $8 million gain on the sale of *Pacific Sun*.

(d) Represents impairment charges of $14 million for an investment and $13 million for Ibero's remaining trademarks' carrying value.

(e) Represents impairment charges for Ibero's goodwill and trademarks.

Net cruise revenues increased by $447 million, or 3.6%, to $12.9 billion in 2014 from $12.4 billion in 2013. This increase was caused by our 2.7% capacity increase in ALBDs, which accounted for $330 million, the 2014 net currency impact, which accounted for $92 million, and a slight increase in constant dollar net revenue yields, which accounted for $24 million. The increase in net revenue yields on a constant dollar basis was caused by a 3.4% increase in net onboard and other revenue yields, partially offset by a slight decrease in net passenger ticket revenue yields. The 3.4% increase in net onboard and other revenue yields resulted from a 3.7% increase from our North America brands and a 2.8% increase from our EAA brands, which included increases in primarily all the net onboard revenue categories. The slight decrease in net passenger ticket revenue yields was driven by our North America brands' promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity, partially offset by improvements at our continental European brands. Gross cruise revenues increased by $423 million, or 2.8%, to $15.7 billion in 2014 from $15.2 billion in 2013 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $294 million, or 4.1%, to $7.4 billion in 2014 from $7.1 billion in 2013. The increase was caused by our 2.7% capacity increase in ALBDs, which accounted for $190 million, a slight increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for $55 million, and the 2014 net currency impact, which accounted for $49 million.

Fuel costs decreased by $175 million, or 7.9%, to $2.0 billion in 2014 from $2.2 billion in 2013. This was caused by lower fuel prices, which accounted for $126 million, and lower fuel consumption per ALBD, which accounted for $107 million, partially offset by our 2.7% capacity increase in ALBDs, which accounted for $59 million.

Gross cruise costs decreased slightly by $63 million to $12.3 billion in 2014 from $12.4 billion in 2013 for principally the same reasons as discussed above.

2013 Compared to 2012

Revenues

Consolidated

Cruise passenger ticket revenues made up 75% of our 2013 total revenues. Cruise passenger ticket revenues decreased slightly by $10 million to $11.6 billion in 2013 from $11.7 billion in 2012.

This decrease was caused by:

- $358 million – decrease in cruise ticket pricing and
- $42 million – decrease in occupancy.

These decreases were offset by:

- $333 million – 2.9% capacity increase in ALBDs and
- $67 million – foreign currency translational impact from a weaker U.S. dollar against the euro, net of a stronger U.S. dollar against the sterling and Australian dollar ("2013 net currency impact").

The remaining 25% of 2013 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $85 million, or 2.4%, to $3.6 billion in 2013 from $3.5 billion in 2012. This increase was caused by our 2.9% capacity increase in ALBDs, which accounted for $100 million, partially offset by lower other revenues, which accounted for $23 million. Onboard and other revenues included concession revenues of $1.1 billion in 2013, which were flat compared to 2012.

North America Brands

Cruise passenger ticket revenues made up 74% of our 2013 total revenues. Cruise passenger ticket revenues decreased slightly by $40 million to $6.8 billion in 2013 from $6.9 billion in 2012.

This decrease was caused by:

- $168 million – decrease in cruise ticket pricing and
- $79 million – slight decrease in occupancy.

These decreases were partially offset by:

- $173 million – 2.5% capacity increase in ALBDs and
- $37 million – increase in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decline was driven by promotional pricing at Carnival Cruise Line.

The remaining 26% of 2013 total revenues were comprised of onboard and other cruise revenues, which increased slightly by $27 million and remained at $2.4 billion in both 2013 and 2012. This increase was caused by our 2.5% capacity increase in ALBDs, which accounted for $60 million, partially offset by a slight decrease in occupancy, which accounted for $27 million. Onboard and other revenues included concession revenues of $727 million in both 2013 and 2012.

EAA Brands

Cruise passenger ticket revenues made up 81% of our 2013 total revenues. Cruise passenger ticket revenues increased slightly by $33 million and remained at $4.8 billion in both 2013 and 2012.

This increase was caused by:

- $163 million – 3.4% capacity increase in ALBDs;
- $67 million – 2013 net currency impact and
- $47 million – slight increase in occupancy.

These increases were partially offset by:

- $191 million – decrease in cruise ticket pricing and
- $44 million – decrease in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decline, which was affected by the ongoing challenging economic environment in Europe, was caused by our European brands.

The remaining 19% of 2013 total revenues were comprised of onboard and other cruise revenues, which increased by $45 million, or 4.3% to $1.1 billion in 2013 from $1.0 billion in 2012. This increase was principally due to our 3.4% capacity increase in ALBDs, which accounted for $36 million. Onboard and other revenues included concession revenues of $370 million in 2013 and $356 million in 2012.

Costs and Expenses

Consolidated

Operating costs and expenses increased by $304 million, or 2.9%, to $10.6 billion in 2013 from $10.3 billion in 2012.

This increase was caused by:

- $291 million – 2.9% capacity increase in ALBDs;
- $176 million – impairment charges related to *Costa Classica* and *Costa Voyager*;
- $56 million – additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $46 million – 2013 net currency impact;
- $46 million – higher dry-dock and other ship repair and maintenance expenses;
- $34 million – nonrecurrence in 2013 of Costa's insurance proceeds for a ship in excess of its net book value ("Costa's excess insurance proceeds") and Cunard's litigation settlement;
- $20 million – higher insurance premiums;
- $15 million – MNOPF special expense assessment and
- $14 million – new market development initiative costs.

These increases were partially offset by:

- $131 million – lower fuel consumption per ALBD;
- $111 million – lower fuel prices;
- $65 million – decreases in commissions, transportation and other related expenses driven by lower cruise ticket pricing, partially offset by increases in air transportation costs related to guests who purchased their tickets from us;
- $34 million – nonrecurrence in 2013 of the 2012 *Costa Allegra* ship impairment charge;
- $29 million – nonrecurrence in 2013 of the January 2012 ship incident-related expenses and
- $24 million – various other operating expenses, net.

Selling and administrative expenses increased by $159 million, or 9.2%, to $1.9 billion in 2013 from $1.7 billion in 2012.

Depreciation and amortization expenses increased by $61 million, or 4.0%, to $1.6 billion in 2013 from $1.5 billion in 2012.

In 2013, a $13 million impairment charge was recorded for Ibero's trademarks. In 2012, $173 million of impairment charges were recorded for Ibero's goodwill and trademarks. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional discussion of these impairment charges.

Our total costs and expenses as a percentage of revenues increased to 91% in 2013 from 89% in 2012.

North America Brands

Operating costs and expenses increased by $179 million, or 2.9%, to $6.3 billion in 2013 from $6.1 billion in 2012.

This increase was caused by:

- $154 million – 2.5% capacity increase in ALBDs;
- $63 million – higher dry-dock and other ship repair and maintenance expenses;
- $56 million – additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $23 million – increases in commissions, transportation and other related expenses driven by increases in air transportation costs related to guests who purchased their tickets from us, partially offset by the impact of lower cruise ticket pricing;
- $14 million – new market development initiative costs and
- $45 million – various other operating expenses, net.

These increases were partially offset by:

- $58 million – lower fuel consumption per ALBD;
- $53 million – lower fuel prices;
- $39 million – intersegment transaction, which was fully offset in our Cruise Support segment and
- $26 million – slight decrease in occupancy.

Selling and administrative expenses increased by $99 million, or 10%, to $1.0 billion in 2013 from $949 million in 2012. The increase was caused by higher advertising spend, which accounted for $57 million, new market development initiative costs, which accounted for $26 million, and our 2.5% capacity increase in ALBDs, which accounted for $24 million.

Our total costs and expenses as a percentage of revenues increased to 90% in 2013 from 86% in 2012.

EAA Brands

Operating costs and expenses increased by $127 million, or 3.2%, $4.1 billion in 2013 from $4.0 billion in 2012.

This increase was caused by:

- $176 million – impairment charges related to *Costa Classica* and *Costa Voyager*;
- $136 million – 3.4% capacity increase in ALBDs;

- $46 million – 2013 net currency impact;
- $34 million – nonrecurrence in 2013 of Costa's excess insurance proceeds and Cunard's litigation settlement and
- $9 million – MNOPF special expense assessment.

These increases were partially offset by:

- $100 million – decreases in commissions, transportation and other related expenses driven by lower cruise ticket pricing and a decrease in air transportation costs related to guests who purchased their tickets from us;
- $72 million – lower fuel consumption per ALBD;
- $58 million – lower fuel prices;
- $34 million – nonrecurrence in 2013 of the 2012 *Costa Allegra* impairment charge and
- $29 million – nonrecurrence in 2013 of the January 2012 ship incident-related expenses.

In 2013, a $13 million impairment charge was recorded for Ibero's trademarks. In 2012, $173 million of impairment charges were recorded for Ibero's goodwill and trademarks.

Our total costs and expenses as a percentage of revenues decreased to 92% in 2013 from 93% in 2012.

Operating Income

Our consolidated operating income decreased by $290 million, or 18%, to $1.4 billion in 2013 from $1.6 billion in 2012. Our North America brands' operating income decreased by $321 million, or 25%, to $956 million in 2013 from $1.3 billion in 2012, and our EAA brands' operating income increased by $38 million, or 8.8%, to $471 million in 2013 from $433 million in 2012. These changes were primarily due to the reasons discussed above.

Key Performance Non-GAAP Financial Indicators

Net cruise revenues increased slightly by $83 million to $12.4 billion in 2013 from $12.3 billion in 2012. This was caused by our 2.9% capacity increase in ALBDs, which accounted for $352 million, and the 2013 net currency impact, which accounted for $58 million, partially offset by a 2.6% decrease in constant dollar net revenue yields, which accounted for $327 million. The 2.6% decrease in net revenue yields on a constant dollar basis was caused by a 3.5% decrease in net passenger ticket revenue yields, partially offset by a slight increase in net onboard and other revenue yields. The 3.5% decrease in net passenger ticket revenue yields was driven by our North America brands' 3.8% net yield decrease, which was driven by promotional pricing at Carnival Cruise Line. In addition, our EAA brands' net passenger ticket revenue yields decreased 2.8%, which was affected by the ongoing challenging economic environment in Europe. Although Costa's net passenger ticket revenue yields increased, they were more than offset by decreases at our other European brands. Gross cruise revenues increased slightly by $75 million and remained at $15.2 billion in both 2013 and 2012 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $525 million, or 8.0%, to $7.1 billion in 2013 from $6.6 billion in 2012. The increase was caused by a 4.6% increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for $313 million, our 2.9% capacity increase in ALBDs, which accounted for $189 million, and the 2013 net currency impact, which accounted for $23 million.

The 4.6% increase in constant dollar net cruise costs excluding fuel per ALBD was caused by:

- $56 million – additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $46 million – higher dry-dock and other ship repair and maintenance expenses;
- $44 million – higher advertising spend;
- $40 million – new market development initiative costs;
- $34 million – nonrecurrence in 2013 of Costa's excess insurance proceeds and Cunard's litigation settlement;
- $20 million – higher insurance premiums;
- $15 million – MNOPF special expense assessment and
- $87 million – various other operating expenses, net.

These increases were partially offset by:

- $29 million – nonrecurrence in 2013 of the January 2012 ship incident-related expenses.

Fuel costs decreased by $173 million, or 7.3%, to $2.2 billion in 2013 from $2.4 billion in 2012. This was caused by a 5.3% decrease in fuel consumption per ALBD, which accounted for $131 million, and lower fuel prices, which accounted for $111 million, partially offset by our 2.9% capacity increase in ALBDs, which accounted for $68 million.

Gross cruise costs increased by $473 million, or 4.0% to $12.4 billion in 2013 from $11.9 billion in 2012 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, reaching double digit returns in the next three to four years, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund our capital investments. Our goal is to return excess free cash flows to our shareholders in the form of additional dividends and/or share buybacks. In addition, we are committed to maintaining our strong investment grade credit ratings, which are among the highest in the leisure travel industry. 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 that is spread out over a number of years.

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, as needed. Our future operating cash flows and our ability to issue debt can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." If our long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, our access to and cost of debt financing may be negatively impacted.

At November 30, 2014, we had a working capital deficit of $5.4 billion. This deficit included $3.0 billion of current customer deposits, which represent the passenger revenues already collected for cruises departing over the next twelve months and, accordingly, are substantially more like deferred revenue balances rather than actual current cash liabilities. Our November 30, 2014 working capital deficit also included $1.7 billion of current debt obligations. We continue to generate significant cash from operations and have a strong balance sheet. This strong balance sheet provides us with the ability to refinance our current debt obligations before, or as they become due, in most financial credit market environments. We also have our revolving credit facilities available to provide long-term rollover financing should the need arise, or if we choose to do so. After excluding current customer deposits and current debt obligations from our November 30, 2014 working capital deficit balance, our non-GAAP adjusted working capital deficit was $661 million. Our business model, along with our strong balance sheet and unsecured revolving credit facilities, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs. We believe we will continue to have working capital deficits for the foreseeable future.

At November 30, 2013, the U.S. dollar was $1.63 to sterling, $1.36 to the euro and $0.91 to the Australian dollar. Had these November 30, 2013 currency exchange rates been used to translate our November 30, 2014 non-U.S. dollar functional currency operations' assets and liabilities instead of the November 30, 2014 U.S. dollar exchange rates of $1.56 to sterling, $1.25 to the euro and $0.85 to the Australian dollar, our total assets and liabilities would have been higher by $1.2 billion and $565 million, respectively.

Sources and Uses of Cash

Our business provided $3.4 billion of net cash from operations during 2014, an increase of $596 million, or 21%, compared to $2.8 billion in 2013. This increase was substantially due to more cash being provided from our operating results and an increase in customer deposits.

During 2014, our expenditures for capital projects were $2.6 billion, of which $1.5 billion was spent on our ongoing new shipbuilding program, substantially for *Regal Princess* and *Costa Diadema*. In addition to our new shipbuilding program, we had capital expenditures of $754 million for ship improvements and replacements and $305 million for information technology, buildings and improvements, and other assets. Furthermore, in 2014 we sold *Costa Voyager* and received $42 million in cash proceeds.

During 2014, we borrowed a net $617 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the year. In addition, during 2014 we repaid $2.5 billion of long-term debt, including early repayments of $839 million of three bank loans and $590 million of two export credit facilities. Furthermore, during 2014 we borrowed $1.6 billion of new long-term debt under two export credit facilities and three bank loans. Finally, during 2014 we paid cash dividends of $776 million.

Future Commitments and Funding Sources

At November 30, 2014, our contractual cash obligations, including ship construction contracts entered into through January 22, 2015, were as follows (in millions):

	Payments Due by						
	2015	2016	2017	2018	2019	Thereafter	Total
Recorded Contractual Cash Obligations							
Short-term borrowings	$ 666	$ -	$ -	$ -	$ -	$ -	$ 666
Long-term debt (a)	1,059	1,785	634	1,302	685	2,957	8,422
Other long-term liabilities reflected on the balance sheet (b)	-	245	187	158	59	175	824
Unrecorded Contractual Cash Obligations							
Shipbuilding (c)	1,560	1,881	815	1,371	-	-	5,627
Operating leases (c)	56	45	30	25	24	147	327
Port facilities and other (c)	231	188	141	110	70	600	1,340
Purchase obligations (d)	903	71	30	22	14	4	1,044
Fixed rate interest payments (e)	182	157	127	103	86	331	986
Floating rate interest payments (e)	37	43	48	48	43	127	346
Total Contractual Cash Obligations (f)	$4,694	$4,415	$2,012	$3,139	$981	$4,341	$19,582

(a) Our long-term debt has a weighted-average maturity of 4.3 years. See Note 5 – "Unsecured Debt" in the consolidated financial statements for additional information regarding these debt obligations.

(b) Represents cash outflows for certain of our long-term liabilities that could be reasonably estimated. The primary outflows are for estimates of our compensation plans' obligations, crew and guest claims, uncertain income tax position liabilities and certain deferred income taxes. Customer deposits and certain other deferred income taxes have been excluded from the table because they do not require a cash settlement in the future.

(c) Our shipbuilding contractual obligations are legal commitments and, accordingly, cannot be cancelled without cause by the shipyards or us, and such cancellation will subject the defaulting party to significant contractual liquidating damage payments. See Note 6 – "Commitments" in the consolidated financial statements for additional information regarding these contractual cash obligations.

(d) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, either with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for their termination.

(e) Fixed rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a floating rate to a fixed rate. Floating rate interest payments represent forecasted cash outflows for interest payments on floating rate debt, including interest swapped from a fixed rate to a floating rate, using the November 30, 2014 forward interest rates for the remaining terms of the loans.

(f) Amounts payable in foreign currencies, which are principally the euro, sterling and Australian dollars, are based on the November 30, 2014 exchange rates.

As of November 30, 2014, as adjusted for our new ship orders through January 22, 2015, our total annual capital expenditures consist of ships under contract for construction, estimated improvements to existing ships and shoreside assets and for 2015, 2016, 2017 and 2018 are expected to be $3.0 billion, $3.3 billion, $2.1 billion and $2.5 billion, respectively.

The year-over-year percentage increase in our annual capacity is currently expected to be 2.0%, 4.4%, 2.8% and 1.9% for 2015, 2016, 2017 and 2018, respectively. These percentage increases are expected to result primarily

from contracted new ships entering service, partially offset by *Costa Celebration*, *Grand Holiday* and *Seabourn Pride* having left the fleet through January 22, 2015, and *Seabourn Legend*, *Seabourn Spirit* and *Ocean Princess* leaving the fleet by April 2015, May 2015 and March 2016, respectively.

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program. Since March 2013, the remaining availability under the Repurchase Program was $975 million. See Note 9 – "Shareholders' Equity" in the consolidated financial statements for a further discussion of the Repurchase Program.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. 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. 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 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2015 annual general meeting or October 16, 2015. Finally, under the Stock Swap programs, any sales of the Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

At January 22, 2015, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 32.0 million shares of Carnival Corporation common stock. See Note 9 – "Shareholders' Equity" in the consolidated financial statements for a further discussion of the Stock Swap programs.

At November 30, 2014, we had liquidity of $4.9 billion. Our liquidity consisted of $92 million of cash and cash equivalents, which excludes $239 million of cash used for current operations, $2.3 billion available for borrowing under our revolving credit facilities, net of our commercial paper borrowings, and $2.5 billion under our committed future financings, which are comprised of ship export credit facilities. Of this $2.5 billion, $0.9 billion and $1.6 billion are scheduled to be funded in 2015 and 2016, respectively. At November 30, 2014, substantially all of our revolving credit facilities are scheduled to mature in 2019, except for $300 million that matures in 2020. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us.

Substantially all of our debt agreements contain financial covenants as described in Note 5 – "Unsecured Debt" in the consolidated financial statements. At November 30, 2014, we believe we were in compliance with our debt covenants. In addition, based on, among other things, 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.

Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our hedging strategies and market risks, see the discussion below and Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements.

Foreign Currency Exchange Rate Risks

Operational Currency Risks

We have foreign operations that have functional currencies other than the U.S. dollar, which result in foreign currency translational impacts. Our operations execute transactions in a number of currencies different than their functional currencies, principally the euro, sterling and Australian and U.S. dollars, which result in foreign currency transactional impacts. Based on a 10% hypothetical change in all currency exchange rates that were used in our December 19, 2014 guidance, we estimate that our 2015 first quarter and full year December 19, 2014 non-GAAP guidance would change by $0.04 per share and $0.30 per share, respectively, including both the foreign currency translational and transactional impacts.

Investment Currency Risks

We have $403 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2014, we estimate that these foreign currency forwards' fair values would change by $40 million, which would be offset by a corresponding change of $40 million in the U.S. dollar value of our net investments.

Newbuild Currency Risks

In 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of P&O Cruises (UK) *Britannia's* euro-denominated shipyard payments. These collars mature in February 2015 at a weighted-average ceiling of $287 million and a weighted-average floor of $266 million. In 2014, we entered into foreign currency zero cost collars that are also designated as cash flow hedges for the remaining unhedged portion of *Britannia*'s euro-denominated shipyard payments. These collars also mature in February 2015 at a weighted-average ceiling of $281 million and a weighted-average floor of $274 million. 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 November 30, 2014, the estimated fair value of these outstanding foreign currency zero cost collars was a nominal liability. Based on a 10% hypothetical increase or decrease in the November 30, 2014 sterling rates to euro exchange rates, we estimate the fair value of these collars would increase $26 million or decrease $27 million, respectively.

On January 22, 2015, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of a Princess and Seabourn newbuilds' euro-denominated shipyard payments. The Princess newbuild's collars mature in March 2017 at a weighted-average ceiling of $590 million and a weighted-average floor of $504 million. The Seabourn newbuild's collars mature in November 2016 at a weighted-average ceiling of $221 million and a weighted-average floor of $185 million. 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 January 22, 2015, substantially all of our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild construction payments for a Carnival Cruise Line, Holland America Line and Seabourn newbuild, which represent a total unhedged commitment of $1.7 billion. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the payments are made under the shipbuilding contract, or we enter into a foreign currency hedge. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rates as of November 30, 2014, the unpaid cost of these ships would have a corresponding change of $171 million.

Interest Rate Risks

At November 30, 2014, we have interest rate swaps that have effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt and $750 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% hypothetical change in the November 30, 2014 market interest rates, the fair value of all our debt and related interest rate swaps would change by $96 million. In addition, based on a 10% hypothetical change in the November 30, 2014 market interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We expect to consume approximately 3.2 million metric tons of fuel in 2015. Based on a 10% hypothetical change in our December 19, 2014 guidances' forecasted average fuel price, we estimate that our 2015 fuel expense, excluding the effect of zero cost collar fuel derivatives, would change by $139 million.

We mitigate a portion of our economic risk attributable to potential fuel price increases through the use of Brent zero cost collars. The actual fuel we use on our ships is marine fuel. See Note 10 – "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional discussion of our fuel derivatives.

At November 30, 2014, our fuel derivatives cover a portion of our estimated fuel consumption through 2018. At November 30, 2014, the estimated fair value of our outstanding fuel derivative contracts was a net liability of $229 million. Based on a 10% hypothetical increase or decrease in the November 30, 2014 Brent forward price curve, we estimate the fair value of our fuel derivatives would increase $127 million or decrease $152 million, respectively.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2010 through 2014 and as of the end of each such year, except for the statistical data, are derived from our audited consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

	Years Ended November 30,				
	2014	2013	2012	2011	2010
	(dollars in millions, except per share, per ton and currency data)				
Statements of Income Data					
Revenues	$15,884	$15,456	$15,382	$15,793	$14,469
Operating income	$ 1,792	$ 1,352	$ 1,642	$ 2,255	$ 2,347
Net income (a)	$ 1,236	$ 1,078	$ 1,298	$ 1,912	$ 1,978
Earnings per share					
Basic	$ 1.59	$ 1.39	$ 1.67	$ 2.43	$ 2.51
Diluted	$ 1.59	$ 1.39	$ 1.67	$ 2.42	$ 2.47
Non-GAAP net income (a)	$ 1,524	$ 1,232	$ 1,514	$ 1,939	$ 1,934
Non-GAAP earnings per share – diluted (a)	$ 1.96	$ 1.58	$ 1.94	$ 2.46	$ 2.42
Dividends declared per share	$ 1.00	$ 1.00	$ 1.50(b)	$ 1.00	$ 0.40
Statements of Cash Flow Data					
Cash provided by operating activities	$ 3,430	$ 2,834	$ 2,999	$ 3,766	$ 3,818
Cash used in investing activities	$ 2,507	$ 2,056	$ 1,772(c)	$ 2,646	$ 3,501
Capital expenditures	$ 2,583	$ 2,149	$ 2,332	$ 2,696	$ 3,579
Cash used in financing activities	$ 1,028	$ 780	$ 1,190	$ 1,093	$ 404
Dividends paid	$ 776	$ 1,164	$ 779	$ 671	$ 237
Statistical Data					
ALBDs (in thousands)	76,000	74,033	71,976	69,971	66,545
Occupancy percentage	104.1%	105.1%	105.5%	106.2%	105.6%
Passengers carried (in thousands)	10,566	10,061	9,829	9,559	9,147
Fuel consumption in metric tons (in thousands)	3,194	3,266	3,354	3,395	3,319
Fuel consumption in metric tons per ALBD	0.042	0.044	0.047	0.049	0.050
Fuel cost per metric ton consumed	$ 636	$ 676	$ 710	$ 646	$ 489
Currencies					
U.S. dollar to €1	$ 1.34	$ 1.32	$ 1.28	$ 1.40	$ 1.33
U.S. dollar to £1	$ 1.66	$ 1.56	$ 1.58	$ 1.60	$ 1.55
U.S. dollar to Australian dollar	$ 0.91	$ 0.98	$ 1.03	$ 1.03	$ 0.91

	As of November 30,				
	2014	2013	2012	2011	2010
	(dollars in millions)				
Balance Sheet and Other Data					
Total assets	$39,532	$40,104	$39,161	$38,637	$37,490
Total debt	$ 9,088	$ 9,560	$ 8,902	$ 9,353	$ 9,364
Total shareholders' equity	$24,288	$24,556	$23,929	$23,832	$23,031
Total debt to capital (d)	27.2%	28.0%	27.1%	28.2%	28.9%

(See next page for footnotes.)

(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	As of November 30,				
	2014	2013	2012	2011	2010
Net income – diluted					
U.S. GAAP net income	$1,236	$1,078	$1,298	$1,912	$1,978
Losses (gains) on ship sales and ship impairments, net (i)	2	163	49	28(ii)	(44)(iii)
Goodwill, trademark and other impairment charges (i)	-	27	173	-	-
Restructuring expenses (i)	18	-	-	-	-
Unrealized losses (gains) on fuel derivatives, net	268	(36)	(6)	(1)	-
Non-GAAP net income	$1,524	$1,232	$1,514	$1,939	$1,934
Weighted-average shares outstanding – diluted	778	777	779	789	805
Earnings per share – diluted					
U.S. GAAP earnings per share	$ 1.59	$ 1.39	$ 1.67	$ 2.42	$ 2.47
Losses (gains) on ship sales and ship impairments, net (i)	-	0.21	0.06	0.04(ii)	(0.05)(iii)
Goodwill, trademark and other impairment charges (i)	-	0.03	0.22	-	-
Restructuring expenses (i)	0.02	-	-	-	-
Unrealized losses (gains) on fuel derivatives, net	0.35	(0.05)	(0.01)	-	-
Non-GAAP earnings per share (i)	$ 1.96	$ 1.58	$ 1.94	$ 2.46(ii)	$ 2.42(iii)

(i) See "Key Performance Non-GAAP Financial Indicators" for further discussion of the losses (gains) on ship sales and ship impairments, net; goodwill, trademark and other impairment charges and restructuring expenses for the years ended November 30, 2014, 2013, and 2012.

(ii) Represents impairment charges related to the sale of *Costa Marina* and *Pacific Sun*.

(iii) Represents the 2010 gain on the sale of P&O Cruises (UK)'s *Artemis*.

(b) Includes a special dividend of $0.50 per share.

(c) Net of $508 million of insurance proceeds received for the total loss of a ship.

(d) Percentage of total debt to the sum of total debt and shareholders' equity.

MARKET PRICE FOR COMMON STOCK AND ORDINARY SHARES

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share of Carnival plc, is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's American Depository Shares ("ADSs"), each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank. The daily high and low stock sales price for the periods indicated on their primary exchange was as follows:

	Carnival Corporation		Carnival plc			
	Per Share		Per Ordinary Share		Per ADS	
	High	Low	High	Low	High	Low
2014						
Fourth Quarter	$44.44	$33.11	£28.25	£20.93	$44.24	$33.47
Third Quarter	$40.65	$35.70	£24.86	£20.85	$41.75	$35.37
Second Quarter	$40.41	$35.79	£25.10	£21.84	$41.03	$36.35
First Quarter	$41.89	$34.82	£26.15	£21.11	$42.77	$35.04
2013						
Fourth Quarter	$37.96	$31.44	£24.86	£20.22	$39.36	$32.33
Third Quarter	$38.04	$32.06	£26.12	£21.08	$39.74	$32.91
Second Quarter	$36.56	$32.51	£25.65	£20.17	$38.40	$33.32
First Quarter	$39.95	$34.37	£26.38	£23.44	$41.80	$36.05

As of January 20, 2015, there were 3,476 holders of record of Carnival Corporation common stock and 33,508 holders of record of Carnival plc ordinary shares and 104 holders of record of Carnival plc ADSs. The past performance of our share prices cannot be relied on as a guide to their future performance.

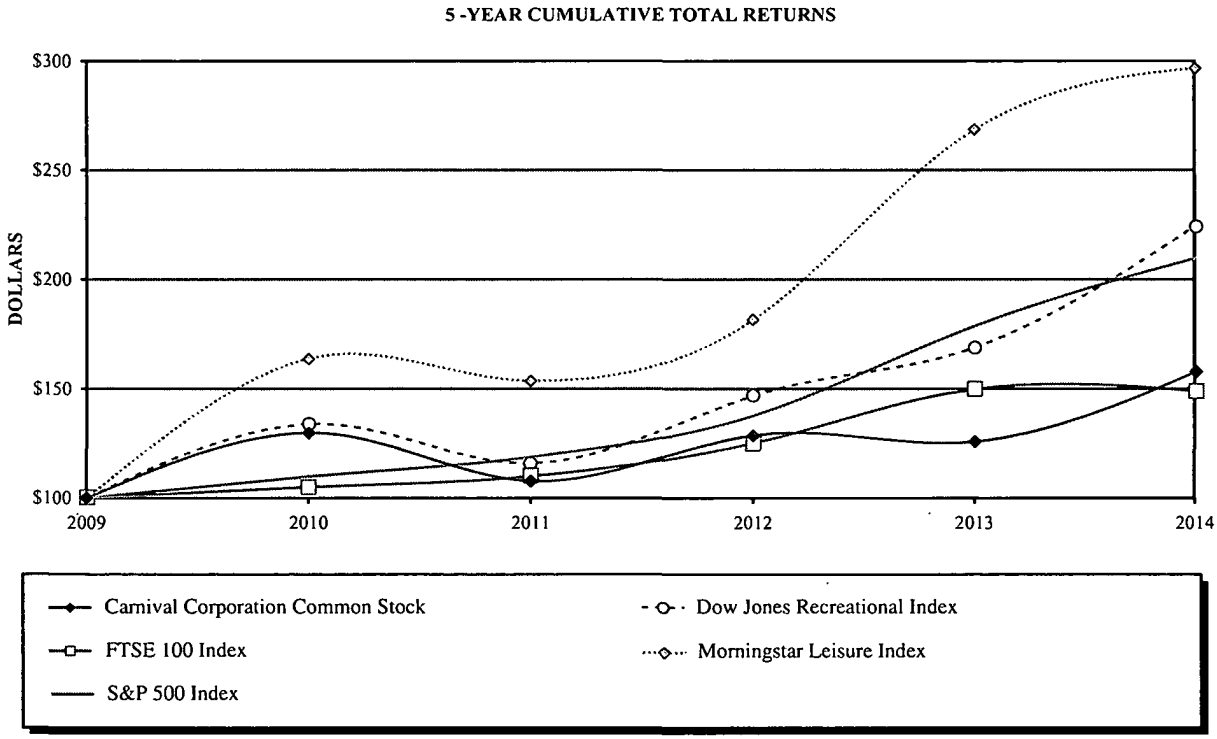
All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc ADSs receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end.

The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings and the availability and cost of obtaining new debt. We cannot be certain that Carnival Corporation and Carnival plc will continue their dividend in the future, and if so, the amount and timing of such future dividends are not determinable and may be different than prior declarations.

STOCK PERFORMANCE GRAPHS

Carnival Corporation

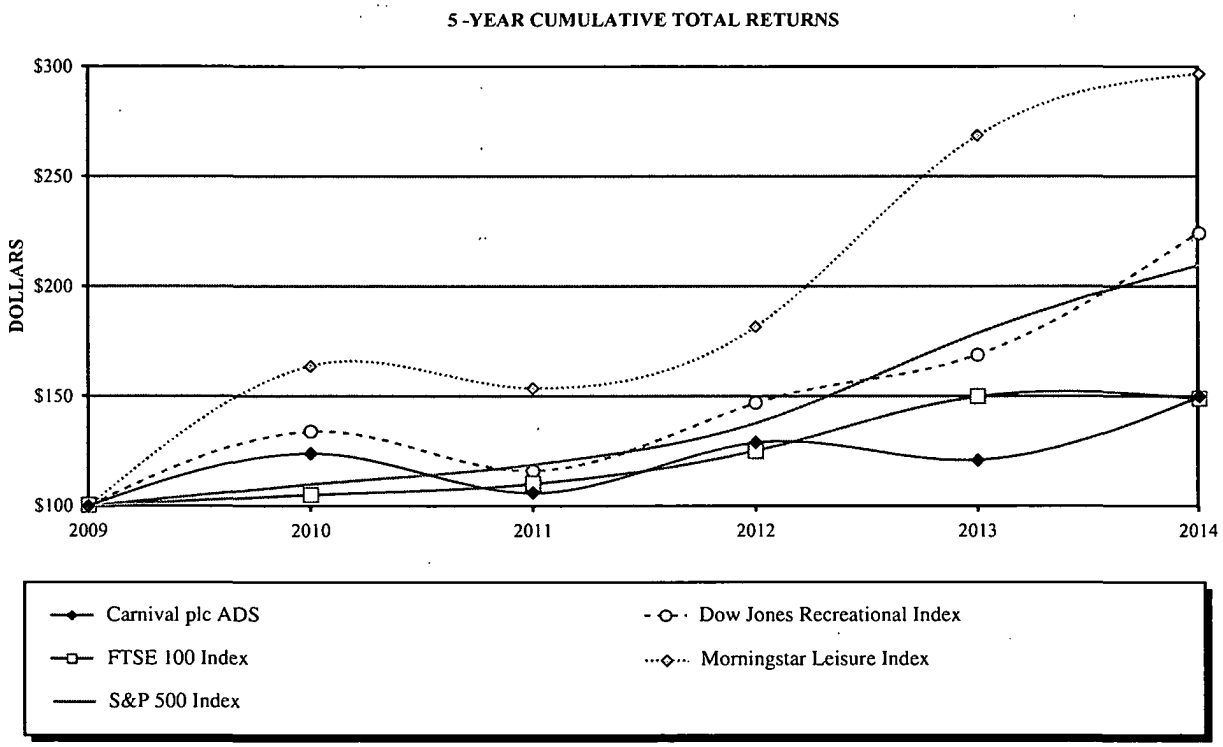
The following graph compares the Price Performance of $100 if invested in Carnival Corporation common stock with the Price Performance of $100 if invested in each of the Dow Jones U.S. Recreational Services Index (the "Dow Jones Recreational Index"), the FTSE 100 Index, the Morningstar Leisure/Lodging/Resorts and Casinos Blended Index (the "Morningstar Leisure Index") and the S&P 500 Index. The Price Performance, as used in the Performance Graph, is calculated by assuming $100 is invested at the beginning of the period in Carnival Corporation common stock at a price equal to the market value. At the end of each year, the total value of the investment is computed by taking the number of shares owned, assuming Carnival Corporation dividends are reinvested, multiplied by the market price of the shares.



	Assumes $100 Invested on November 30, 2009 Assumes Dividends Reinvested Years Ended November 30,					
	2009	2010	2011	2012	2013	2014
Carnival Corporation Common Stock	$100	$130	$108	$129	$126	$158
Dow Jones Recreational Index	$100	$134	$116	$147	$169	$225
FTSE 100 Index	$100	$105	$110	$125	$150	$149
Morningstar Leisure Index	$100	$164	$154	$182	$269	$297
S&P 500 Index	$100	$110	$119	$138	$179	$210

Carnival plc

The following graph compares the Price Performance of $100 invested in Carnival plc ADSs, each representing one ordinary share of Carnival plc, with the Price Performance of $100 invested in each of the indexes noted below. The Price Performance is calculated in the same manner as previously discussed.



	Assumes $100 Invested on November 30, 2009 Assumes Dividends Reinvested Years Ended November 30,					
	2009	2010	2011	2012	2013	2014
Carnival plc ADS	$100	$124	$106	$129	$121	$150
Dow Jones Recreational Index	$100	$134	$116	$147	$169	$225
FTSE 100 Index	$100	$105	$110	$125	$150	$149
Morningstar Leisure Index	$100	$164	$154	$182	$269	$297
S&P 500 Index	$100	$110	$119	$138	$179	$210

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

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.

Quarterly financial results for 2014 were as follows (in millions, except per share data):

	Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	$3,585	$3,633	$4,947	$3,718
Operating income	$ 72	$ 155	$1,298	$ 267
Net (loss) income (a)	$ (15)	$ 106	$1,247	$ (102)
(Loss) earnings per share				
Basic	$(0.02)	$ 0.14	$ 1.61	$(0.13)
Diluted (a)	$(0.02)	$ 0.14	$ 1.60	$(0.13)
Non-GAAP net income (a)	$ 2	$ 80	$1,232	$ 210
Non-GAAP earnings per share – diluted (a)	$ 0.00	$ 0.10	$ 1.58	$ 0.27
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.25

(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
Net income – diluted				
U.S. GAAP net (loss) income	$ (15)	$ 106	$1,247	$ (102)
(Gains) on ship sales and ship impairments, net	-	(15)	-	17
Restructuring expenses	-	-	-	18
Unrealized losses (gains) on fuel derivatives, net	17	(11)	(15)	277
Non-GAAP net income	$ 2	$ 80	$1,232	$ 210
Weighted-average shares outstanding – diluted	776	778	778	776
Earnings per share – diluted				
U.S. GAAP (loss) earnings per share	$(0.02)	$ 0.14	$ 1.60	$(0.13)
(Gains) on ship sales and ship impairments, net	-	(0.02)	-	0.02
Restructuring expenses	-	-	-	0.02
Unrealized losses (gains) on fuel derivatives, net	0.02	(0.02)	(0.02)	0.36
Non-GAAP earnings per share	$ 0.00	$ 0.10	$ 1.58	$ 0.27

Quarterly financial results for 2013 were as follows (in millions, except per share data):

	Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	$3,593	$3,479	$4,726	$3,659
Operating income	$ 145	$ 152	$ 951	$ 104
Net income (a)	$ 37	$ 41	$ 934	$ 66
Earnings per share				
Basic	$ 0.05	$ 0.05	$ 1.20	$ 0.09
Diluted (a)	$ 0.05	$ 0.05	$ 1.20	$ 0.08
Non-GAAP net income (a)	$ 67	$ 57	$1,073	$ 35
Non-GAAP earnings per share – diluted (a)	$ 0.08	$ 0.07	$ 1.38	$ 0.04
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.25

(a) Non-GAAP net income and fully diluted earnings per share were computed as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
Net income – diluted				
U.S. GAAP net income	$ 37	$ 41	$ 934	$ 66
Losses (gains) on ship sales and ship impairments, net	2	(15)	176	-
Trademark and other impairment charges	-	-	27	-
Unrealized losses (gains) on fuel derivatives, net	28	31	(64)	(31)
Non-GAAP net income	$ 67	$ 57	$1,073	$ 35
Weighted-average shares outstanding – diluted	778	777	777	777
Earnings per share – diluted				
U.S. GAAP earnings per share	$0.05	$ 0.05	$ 1.20	$ 0.08
Losses (gains) on ship sales and ship impairments, net	-	(0.02)	0.23	-
Trademark and other impairment charges	-	-	0.03	-
Unrealized losses (gains) on fuel derivatives, net	0.03	0.04	(0.08)	(0.04)
Non-GAAP earnings per share	$0.08	$ 0.07	$ 1.38	$ 0.04

CORPORATE AND OTHER INFORMATION

SENIOR OFFICERS

CARNIVAL CORPORATION & PLC
Micky Arison
Chairman of the Board

Arnold W. Donald
President and Chief Executive Officer

David Bernstein
Chief Financial Officer

Alan B. Buckelew
Chief Operations Officer

Arnaldo Perez
General Counsel and Secretary

CARNIVAL UK
David Dingle
Chairman

COSTA GROUP
Michael Thamm
Chief Executive Officer

HOLLAND AMERICA GROUP
Stein Kruse
Chief Executive Officer

BOARD OF DIRECTORS

Micky Arison [3]
Chairman of the Board
Carnival Corporation & plc

Sir Jonathon Band [4]
Former First Sea Lord and
Chief of Naval Staff
British Navy

Arnold W. Donald [3]
President and Chief Executive Officer
Carnival Corporation & plc

Richard J. Glasier [1,2,5]
Former President and
Chief Executive Officer
Argosy Gaming Company

Debra Kelly-Ennis [4]
Former President and Chief Executive Officer
Diageo Canada, Inc.

Sir John Parker [4,5]
Chairman of Anglo American plc and
Vice Chairman of DP World Limited

Stuart Subotnick [1,3,5]
President and Chief Executive Officer
Metromedia Company

Laura Weil [1,2]
Former Executive Vice President and
Chief Operating Officer
New York & Company, Inc.

Randall J. Weisenburger [1,2,5]
Managing Member
Mile26 Capital LLC

1 Audit Committee
2 Compensation Committee
3 Executive Committee
4 Health, Environmental, Safety & Security Committee
5 Nominating & Governance Committee

DIRECTORS EMERITUS AND LIFE PRESIDENTS

Ted Arison (1924-1999)
Chairman Emeritus, Carnival Corporation

Maks Birnbach (1920-2007)
Director Emeritus, Carnival Corporation

A. Kirk Lanterman
Chairman Emeritus
Holland America Line Inc.

Meshulam Zonis (1933-2009)
Director Emeritus, Carnival Corporation

Uzi Zucker
Director Emeritus, Carnival Corporation & plc

Horst Rahe
Life President of AIDA Cruises

The Lord Sterling of Plaistow GCVO, CBE
Life President of P&O Cruises

OTHER INFORMATION

Corporate Headquarters
Carnival Corporation
Carnival Place
3655 N.W. 87th Avenue
Miami, Florida 33178-2428 U.S.A.
305-599-2600

Registered Office
Carnival plc
Carnival House
100 Harbour Parade
Southampton S015 1ST UK
44 (0) 23 8065 5000

Independent Registered Certified Public Accounting Firm
PricewaterhouseCoopers LLP
1441 Brickell Avenue, Suite 1100
Miami, Florida 33131-2330 U.S.A.

Registrars, Stock Transfer Agents and Dividend Reinvestment Plan Administrators
Carnival Corporation
Computershare Investor Services
P.O. Box 30170
College Station, Texas 77842-3170 U.S.A.
800-568-3476 (U.S.A, U.S.A Territories and Canada)
781-575-2879 (Outside U.S.A, U.S.A Territories and Canada)

Carnival plc
Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA UK
0871 384 2665 (UK)
44 121 415 7107 (Outside UK)

Legal Counsel
Gibson, Dunn & Crutcher LLP
1050 Connecticut Avenue, N.W.
Washington D.C. 20036-5306 U.S.A.

Other Shareholder Information
Copies of our joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, Carnival plc Annual Accounts and all amendments to those reports, press releases and other documents, as well as information on our cruise brands are available through our website at www.carnivalcorp.com or www.carnivalplc.com.



CARNIVAL PLC

Carnival House 100 Harbour Parade, Southampton SO15 1st, United Kingdom www.carnivalplc.com



CARNIVAL
CORPORATION & PLC

NOTICE OF 2015 ANNUAL MEETINGS OF SHAREHOLDERS AND PROXY STATEMENT

Meeting Date:

Tuesday, April 14, 2015
At 2:00 p.m. (BST)

Meeting Place:

Church House Conference Centre
Dean's Yard
Westminster, London SW1P 3NZ
United Kingdom

CARNIVAL
CORPORATION & PLC

February 20, 2015

MICKY ARISON
Chairman of the Boards

To our Shareholders:

It is my pleasure to invite you to attend our joint annual meetings of shareholders at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ, United Kingdom on Tuesday, April 14, 2015. The meetings will commence at 2:00 p.m. (BST), and although there are technically two separate meetings (the Carnival plc meeting will begin first), shareholders of Carnival Corporation may attend the Carnival plc meeting and vice-versa. We plan to continue to rotate the location of the annual meetings between the United Kingdom and the United States each year in order to accommodate shareholders on both sides of the Atlantic.

We are also pleased to offer an audio webcast of the annual meetings at www.carnivalcorp.com or www.carnivalplc.com.

Details regarding the matters to be voted on are contained in the attached notices of annual meetings of shareholders and proxy statement. Because of the DLC arrangement, all voting will take place on a poll (or ballot).

Your vote is important. We encourage you to vote by proxy, even if you plan to attend the meeting.

The boards of directors consider voting in favor of Proposals 1 through 17 to be in the best interests of Carnival Corporation & plc and its shareholders. Accordingly, the boards of directors unanimously recommend that you cast your vote "FOR" Proposals 1 through 17.

Thank you for your ongoing interest in, and continued support of, Carnival Corporation & plc.

Sincerely,



Micky Arison

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF CARNIVAL CORPORATION SHAREHOLDERS 1

NOTICE OF ANNUAL GENERAL MEETING OF CARNIVAL PLC SHAREHOLDERS 4

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETINGS 10

QUESTIONS SPECIFIC TO SHAREHOLDERS OF CARNIVAL CORPORATION 15

QUESTIONS SPECIFIC TO SHAREHOLDERS OF CARNIVAL PLC 18

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT 20

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE 23

PROPOSALS 1-9 RE-ELECTION OF DIRECTORS 23

PROPOSALS 10 & 11 RE-APPOINTMENT AND REMUNERATION OF INDEPENDENT AUDITORS FOR CARNIVAL PLC AND RATIFICATION OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM FOR CARNIVAL CORPORATION 26

PROPOSAL 12 RECEIPT OF ACCOUNTS AND REPORTS OF CARNIVAL PLC 27

PROPOSAL 13 AN ADVISORY (NON-BINDING) VOTE TO APPROVE EXECUTIVE COMPENSATION 27

PROPOSAL 14 APPROVAL OF CARNIVAL PLC DIRECTORS' REMUNERATION REPORT 28

PROPOSALS 15 & 16 APPROVAL OF THE GRANT OF AUTHORITY TO ALLOT NEW CARNIVAL PLC SHARES AND THE DISAPPLICATION OF PRE-EMPTION RIGHTS APPLICABLE TO THE ALLOTMENT OF NEW CARNIVAL PLC SHARES 28

PROPOSAL 17 GENERAL AUTHORITY TO BUY BACK CARNIVAL PLC ORDINARY SHARES 31

BOARD STRUCTURE AND COMMITTEE MEETINGS 33

DIRECTOR COMPENSATION 40

COMPENSATION DISCUSSION AND ANALYSIS and CARNIVAL PLC DIRECTORS' REMUNERATION REPORT—PART I 43

REPORT OF THE COMPENSATION COMMITTEES 63

EXECUTIVE COMPENSATION 64

INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM 79

REPORT OF THE AUDIT COMMITTEES 80

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS 81

Annex A Carnival plc Directors' Report
Annex B Carnival plc Directors' Remuneration Report—Part II
Annex C Carnival plc Corporate Governance Report



CARNIVAL CORPORATION

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

NOTICE OF ANNUAL MEETING OF CARNIVAL CORPORATION SHAREHOLDERS

DATE	Tuesday, April 14, 2015
TIME	2:00 p.m. (BST), being 9:00 a.m. (EDT) The Carnival Corporation annual meeting will start directly following the annual general meeting of Carnival plc.
PLACE	Church House Conference Centre Dean's Yard Westminster, London SW1P 3NZ United Kingdom
WEBCAST	www.carnivalcorp.com or www.carnivalplc.com
ITEMS OF BUSINESS	**Election of nine directors named in the proxy statement**

1. To re-elect Micky Arison as a director of Carnival Corporation and as a director of Carnival plc;

2. To re-elect Sir Jonathon Band as a director of Carnival Corporation and as a director of Carnival plc;

3. To re-elect Arnold W. Donald as a director of Carnival Corporation and as a director of Carnival plc;

4. To re-elect Richard J. Glasier as a director of Carnival Corporation and as a director of Carnival plc;

5. To re-elect Debra Kelly-Ennis as a director of Carnival Corporation and as a director of Carnival plc;

6. To re-elect Sir John Parker as a director of Carnival Corporation and as a director of Carnival plc;

7. To re-elect Stuart Subotnick as a director of Carnival Corporation and as a director of Carnival plc;

8. To re-elect Laura Weil as a director of Carnival Corporation and as a director of Carnival plc;

9. To re-elect Randall J. Weisenburger as a director of Carnival Corporation and as a director of Carnival plc;

Other items of business

10. To re-appoint the UK firm of PricewaterhouseCoopers LLP as independent auditors for Carnival plc and to ratify the selection of the U.S. firm of PricewaterhouseCoopers LLP as the independent registered certified public accounting firm for Carnival Corporation;

11. To authorize the Audit Committee of Carnival plc to agree the remuneration of the independent auditors of Carnival plc;

12. To receive the UK accounts and reports of the directors and auditors of Carnival plc for the year ended November 30, 2014 (in accordance with legal requirements applicable to UK companies);

13. To approve the fiscal 2014 compensation of the named executive officers of Carnival Corporation & plc (in accordance with legal requirements applicable to U.S. companies);

14. To approve the Carnival plc Directors' Remuneration Report for the year ended November 30, 2014 (in accordance with legal requirements applicable to UK companies);

15. To approve the giving of authority for the allotment of new shares by Carnival plc (in accordance with customary practice for UK companies);

16. To approve the disapplication of pre-emption rights in relation to the allotment of new shares by Carnival plc (in accordance with customary practice for UK companies);

17. To approve a general authority for Carnival plc to buy back Carnival plc ordinary shares in the open market (in accordance with legal requirements applicable to UK companies desiring to implement share buy back programs); and

18. To transact such other business as may properly come before the meeting.

RECORD DATE

You are entitled to vote your Carnival Corporation shares if you were a shareholder at the close of business on February 13, 2015.

MEETING ADMISSION

Attendance at the meeting is limited to shareholders and their duly appointed proxies or corporate representatives. Each attendee may be asked to present valid government-issued picture identification, such as a driver's license or passport. Shareholders holding shares in brokerage accounts ("under a street name") will need to bring a copy of a brokerage statement reflecting share ownership as of the record date (February 13, 2015). Due to security measures, all bags will be subject to search, and all persons who attend the meeting will be subject to a metal detector and/or a hand wand search. We will be unable to admit anyone who does not comply with these security procedures.

VOTING BY PROXY

Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. For specific instructions, please refer to the Questions and Answers beginning on page 10 of this proxy statement and the instructions on your proxy card.

On behalf of the Board of Directors



ARNALDO PEREZ
General Counsel & Secretary

Carnival Corporation is continuing to take advantage of U.S. Securities and Exchange Commission ("SEC") rules that allow it to deliver proxy materials over the Internet. Under these rules, Carnival Corporation is sending its shareholders a one-page notice regarding the Internet availability of proxy materials instead of a full set of proxy materials, unless they previously requested to receive printed copies. If you receive this one-page notice, you will not receive printed copies of the proxy materials unless you specifically request them. Instead, this notice tells you how to access and review on the Internet all of the important information contained in the proxy materials. This notice also tells you how to submit your proxy card on the Internet and how to request to receive a printed copy of the proxy materials. All Carnival Corporation shareholders are urged to follow the instructions in the notice and submit their proxy promptly. If you receive a printed copy of the proxy materials, the accompanying envelope for return of the proxy card requires no postage. Any shareholder attending the meeting in London, United Kingdom may personally vote on all matters that are considered, in which event the previously submitted proxy will be revoked.

Notice and electronic delivery of this proxy statement and accompanying proxy card are being provided on or about March 5, 2015.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETINGS TO BE HELD ON APRIL 14, 2015:

THIS PROXY STATEMENT AND THE CARNIVAL CORPORATION & PLC ANNUAL REPORT ARE AVAILABLE AT
www.carnivalcorp.com and www.carnivalplc.com

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THE PROPOSALS REFERRED TO IN THIS DOCUMENT OR AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORIZED UNDER THE UK FINANCIAL SERVICES AND MARKETS ACT 2000.

IF YOU HAVE SOLD OR OTHERWISE TRANSFERRED ALL YOUR SHARES IN CARNIVAL PLC, PLEASE SEND THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS TO THE PURCHASER OR TRANSFEREE OR TO THE STOCKBROKER, BANK OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR TRANSMISSION TO THE PURCHASER OR TRANSFEREE.



CARNIVAL
PLC

(incorporated and registered in England and Wales under number 4039524)

Carnival House
100 Harbour Parade
Southampton SO15 1ST
United Kingdom

NOTICE OF ANNUAL GENERAL MEETING OF CARNIVAL PLC SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of Carnival plc will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ, United Kingdom on Tuesday, April 14, 2015 at 2:00 p.m. (BST), being 9:00 a.m. (EDT), for the purpose of considering and, if thought fit, passing the resolutions described below:

- Proposals 1 through 15 will be proposed as ordinary resolutions. For ordinary resolutions, the required majority is more than 50% of the combined votes cast at this meeting and Carnival Corporation's annual meeting.
- Proposals 16 and 17 will be proposed as special resolutions. For special resolutions, the required majority is not less than 75% of the combined votes cast at this meeting and Carnival Corporation's annual meeting.

Re-election of nine directors named in this proxy statement

1. To re-elect Micky Arison as a director of Carnival Corporation and as a director of Carnival plc.
2. To re-elect Sir Jonathon Band as a director of Carnival Corporation and as a director of Carnival plc.
3. To re-elect Arnold W. Donald as a director of Carnival Corporation and as a director of Carnival plc.
4. To re-elect Richard J. Glasier as a director of Carnival Corporation and as a director of Carnival plc.
5. To re-elect Debra Kelly-Ennis as a director of Carnival Corporation and as a director of Carnival plc.
6. To re-elect Sir John Parker as a director of Carnival Corporation and as a director of Carnival plc.
7. To re-elect Stuart Subotnick as a director of Carnival Corporation and as a director of Carnival plc.
8. To re-elect Laura Weil as a director of Carnival Corporation and as a director of Carnival plc.
9. To re-elect Randall J. Weisenburger as a director of Carnival Corporation and as a director of Carnival plc.

Re-appointment and remuneration of Carnival plc auditors and ratification of Carnival Corporation auditors

10. To re-appoint the UK firm of PricewaterhouseCoopers LLP as independent auditors of Carnival plc and to ratify the selection of the U.S. firm of PricewaterhouseCoopers LLP as the independent registered certified public accounting firm of Carnival Corporation.

11. To authorize the Audit Committee of the board of directors of Carnival plc to agree the remuneration of the independent auditors of Carnival plc.

Accounts and Reports

12. To receive the UK accounts and the reports of the directors and auditors of Carnival plc for the year ended November 30, 2014.

Executive Compensation

13. To approve the fiscal 2014 compensation of the named executive officers of Carnival Corporation & plc (in accordance with legal requirements applicable to U.S. companies).

Directors' Remuneration Report

14. To approve the Carnival plc Directors' Remuneration Report as set out in the annual report for the year ended November 30, 2014.

Allotment of shares

15. THAT the directors of Carnival plc be and they are hereby authorized to allot shares in Carnival plc and to grant rights to subscribe for or convert any security into shares in Carnival plc:

    (a) up to a nominal amount of $119,549,058 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and

    (b) up to a nominal amount of $239,098,117 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:

        (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

        (ii) to holders of other equity securities as required by the rights of those securities or as the directors of Carnival plc otherwise consider necessary,

    and so that the directors of Carnival plc may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply until the end of next year's Carnival plc annual general meeting (or, if earlier, until the close of business on July 13, 2016) but, in each case, during this period Carnival plc may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors of Carnival plc may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Disapplication of pre-emption rights

16. THAT, subject to Proposal 15 passing, the directors of Carnival plc be given power to allot equity securities (as defined in the UK Companies Act 2006 (the "Companies Act 2006")) for cash under the authority given by that resolution and/or to sell ordinary shares held by Carnival plc as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

    (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Proposal 15, by way of a rights issue only):

        (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

        (ii) to holders of other equity securities, as required by the rights of those securities, or as the directors of Carnival plc otherwise consider necessary,

        and so that the directors of Carnival plc may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

    (b) in the case of the authority granted under paragraph (a) of Proposal 15 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of $17,932,359,

    such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on July 13, 2016) but, in each case, during this period Carnival plc may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors of Carnival plc may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

General authority to buy back Carnival plc ordinary shares

17. THAT Carnival plc be and is generally and unconditionally authorized to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of $1.66 each in the capital of Carnival plc provided that:

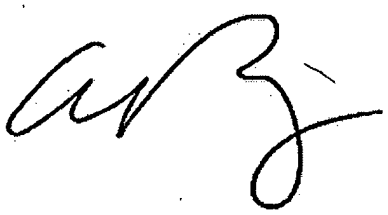
    (a) the maximum number of ordinary shares authorized to be acquired is 21,605,252;

    (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is $1.66;

    (c) the maximum price which may be paid for an ordinary share is an amount (exclusive of expenses) equal to the higher of (1) 105% of the average middle market quotation for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased and (2) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and

    (d) unless previously revoked or renewed, this authority shall expire on the earlier of (i) the conclusion of the annual general meeting of Carnival plc to be held in 2016 and (ii) 15 months from the date of this resolution (except in relation to the purchase of ordinary shares, the contract of which was entered into before the expiry of such authority).

By Order of the Board



Arnaldo Perez
Company Secretary
February 20, 2015

Registered Office:

Carnival House
100 Harbour Parade
Southampton SO15 1ST
United Kingdom

Voting Arrangements for Carnival plc Shareholders

Carnival plc shareholders can vote in either of two ways:

- by attending the meeting and voting in person or, in the case of corporate shareholders, by corporate representatives; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with this notice of annual general meeting.

Voting in person

If you come to the annual general meeting, please bring the attendance card (attached to the enclosed proxy form) with you. This will mean you can register more quickly.

In order to attend and vote at the annual general meeting, a corporate shareholder may appoint one or more individuals to act as its representative. The appointment must comply with the requirements of Section 323 of the Companies Act 2006. Each representative should bring evidence of their appointment, including any authority under which it is signed, to the meeting. If you are a corporation and are considering appointing a corporate representative to represent you and vote your shareholding in Carnival plc at the annual general meeting, you are strongly encouraged to pre-register your corporate representative to make registration on the day of the meeting more efficient. In order to pre-register, please fax your Letter of Representation to Carnival plc's registrars, Equiniti Limited, on 01903 833168 from within the United Kingdom or +44 1903 833168 from elsewhere. Please note that this fax facility should be used only for pre-registration of corporate representatives and not for any other purpose.

Voting by proxy

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote in his or her stead. A proxy need not be a shareholder of Carnival plc. A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please follow the notes contained in the proxy form. A person who is nominated to enjoy information rights in accordance with Section 146 of the Companies Act 2006, but who is not a shareholder, is not entitled to appoint a proxy.

If you are a person nominated to enjoy information rights in accordance with Section 146 of the Companies Act 2006 you may have a right under an agreement between you and the member by whom you were nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If you have no such right, or you have such a right but do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

To be effective, a duly completed proxy form and the authority (if any) under which it is signed, or a notarially certified copy of such authority, must be deposited (whether delivered personally or by post) at the offices of Carnival plc's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible and in any event no later than 2:00 p.m. (BST) on April 12, 2015. Alternatively, a proxy vote may be submitted via the internet in accordance with the instructions set out on the proxy form.

In the case of joint registered holders, the signature of one holder on a proxy card will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which names stand on the register of shareholders of Carnival plc in respect of the relevant joint holding.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual, which can be viewed at www.euroclear.com. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Carnival plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Shareholders who are entitled to vote

Carnival plc, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of Carnival plc at 6:00 p.m. (BST) on April 12, 2015 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the register of members after 6:00 p.m. (BST) on April 12, 2015 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Any shareholder attending the meeting has the right to ask questions. Carnival plc must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of Carnival plc or the good order of the meeting that the question be answered.

Documents available for inspection

Copies of all service agreements (including letters of appointment) between each director and Carnival plc will be available for inspection during normal business hours on any weekday (public holidays excluded) at the registered office of Carnival plc from the date of this notice until and including the date of the meeting and at the place of the meeting for at least 15 minutes prior to and during the meeting.

* * *

There are 17 Proposals that require shareholder approval at the annual meeting this year. The directors unanimously recommend that you vote in favor of Proposals 1 through 17 (inclusive) and encourage you to submit your vote using one of the voting methods described herein. Submitting your voting instructions by any of these methods will not affect your right to attend the meeting in person should you so choose.

Web site materials

This proxy statement and other information required by Section 311A of the Companies Act 2006 have been posted on our Web site at www.carnivalcorp.com and www.carnivalplc.com.

Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require Carnival plc to publish on a Web site a statement setting out any matter relating to: (i) the audit of Carnival plc's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of Carnival plc ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. Carnival plc may not require the shareholders requesting any such Web site publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where Carnival plc is required to place a statement on a Web site under Section 527 of the Companies Act, it must forward the statement to Carnival plc's auditor not later than the time when it makes the statement available on the Web site. The business which may be dealt with at the annual general meeting includes any statement that Carnival plc has been required under Section 527 of the Companies Act 2006 to publish on a Web site.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETINGS

Q: Why am I receiving these materials?

A: The board of directors of each of Carnival Corporation and Carnival plc (together, "Carnival Corporation & plc," "we," "our" or "us") is providing these proxy materials to you in connection with our joint annual meetings of shareholders on Tuesday, April 14, 2015. The annual meetings will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ, United Kingdom. The meetings will commence at 2:00 p.m. (BST), and although technically two separate meetings (the Carnival plc meeting will begin first), shareholders of Carnival Corporation may attend the Carnival plc meeting and vice-versa.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the meetings, the voting process, the compensation of directors and certain executive officers and certain other information required by rules promulgated by the SEC and the New York Stock Exchange applicable to both companies. We have attached as Annexes A, B and C to this proxy statement information that Carnival plc is required to provide to its shareholders under applicable UK rules.

Q: What proposals will be voted on at each of the meetings?

A: The proposals to be voted on at each of the meetings are set out in the notices of meetings starting on pages 1 and 4 of this proxy statement.

Q: What is the voting recommendation of the boards of directors?

A: Your boards of directors recommend that you vote your shares "FOR" Proposals 1 through 17.

Q: How does the dual listed company ("DLC") arrangement affect my voting rights?

A: On most matters that affect all of the shareholders of Carnival Corporation and Carnival plc, the shareholders of both companies effectively vote together as a single decision-making body. These matters are called "joint electorate actions." Combined voting is accomplished through the special voting shares that have been issued by each company. Certain matters specified in the organizational documents of Carnival Corporation and Carnival plc where the interests of the two shareholder bodies may diverge are called "class rights actions." These class rights actions are voted on separately by the shareholders of each company. If either group of shareholders does not approve a class rights action, that action generally cannot be taken by either company. All of the proposals to be voted on at these annual meetings are joint electorate actions, and there are no class rights actions.

Q: Generally, what actions are joint electorate actions?

A: Any resolution to approve an action other than a class rights action or a procedural resolution (described below) is designated as a joint electorate action. The actions designated as joint electorate actions include:

- the appointment, removal, election or re-election of any director of either or both companies;
- if required by law, the receipt or adoption of the annual accounts of both companies;
- the appointment or removal of the independent auditors of either company;
- a change of name by either or both companies; or
- the implementation of a mandatory exchange of Carnival plc shares for Carnival Corporation shares based on a change in tax laws, rules or regulations.

The relative voting rights of Carnival plc shares and Carnival Corporation shares are equalized based on a ratio which we refer to as the "equalization ratio." Based on the current equalization ratio of 1:1, each Carnival Corporation share has the same voting rights as one Carnival plc share on joint electorate actions.

Q: How are joint electorate actions voted on?

A: Joint electorate actions are voted on as follows:

- Carnival plc shareholders vote at the annual general meeting of Carnival plc (whether in person or by proxy). Voting is on a poll (or ballot), which remains open for sufficient time to allow the vote at the Carnival Corporation meeting to be held and reflected in the Carnival plc meeting through the mechanism of the special voting share. An equivalent vote is cast at the subsequent Carnival Corporation meeting on each of the corresponding resolutions through a special voting share issued by Carnival Corporation; and
- Carnival Corporation shareholders vote at the Carnival Corporation annual meeting (whether in person or by proxy). Voting is by ballot (or on a poll), which remains open for sufficient time to allow the vote at the Carnival plc meeting to be reflected in the Carnival Corporation meeting through the mechanism of the special voting share. An equivalent vote is cast on the corresponding resolutions at the Carnival plc meeting through a special voting share issued by Carnival plc.

A joint electorate action is approved if it is approved by:

- a simple majority of the votes cast in the case of an ordinary resolution (or not less than 75% of the votes cast in the case of a special resolution, if required by applicable law and regulations or Carnival plc's articles) by the holders of Carnival plc's shares and the holder of the Carnival plc special voting share as a single class at a meeting at which a quorum was present and acting;
- a simple majority of the votes cast (or other majority if required by applicable law and regulations or the Carnival Corporation articles and by-laws) by the holders of Carnival Corporation shares and the holder of the Carnival Corporation special voting share, voting as a single class at a meeting which a quorum was present and acting; and
- a minimum of one-third of the total votes available to be voted by the combined shareholders must be cast on each resolution for it to be effective. Formal abstentions (or votes withheld) by a shareholder on a resolution will be counted as having been "cast" for this purpose.

Q: How are the directors of each company elected or re-elected?

A: Resolutions relating to the election or re-election of directors are considered as joint electorate actions. No person may be a member of the board of directors of Carnival Corporation or Carnival plc without also being a member of the board of directors of the other company. There are nine nominees for election or re-election to the board of directors of each company this year. Each nominee currently serves as a director of Carnival Corporation and Carnival plc. All nominees for director are to be elected or re-elected to serve until the next annual meetings and until their successors are elected.

Carnival plc's Articles of Association currently require directors to submit themselves for election by shareholders at the first annual general meeting following their initial appointment to the board of directors and for re-election thereafter at subsequent annual general meetings at intervals of no more than three years. The boards of directors have decided, in accordance with the UK Corporate Governance Code published in September 2012, to submit all directors for re-election by the shareholders at the annual meetings irrespective of their date of appointment and length of service.

Q: What votes are required to approve the proposals?

A: Proposals 16 and 17 are required to be approved by not less than 75% of the combined votes cast at both meetings. Each of the other proposals, including the election or re-election of directors, requires the approval of a majority of the combined votes cast at both meetings. Abstentions and broker non-votes are not deemed votes cast for purposes of calculating the vote, but do count for the purpose of determining whether a quorum is present.

If you are a beneficial owner of Carnival Corporation shares and do not provide the shareholder of record with a signed voting instruction card, your shares may constitute broker non-votes, as described in "*How is the quorum determined?*" In tabulating the voting result for any particular proposal, shares which constitute broker non-votes are not deemed cast for the purposes of calculating the vote.

Additionally, if you are a beneficial owner of shares held through intermediaries such as brokers, banks and other nominees, such intermediaries are not permitted to vote without specific instructions from you unless the matter to be voted on is considered "routine." In this proxy statement, Proposals 10 and 11 (the re-appointment and remuneration of independent auditors for Carnival plc and the ratification of independent registered certified public accounting firm for Carnival Corporation), Proposal 12 (the receipt of accounts and reports of Carnival plc), Proposal 14 (approval of the Carnival plc Directors' Remuneration Report, Proposal 15 (allotment of new shares by Carnival plc), Proposal 16 (disapplication of pre-emption rights in relation to the allotment of new shares by Carnival plc) and Proposal 17 (general authority for Carnival plc to buy back Carnival plc shares) are considered "routine." On each of the other proposals, including the election of directors and the approval of the fiscal 2014 compensation of the named executive officers, your broker, bank or other nominee will not be permitted to vote your shares without receiving voting instructions from you.

Q: Generally, what are procedural resolutions?

A: Procedural resolutions are resolutions of a procedural or technical nature that do not adversely affect the shareholders of the other company in any material respect and are put to the shareholders at a meeting. The special voting shares do not represent any votes on "procedural resolutions." The chairman of each of the meetings will determine whether a resolution is a procedural resolution.

To the extent that such matters require the approval of the shareholders of either company, any of the following will be procedural resolutions:

- that certain people be allowed to attend or be excluded from attending the meeting;
- that discussion be closed and the question put to the vote (provided no amendments have been raised);
- that the question under discussion not be put to the vote (where a shareholder feels the original motion should not be put to the meeting at all, if such original motion was brought during the course of that meeting);
- to proceed with matters in an order other than that set out in the notice of the meeting;
- to adjourn the debate (for example, to a subsequent meeting); and
- to adjourn the meeting.

Q: Where can I find the voting results of the meeting?

A: The voting results will be announced to the media and the relevant stock exchanges and posted on our website at www.carnivalcorp.com and www.carnivalplc.com, after both shareholder meetings have closed. The results will also be published in a joint current report on Form 8-K within 4 business days after the date the shareholders meetings have closed.

Q: What is the quorum requirement for the meetings?

A: The quorum requirement for holding the meetings and transacting business as joint electorate actions at the meetings is one-third of the total votes capable of being cast by all shareholders of both companies. Shareholders may be present in person or represented by proxy or corporate representative at the meetings.

Q: How is the quorum determined?

A: For the purposes of determining a quorum with respect to joint electorate actions, the special voting shares have the maximum number of votes attached to them as were cast on such joint electorate actions, either for, against or abstained, at the parallel shareholder meeting of the other company, and such maximum number of votes (including abstentions) constitutes shares entitled to vote and present for the purposes of determining whether a quorum exists at such a meeting.

In order for a quorum to be validly constituted with respect to meetings of shareholders convened to consider a joint electorate action or class rights action, the special voting entities must be present.

Abstentions (including votes withheld) and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed to third parties except (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote or (3) to facilitate a successful proxy solicitation by our boards of directors. Occasionally, shareholders provide written comments on their proxy card which are then forwarded to management.

Q: Who will bear the cost of soliciting votes for the meetings?

A: We will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes for the meetings. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to shareholders.

Q: Can I view the proxy materials electronically?

A: Yes. This proxy statement and any other proxy materials have been posted on our website at www.carnivalcorp.com and www.carnivalplc.com. Carnival Corporation shareholders can also access proxy-related materials at www.investoreconnect.com as described under "*Questions Specific to Shareholders of Carnival Corporation*" beginning on page 15.

Q: What reports are filed by Carnival Corporation and Carnival plc with the SEC and how can I obtain copies?

A: We file this proxy statement, joint annual reports on Form 10-K, joint quarterly reports on Form 10-Q and joint current reports on Form 8-K with the SEC. **Copies of this proxy statement, the Carnival Corporation & plc joint annual report on Form 10-K for the year ended November 30, 2014, as well as any joint quarterly reports on Form 10-Q or joint current reports on Form 8-K, as filed with the SEC can be viewed or obtained without charge through the SEC's website at www.sec.gov (under Carnival Corporation or Carnival plc) or at www.carnivalcorp.com or www.carnivalplc.com. Copies will also be provided to shareholders without charge**

upon written request to Investor Relations, Carnival Corporation, 3655 N.W. 87th Avenue, Miami, Florida 33178 or Carnival plc, Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, United Kingdom. We encourage you to take advantage of the convenience of accessing these materials through the internet as it is simple and fast to use, saves time and money, and is environmentally friendly.

Q: May I propose actions for consideration at next year's annual meetings?

A: Carnival Corporation shareholders and Carnival plc shareholders (to the extent permitted under Carnival Corporation's and Carnival plc's governing documents and U.S. and UK law, as applicable) may submit proposals for consideration at future shareholder meetings, including director nominations. In order for shareholder proposals to be considered for inclusion in our proxy statement for next year's annual meetings, the written proposals must be received by our Secretary no later than the close of business November 6, 2015. Such proposals also will need to comply with SEC regulations and UK law requirements regarding the inclusion of shareholder proposals in company sponsored proxy materials. Any proposal of shareholders to be considered at next year's meetings, but not included in our proxy statement, must be submitted no later than six weeks prior to the annual shareholders meetings or, if later, the time at which the notice of such meeting is publicly disclosed. For further information on the UK law requirements, please refer to the "*Questions Specific to Shareholders of Carnival plc.*"

Q: May I nominate individuals to serve as directors?

A: You may propose director candidates for consideration by our board's Nominating & Governance Committees. In order to have a nominee considered by the Nominating & Governance Committees for election at the 2016 annual meetings you must provide the same information as is required for director nominations set forth in Carnival Corporation's by-laws. Specifically, you must submit your recommendation in writing to the attention of our Secretary at our headquarters not later than seven days nor earlier than 42 days prior to the 2016 annual shareholders meetings. Any such recommendation must include, in addition to any other requirements specifically set forth in Carnival Corporation's and Carnival plc's governing documents:

- the name and address of the candidate;
- a brief biographical description, including his or her occupation and service on boards of any public company or registered investment company for at least the last five years;
- a statement of the particular experience, qualifications, attributes or skills of the candidate, taking into account the factors referred to below in "*Board Structure and Committee Meetings—Nominations of Directors*"; and
- the candidate's signed consent to serve as a director if elected and to be named in the proxy statement.

QUESTIONS SPECIFIC TO SHAREHOLDERS OF CARNIVAL CORPORATION

Carnival plc shareholders should refer to the "*Questions Specific to Shareholders of Carnival plc*" beginning on page 18.

Q: What Carnival Corporation shares owned by me can be voted?

A: All Carnival Corporation shares owned by you as of February 13, 2015, the record date, may be voted by you. These shares include those (1) held directly in your name as the shareholder of record, including shares purchased through Carnival Corporation's Dividend Reinvestment Plan and its Employee Stock Purchase Plan and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

Q: Will I be asked to vote at the Carnival plc annual meeting?

A: No. Your vote at the Carnival Corporation annual meeting, for the purposes of determining the outcome of combined voting, is automatically reflected as appropriate at the parallel annual meeting of Carnival plc through the mechanism of the special voting share issued by Carnival plc.

Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: Carnival Corporation is taking advantage of SEC rules that allow it to deliver proxy materials over the Internet. Under these rules, Carnival Corporation is sending its shareholders a one-page notice regarding the Internet availability of proxy materials (the "Notice of Internet Availability of Proxy Materials") instead of a full set of proxy materials unless they previously requested to receive printed copies. You will not receive printed copies of the proxy materials unless you specifically request them. Instead, this notice tells you how to access and review on the Internet all of the important information contained in the proxy materials. This notice also tells you how to submit your proxy card on the Internet and how to request to receive a printed copy of the proxy materials.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of the shareholders of Carnival Corporation hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with Carnival Corporation's transfer agent, Computershare Investor Services LLC, you are considered, with respect to those shares, the shareholder of record, and the Notice of Internet Availability of Proxy Materials or set of printed proxy materials, as applicable, is being sent directly to you by us. As the shareholder of record, you have the right to grant your voting proxy directly to the persons named in the proxy or to vote in person at the meeting. If you request a paper copy of the proxy materials as indicated in the notice, Carnival Corporation will provide a proxy card for you to use.

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held under street name, and the Notice of Internet Availability of Proxy Materials or set of printed proxy materials, as applicable, is being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the meeting. However, since you are not the shareholder of record, you may not vote these shares in person at

the meeting. If you request a paper copy of the proxy materials as indicated in the notice, your broker or nominee will provide a voting instruction card for you to use.

Q: How can I vote my Carnival Corporation shares in person at the meeting?

A: Shares held directly in your name as the shareholder of record may be voted in person at the annual meeting in London, United Kingdom. If you choose to do so, please bring your proxy card and proof of identification.

Even if you plan to attend the annual meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the meeting. Shares held under street name may be voted in person by you only if you obtain a signed proxy from the record holder giving you the right to vote the shares. Please refer to the voting instructions provided by your broker or nominee.

Q: How can I vote my Carnival Corporation shares without attending the meeting?

A: Whether you hold shares directly as the shareholder of record or beneficially under street name, you may direct your vote without attending the meeting. You may vote by granting a proxy or, for shares held under street name, by submitting voting instructions to your broker or nominee. For shareholders of record, you may do this by voting on the Internet or by telephone by following the instructions in the notice you received in the mail. If you received a full printed set of proxy materials in the mail, you can also vote by signing your proxy card and mailing it in the enclosed envelope. If you provided specific voting instructions, your shares will be voted as you instruct. If you submit a proxy but do not provide instructions, your shares will be voted as described below in "*How are votes counted?*" Where your shares are held under street name, in most instances you will be able to do this over the Internet or by telephone by following the instructions in the notice you received in the mail or if you received a full printed set of proxy materials in the mail, by mail. Please refer to the voting instruction card included by your broker or nominee.

Q: Can I change my vote?

A: Yes. You may change your proxy instruction at any time prior to the vote at the annual meeting. For shares held directly in your name, you may accomplish this by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares owned beneficially by you, you may accomplish this by submitting new voting instructions to your broker or nominee.

Q: What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or set of printed proxy materials, as applicable?

A: It means your shares are registered differently or are in more than one account. Please follow the instructions in each notice to ensure all of your shares are voted.

Q: Only one Notice of Internet Availability of Proxy Materials or set of printed proxy materials was delivered to my address, but there are two or more shareholders at this address. How do I request additional copies of the proxy materials?

A: Broadridge Financial Solutions, Inc., the entity we have retained to mail the Notice of Internet Availability of Proxy Materials or printed proxy materials to Carnival Corporation's registered owners and the entity retained by the brokerage community to mail the Notice of Internet Availability of Proxy Materials or printed proxy materials to Carnival Corporation's beneficial owners, has been instructed to deliver only one notice or set of printed proxy materials to multiple security holders sharing an address unless we have received contrary instructions from you or one of the other shareholders. We will promptly deliver a separate copy of the

notice or set of printed proxy materials for this year's annual meeting or for any future meetings to any shareholder upon written or oral request. To make such request, please contact Broadridge Financial Solutions at 1-800-542-1061, or write to Broadridge Financial Solutions, Attention: Householding Department, 51 Mercedes Way, Edgewood, New York 11717. Similarly, you may contact us through any of these methods if you receive multiple notices or sets of printed proxy materials and would prefer to receive a single copy in the future.

Q: Who can attend the Carnival Corporation meeting?

A: All Carnival Corporation shareholders of record as of February 13, 2015, or their duly appointed proxies, may attend and vote at the meeting. Each attendee may be asked to present valid government-issued picture identification, such as a driver's license or passport.

If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of February 13, 2015 together with proof of identification. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

We are also offering an audio webcast of the annual meetings. If you choose to listen to the webcast, go to our website at www.carnivalcorp.com or www.carnivalplc.com shortly before the start of the meetings and follow the instructions provided.

Q: What class of shares are entitled to be voted at the Carnival Corporation meeting?

A: Carnival Corporation has only one class of common stock outstanding. Each share of Carnival Corporation common stock outstanding as of the close of business on February 13, 2015, the record date, is entitled to one vote at the annual meeting. As of January 20, 2015, Carnival Corporation had 592,688,153 shares of common stock issued and outstanding. The trust shares of beneficial interest in the P&O Princess Special Voting Trust that are paired with your shares of common stock do not give you separate voting rights.

Q: How are votes counted?

A: You may vote "FOR," "AGAINST" or "ABSTAIN" for each of the proposals. If you "ABSTAIN," it has no effect on the outcome of the votes, although abstentions will be counted for the purposes of determining if a quorum is present for joint electorate actions. If you submit a proxy or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the boards of directors.

Q: What happens if additional proposals are presented at the meeting?

A: Other than the proposals described in this proxy statement, Carnival Corporation does not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, the persons named as proxy holders, Micky Arison, Carnival Corporation's Chairman of the Board, and Arnaldo Perez, Carnival Corporation's General Counsel and Secretary, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is unable to accept nomination or election (which is not anticipated), the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the boards of directors.

Q: Who will count the vote?

A: A representative of Computershare Investor Services will tabulate the votes and act as the inspector of elections.

QUESTIONS SPECIFIC TO SHAREHOLDERS OF CARNIVAL PLC

Carnival Corporation shareholders should refer to "*Questions Specific to Shareholders of Carnival Corporation*" beginning on page 15.

Q: Who is entitled to attend and vote at the annual general meeting of Carnival plc?

A: If you are a Carnival plc shareholder registered in the register of members of Carnival plc at 6:00 p.m. (BST) on April 12, 2015, you will be entitled to attend in person and vote at the annual general meeting to be held in the United Kingdom in respect of the number of Carnival plc shares registered in your name at that time. You may also appoint a proxy to attend, speak and vote instead of you. If you are a corporation you may appoint a corporate representative to represent you and vote your shareholding in Carnival plc at the annual general meeting to be held in the United Kingdom. For further details regarding appointing a proxy or corporate representative please see below.

We are also offering an audio webcast of the annual meetings. If you choose to listen to the webcast, go to our website at www.carnivalcorp.com or www.carnivalplc.com shortly before the start of the meetings and follow the instructions provided.

Q: Will I be asked to vote at the Carnival Corporation annual meeting?

A: No. Your vote at the Carnival plc annual general meeting, for the purposes of determining the outcome of combined voting, will automatically be reflected as appropriate at the parallel annual meeting of Carnival Corporation through the mechanism of a special voting share issued by Carnival Corporation.

Q: How do I vote my Carnival plc shares without attending the annual general meeting?

A: You may vote your Carnival plc shares at the annual general meeting by completing and signing the enclosed form of proxy in accordance with the instructions set out on the form and returning it as soon as possible, but in any event so as to be received by Carnival plc's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by not later than 2:00 p.m. (BST) on April 12, 2015. Alternatively, a proxy vote may be submitted via the internet in accordance with the instructions set out in the proxy form. It is also possible to appoint a proxy via the CREST system (please see the Carnival plc Notice of Annual General Meeting for further details). Voting by proxy does not preclude you from attending the annual general meeting and voting in person should you wish to do so.

If you are a corporation you can vote your Carnival plc shares at the annual general meeting by appointing one or more corporate representatives. You are strongly encouraged to pre-register your corporate representative to make registration on the day of the annual general meeting more efficient. In order to pre-register you would need to fax your Letter of Representation to Carnival plc's registrars, Equiniti Limited, on 01903 833168 from within the United Kingdom or +44 1903 833168 from elsewhere.

Corporate representatives themselves are urged to arrive at least two hours before commencement of the annual general meeting to assist Carnival plc's registrars with the appropriate registration formalities. Whether or not you intend to appoint a corporate representative, you are strongly encouraged to return the enclosed form of proxy to Carnival plc's registrars.

Q: Can I change my vote given by proxy or by my corporate representative?

A: Yes. You may change your proxy vote by either (1) completing, signing and dating a new form of proxy in accordance with its instructions and returning it to Carnival plc's registrars by no later than the start of the annual general meeting, or (2) by attending and voting in

person at the annual general meeting. If you do not attend and vote in person at the annual general meeting and wish to revoke the appointment of your proxy or corporate representative you must do so by delivering a notice of such revocation to Carnival plc's registrars at least three hours before the start of the annual general meeting.

Q: ***What class of shares are entitled to be voted at the Carnival plc meeting?***

A: Carnival plc has only one class of ordinary shares in issue. Each Carnival plc ordinary share in issue as of the close of business on April 12, 2015, is entitled to one vote at the annual general meeting. As of January 20, 2015, Carnival plc had 216,052,515 ordinary shares in issue. However, the 31,964,084 Carnival plc ordinary shares directly or indirectly held by Carnival Corporation have no voting rights (in accordance with the Articles of Association of Carnival plc).

Q: ***How are votes counted?***

A: You may vote "FOR," "AGAINST" or "ABSTAIN" your vote for each of the resolutions. If you "ABSTAIN," it has no effect on the outcome of the votes, although abstentions will be counted for the purposes of determining if a quorum is present for joint electorate actions.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below is information concerning the share ownership of (1) all persons known by us to be the beneficial owners of more than 5% of the 592,688,153 shares of Carnival Corporation common stock and trust shares of beneficial interest in the P&O Princess Special Voting Trust outstanding as of January 20, 2015, (2) all persons known by us to be the beneficial owners of more than 5% of the 216,052,515 ordinary shares of Carnival plc outstanding as of January 20, 2015, 31,964,084 of which are directly or indirectly owned by Carnival Corporation and have no voting rights, (3) each of our executive officers named in the "Summary Compensation Table" which appears elsewhere in this proxy statement, (4) each of our directors and (5) all directors and executive officers as a group.

Micky Arison, Chairman of the board of each of Carnival Corporation and Carnival plc, certain other members of the Arison family and trusts for their benefit (collectively, the "Principal Shareholders"), beneficially own shares representing approximately 28.6% of the voting power of Carnival Corporation and approximately 21.8% of the combined voting power of Carnival Corporation & plc and have informed us that they intend to cause all such shares to be voted in favor of Proposals 1 through 17. The table below begins with ownership of the Principal Shareholders.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual would have the right to acquire as of March 21, 2015 (being 60 days after January 20, 2015) through the exercise of any stock option ("Vested Options") and the vesting of restricted share units ("RSUs").

Beneficial Ownership Table

Name and Address Beneficial Owners or Identity of Group[1]	Amount and Nature of Beneficial Ownership of Carnival Corporation Shares and Trust Shares*	Percentage of Carnival Corporation Common Stock	Amount and Nature of Beneficial Ownership of Carnival plc Ordinary Shares	Percentage of Carnival plc Ordinary Shares	Percentage of Combined Voting Power**
Micky Arison	138,271,621[2][3]	23.32%	0	***	17.8%
MA 1994 B Shares, L.P.	95,736,445[2][4]	16.2%	0	***	12.3%
MA 1994 B Shares, Inc.	95,736,445[2][4]	16.2%	0	***	12.3%
Artsfare 2005 Trust No. 2 c/o SunTrust Delaware Trust Company 1011 Centre Road, Suite 108 Wilmington, DE 19805	37,580,930[2][5][11]	6.3%	0	***	4.8%
Verus Protector, LLC Two Alhambra Plaza, Suite 1040 Coral Gables, FL 33134	37,580,930[2][5]	6.3%	0	***	4.8%
Richard L. Kohan Two Alhambra Plaza, Suite 1040 Coral Gables, FL 33134	37,582,930[2][6]	6.3%	0	***	4.8%
MBA I, L.P. c/o SunTrust Delaware Trust Company 1011 Centre Road, Suite 108 Wilmington, DE 19805	900,000[2][7]	***	0	***	***
Artsfare 2003 Trust c/o SunTrust Delaware Trust Company 1011 Centre Road, Suite 108 Wilmington, DE 19805	932,439[2][7][8][14]	***	0	***	***

Name and Address Beneficial Owners or Identity of Group[1]	Amount and Nature of Beneficial Ownership of Carnival Corporation Shares and Trust Shares*	Percentage of Carnival Corporation Common Stock	Amount and Nature of Beneficial Ownership of Carnival plc Ordinary Shares	Percentage of Carnival plc Ordinary Shares	Percentage of Combined Voting Power**
TAMMS Management Corporation c/o SunTrust Delaware Trust Company 1011 Centre Road, Suite 108 Wilmington, DE 19805	32,439[2][8][14]	***	0	***	***
James M. Dubin c/o Madison Place Partners, LLC One Madison Place Harrison, NY 10528	34,319,462[2][9]	5.8%	0	***	4.4%
John J. O'Neil. c/o Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas New York, NY 10019	29,364,216[2][10][13]	5.0%	0	***	3.8%
SunTrust Delaware Trust Company 1011 Centre Road, Suite 108 Wilmington, DE 19805	38,180,930[2][11]	6.4%	0	***	4.9%
JMD Delaware, Inc.	4,954,246[2][4][12]	***	0	***	***
Knight Protector, Inc.	29,364,216[2][13]	5.0%	0	***	3.8%
Northern Trust Corporation	35,561,779[15]	6.0%	0	***	4.6%
Arnold W. Donald	129,780[16]	***	0	***	***
David Bernstein	66,526	***	0	***	***
Alan Buckelew	128,461[17]	***	0	***	***
Gerald R. Cahill	79,201	***	0	***	***
Michael Thamm	0	***	11,956[18]	***	***
Sir Jonathon Band	17,147	***	0	***	***
Richard J. Glasier	45,299[19]	***	0	***	***
Debra Kelly-Ennis	0	***	0	***	***
Sir John Parker	32,916	***	10,004[20]	***	***
Stuart Subotnick	33,405	***	0	***	***
Laura Weil	30,118	***	0	***	***
Randall J. Weisenburger	83,609	***	0	***	***
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	51,818,532[21]	8.7%	0	***	6.7%
AXA S.A. 25 Avenue Matignon 75008 Paris France	0	***	10,627,443[22]	5.7%	1.4%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	0	***	15,651,916[23]	8.5%	2.0%
Schroders plc c/o Schroders Investment Management Ltd. 31 Gresham Street London EC2V 7QA United Kingdom	0	***	9,758,601[22]	5.3%	1.3%
EuroPacific Growth Fund 333 South Hope Street Los Angeles, CA 90071	0	***	9,745,000[24]	5.3%	1.3%
All directors and executive officers as a group (20 persons)	139,167,630[25]	23.5%	64,797[26]	***	18%

* As part of the establishment of the DLC arrangement, Carnival plc issued a special voting share to Carnival Corporation, which transferred such share to the trustee of the P&O Princess Special Voting Trust (the "Trust"), a trust established under the laws of the Cayman Islands. Trust shares of beneficial interest in the Trust were transferred to Carnival Corporation. The trust shares represent a beneficial interest in the Carnival plc special voting share. Immediately following the transfer, Carnival Corporation distributed such trust shares by way of a dividend to holders of shares of Carnival Corporation common stock. Under a pairing agreement, the trust shares of beneficial interest in the Trust are paired with, and evidenced by, certificates representing shares of Carnival Corporation common stock on a one-for-one basis. In addition, under the pairing agreement, when a share of Carnival Corporation common stock is issued to a person after the implementation of the DLC arrangement, a paired trust share will be issued at the same time to such person. Each share of Carnival Corporation common stock and the paired trust share may not be transferred separately. The Carnival Corporation common stock and the trust shares (including the beneficial interest in the Carnival plc special voting share) are listed and trade together on the New York Stock Exchange under the ticker symbol "CCL." Accordingly, each holder of Carnival Corporation common stock is also deemed to be the beneficial owner of an equivalent number of trust shares.

** As a result of the DLC arrangement, on most matters that affect all of the shareholders of Carnival Corporation and Carnival plc, the shareholders of both companies effectively vote together as a single decision-making body. Combined voting is accomplished through the special voting shares that have been issued by each company.

*** Less than one percent.

(1) The address of each natural person named, unless otherwise noted, is 3655 N.W. 87 Avenue, Miami, Florida 33178. The address of all entities, unless otherwise noted, is 1201 North Market Street, Wilmington, Delaware 19899.

(2) The Principal Shareholders and others have filed a joint statement on Schedule 13D with respect to the shares of Carnival Corporation common stock held by such persons. Each Principal Shareholder may be deemed to own the shares of common stock held by all other Principal Shareholders.

(3) Includes (i) 4,954,246 shares of common stock held by the various Arison family trusts, (ii) 95,736,445 shares of common stock held by MA 1994 B Shares, L.P. and (iii) 37,580,930 shares of common stock held by the Artsfare 2005 Trust No. 2 by virtue of the authority granted to Mr. Arison under the last will of Ted Arison. Mr. Arison does not have an economic interest in the shares of common stock held by Artsfare 2005 Trust No. 2.

(4) MA 1994 B Shares, L.P. ("MA 1994, L.P.") owns 95,736,445 shares of common stock. The general partner of MA 1994, L.P. is MA 1994 B Shares, Inc. ("MA 1994, Inc."), which is wholly-owned by the Nickel 1994 "B" Trust, a trust established for the benefit of Mr. Arison and members of his family (the "B Trust"). The sole limited partner of MA 1994, L.P. is the B Trust. Under the terms of the instrument governing the B Trust, Mr. Arison has the sole right to vote and direct the sale of the common stock indirectly held by the B Trust. By virtue of the limited partnership agreement of MA 1994, L.P., MA 1994, Inc. may be deemed to beneficially own all such 95,736,445 shares of common stock. By virtue of Mr. Arison's interest in the B Trust and the B Trust's interest in MA 1994, L.P., Mr. Arison may be deemed to beneficially own all such 95,736,445 shares of common stock. The trustee of the B Trust is JMD Delaware, Inc., a corporation wholly-owned by James M. Dubin.

(5) Verus Protector, LLC is the protector of Artsfare 2005 Trust No. 2. Verus Protector, LLC has shared voting and dispositive power with respect to the shares of common stock held by Artsfare 2005 Trust No. 2.

(6) By virtue of being the sole member of Verus Protector, LLC, Mr. Richard L. Kohan may be deemed to own the aggregate of 37,580,930 shares of common stock beneficially owned by such entity, as to which he disclaims beneficial ownership. Mr. Kohan owns 1,000 shares of common stock directly and owns 1,000 shares of common stock indirectly by virtue of such shares owned by Mr. Kohan's wife.

(7) MBA I, L.P. ("MBA I") owns 900,000 shares of common stock. The Artsfare 2003 Trust owns a controlling interest in MBA I; therefore, the Artsfare 2003 Trust is deemed to beneficially own all such 900,000 shares of common stock.

(8) TAMMS Management Corporation holds 32,439 shares of common stock ("TAMMS Corp."). TAMMS Corp. is wholly-owned by the Artsfare 2003 Trust.

(9) By virtue of being the sole shareholder of JMD Delaware, Inc. and a 50% shareholder of Knight Protector, Inc., Mr. Dubin may be deemed to own the aggregate of 34,318,462 shares of common stock beneficially owned by such entities, as to which he disclaims beneficial ownership. Mr. Dubin owns 1,000 shares of common stock directly.

(10) By virtue of being a 50% shareholder of Knight Protector, Inc., Mr. O'Neil may be deemed to own the aggregate of 29,364,216 shares of common stock beneficially owned by such entity, as to which he disclaims beneficial ownership.

(11) SunTrust Delaware Trust Company acts as trustee for the Artsfare 2005 Trust No. 2 and the Dozer Trust.

(12) JMD Delaware, Inc. is a Delaware corporation wholly owned by Mr. James Dubin. JMD Delaware, Inc. acts as trustee of various Arison family trusts and has shared dispositive power over the shares of common stock held by certain of such trusts.

(13) Knight Protector, Inc. acts as protector of the Eternity Four Trust. As protector of the Eternity Four Trust, Knight Protector, Inc., has shared dispositive power and sole voting power with respect to the 29,364,216 shares of common stock held by Eternity Four Trust.

(14) The Artsfare 2003 Trust owns a controlling interest in MBA 1 (see Note 7 above) and is the sole shareholder of TAMMS Corp., (see Note 8 above). By virtue of its controlling interested in MBA I, the Artsfare 2003 Trust is deemed to beneficially own 900,000 shares of common stock held directly by MBA I and by virtue of its ownership of TAMMS Corp., the Artsfare 2003 Trust is deemed to beneficially own 32,439 shares of common stock.

(15) Northern Trust Company of Delaware acts as trustee for the Eternity Four Trust and beneficially owns all of the 29,364,216 shares of common stock held by Eternity Four Trust. In addition, according to the Schedule 13G filed by Northern Trust Corporation on February 13, 2014, it beneficially owns an additional 6,197,563 shares of common stock.

(16) Includes (i) 10,000 Vested Options and (ii) 1,807 shares held by The Arnold W. Donald Revocable Trust UAD 5/26/98.

(17) Includes 17,151 Vested Options.

(18) Includes 5,700 Vested Options.
(19) Includes 20,000 Vested Options.
(20) Includes 7,000 shares held by Whitefoord Limited on behalf of GHM Trustees Limited, the trustee for Sir John Parker's Fixed Unapproved Restricted Retirement Scheme.
(21) As reflected in separate Schedule 13G, filed on February, 7, 2014 with the SEC. Capital World Investors, reported sole voting power and sole dispositive power over 51,818,532 shares of common stock as a result of acting as an investment advisor to various investment companies.
(22) Based on notifications to Carnival plc of interests of 3% or more in the voting rights of Carnival plc as required by the Disclosure and Transparency Rules of the UK Listing Authority.
(23) As reflected in separate Schedule 13G, filed on January 22, 2015 with the SEC. BlackRock, Inc., reported sole voting power over 14,049,057 shares of common stock and sole dispositive power over 15,651,916 shares of common stock.
(24) As reflected in separate Schedule 13G, filed on February, 12, 2014 with the SEC. EuroPacific Growth Fund, reported sole voting power over 9,745,000 shares of common stock as a result of acting as an investment company registered under the Investment Company Act of 1940.
(25) Includes 72,151 Vested Options.
(26) Includes 20,609 Vested Options.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon a review of Forms 3, 4 and 5 and amendments thereto furnished to Carnival Corporation and Carnival plc during and with respect to their most recent fiscal year and upon written representations from persons known to us to be subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "reporting person"), all reporting persons filed on a timely basis reports required by Section 16(a) of the Exchange Act during and with respect to the year ended November 30, 2014.

PROPOSALS 1-9
RE-ELECTION OF DIRECTORS

The DLC arrangement requires the boards of Carnival Corporation and Carnival plc to be identical. Shareholders are required to approve the election or re-election of directors to each board. There are nine nominees for election or re-election to each board of directors. Each nominee currently serves as a director of both companies. All nominees for director are to be elected or re-elected to serve until the next annual meeting and until their successors are elected.

With respect to each nominee set forth below, the information presented includes such person's age, the year in which such person first became a director, any other position held with Carnival Corporation and Carnival plc, such person's principal occupations during at least the past five years, any directorships held by such nominee in public or certain other companies over the past five years and the nominees' qualifications, including particular areas of expertise, to serve as a director.

The Nominating & Governance Committees conducted performance evaluations on the members of our boards of directors serving during fiscal 2014 and reported the results to the boards. The boards determined that each nominee was an effective and committed member of the boards.

As of the date of this proxy statement, 22% of the members of the boards are women (being two of nine members). The boards have expressed their intent to fill future board vacancies with female candidates, where skill set and relevant experience for the particular vacancy can be met to achieve a target of 25% female by the end of 2015. This is consistent with the aspirational target for FTSE 100 boards recommended in the Davies Review published in the UK in February 2011, entitled "Women on Boards."

Accordingly, the boards of directors unanimously recommend a vote FOR the re-election of each of the following nominees:

1. **Micky Arison**, age 65, has been Chairman of the board of directors of Carnival Corporation since 1990 and a director since 1987. He became a director and Chairman of the board of directors of Carnival plc in 2003. He was Chief Executive Officer of Carnival Corporation (formerly known as Carnival Cruise Lines) from 1979 to 2013 and was Chief Executive Officer of Carnival plc from 2003 to 2013.

   Mr. Arison's qualifications to serve on the boards include his decades of leadership experience with Carnival Corporation & plc, as well as in-depth knowledge of our business, our history and the cruise industry, all gained through more than 40 years of service with our companies.

2. **Sir Jonathon Band**, age 65, has been a director of Carnival Corporation and Carnival plc since 2010. He served in the British Navy from 1967 until his retirement in 2009, having served as First Sea Lord and Chief of Naval Staff, the most senior officer position in the British Navy, until 2009. He has been a non-executive director of Lockheed Martin UK Limited since May 2010.

   Sir Jonathon's qualifications to serve on the boards include his extensive experience in maritime and security matters gained through his 42 years of service with the British Navy. He also brings an international perspective of company and industry matters.

3. **Arnold W. Donald**, age 60, has been a director of Carnival Corporation since 2001 and a director of Carnival plc since 2003. He has been President and Chief Executive Officer of Carnival Corporation & plc since 2013. He was President and Chief Executive Officer of The Executive Leadership Council, a professional network of African-American executives of major U.S. companies, from 2010 to 2012. He previously served as President and Chief Executive Officer of the Juvenile Diabetes Research Foundation International from 2006 to 2008. From 2000 to 2005, Mr. Donald was the Chairman of the Board of Merisant Company, a manufacturer and marketer of tabletop sweetener products, including the Equal® and Canderel® brands. From 2000 to 2003, he was also the Chief Executive Officer of Merisant Company. From 1998 to 2000, he was Senior Vice-President of Monsanto Company, a company which develops agricultural products and consumer goods, and President of its nutrition and consumer sector. Prior to that he was President of Monsanto Company's agricultural sector. He has been a member of the boards of directors of Bank of America Corporation since January 2013 and Crown Holdings, Inc. since July 1999. He was a member of the board of Oil-Dri Corporation of America from December 1997 to January 2013 and The Laclede Group, Inc. from January 2003 to January 2014.

   Mr. Donald's qualifications to serve on the boards include his broad leadership and other executive skills gained through his prior executive leadership experience with a Fortune-100 science-based research and development, manufacturing and marketing company, a privately-held company with global operations, and as head of a large international research-based not-for-profit corporation. He also has broad experience in corporate governance, having served as a director, past and present, of a number of other publicly-traded companies.

4. **Richard J. Glasier**, age 69, has been a director of Carnival Corporation and Carnival plc since 2004. From 2002 to 2005, Mr. Glasier was President of Argosy Gaming Company, an owner and operator of casinos, and its Chief Executive Officer from 2003 until 2005. From 1995 to 2002, Mr. Glasier was Executive Vice President and Chief Financial Officer of Royal Caribbean Cruises Ltd.

   Mr. Glasier's qualifications to serve on the boards include significant cruise industry experience as a senior financial officer of a major cruise line, as well as his managerial and corporate governance expertise acquired as the chief executive officer of a New York Stock Exchange-listed operator of hotels and casinos, as well as a director of other public companies.

5. **Debra Kelly-Ennis**, age 58, has been a director of Carnival Corporation and Carnival plc since 2012. She was President and Chief Executive Officer of Diageo Canada, Inc., a subsidiary of Diageo plc, a global spirits, wine and beer company, from 2008 to 2012. From 2005 to 2008, she was Chief Marketing Officer for Diageo North America Inc., another subsidiary of Diageo plc. Ms. Kelly-Ennis has also held marketing,

sales and general management positions with leading companies such as RJR/Nabisco, Inc., The Coca-Cola Company, General Motors Corporation and Grand Metropolitan PLC. She has been honored as one of the Top 100 Most Powerful Women in Canada in 2012, 2011, 2010 and 2009 and was named Leading Chief Executive Officer in 2010 by the Toronto Human Resources Professional Association. She has been a member of the board of directors of Altria Group, Inc. since February 2013, Hertz Global Holdings, Inc. since May 2013 and Pulte Group, Inc. since September 1997.

Ms. Kelly-Ennis's qualifications to serve on the boards include her extensive marketing and practical managerial experience gained through 30 years working with consumer brand corporations, as well as many years of public company board experience.

6. **Sir John Parker**, age 72, has been a director of Carnival Corporation since 2003 and a director of Carnival plc since 2000, having served as Deputy Chairman of Carnival plc from 2002 to 2003. He was the non-executive Chairman of National Grid plc from October 2002 until January 2012. He has been Vice Chairman of DP World Limited since February 2005 and a director of Anglo American plc since July 2009, serving as its Chairman since August 2009. He has also been a non-executive director of Airbus Group N.V. (formerly known as European Aeronautic Defence and Space Company EADS N.V.) since October 2007. From May 2007 to August 2009 he served as non-executive chairman of Mondi plc. He was formerly Senior Non-Executive Director of the Court of the Bank of England, a non-executive director of GKN plc, Brambles Industries plc and BG Group plc, Chairman of Babcock International Group plc, RMC Group plc and P&O Group plc, a President of the Royal Institution of Naval Architects, a member of the Prime Minister's Business Council for Britain and Chancellor of the University of Southampton. He was President of the Royal Academy of Engineering from 2011 until 2014. Sir John Parker has been a member of the General Committee of Lloyds Register of Shipping since 1983 and was Chairman of its Technical Committee from 1993 until 2002.

   Sir John's qualifications to serve on the boards include his extensive international background and wealth of corporate experience. His past and present service as a non-executive director of a number of listed UK companies provides the boards with invaluable knowledge and insight with respect to UK corporate governance policies and practices. In addition, Sir John, as a qualified naval architect and former head of a major shipbuilding company, is very experienced in the design, construction and operation of ships.

7. **Stuart Subotnick**, age 73, has been a director of Carnival Corporation since 1987 and a director of Carnival plc since 2003. Mr. Subotnick has been President and Chief Executive Officer of Metromedia Company, a privately held diversified Delaware general partnership, since 2010, having previously served as its general partner and Executive Vice President since 1986. He was a member of the board of directors of AboveNet, Inc. from July 1997 to July 2012.

   Mr. Subotnick's qualifications to serve on the boards include his significant experience in financing, investing and general business matters, as well as his past experience with us, which are important to the boards when reviewing our investor relations, assessing potential financings and strategies, and otherwise evaluating our business decisions.

8. **Laura Weil**, age 58, has been a director of Carnival Corporation and Carnival plc since 2007. She was the Executive Vice President and Chief Operating Officer of New York & Company, Inc., a woman's apparel and accessories retailer, from June 2012 to August 2014, having served it as an Executive Consultant since February 2012. Ms. Weil was the Chief Executive Officer of Ashley Stewart LLC, a privately held retailer, from 2010 to 2011. Ms. Weil was the Chief Executive Officer of Urban Brands, Inc., a privately held apparel retailer, from 2009 to 2010. Urban Brands, Inc. filed for Chapter 11 bankruptcy protection in September 2010. Ashley Stewart LLC, the retail chain operated by Urban Brands, Inc., emerged from bankruptcy in October 2010. Ms. Weil was the Chief Operating Officer and Senior Executive Vice President of AnnTaylor Stores Corporation, a women's apparel company, from 2005 to 2006. From 1995 to 2005, she was the Chief Financial Officer and Executive Vice President of American Eagle Outfitters, Inc., a clothing retailer.

Ms. Weil's qualifications to serve on the boards include her extensive financial, information technology and operating skills developed over many years as an investment banker and senior financial operating executive. Ms. Weil also brings significant experience in global e-commerce and consumer strategies from her leadership experience with a multi-billion dollar New York Stock Exchange-listed retailer.

9. **Randall J. Weisenburger**, age 56, has been a director of Carnival Corporation and Carnival plc since 2009. Mr. Weisenburger is the Managing Member of Mile26 Capital LLC, a private investment firm. He was the Executive Vice President and Chief Financial Officer of Omnicom Group Inc., a Fortune-250 global advertising, marketing and corporate communications company, from 1998 to September 2014. Mr. Weisenburger has been a director of Valero Energy Corporation since January 2011.

   Mr. Weisenburger's qualifications to serve on the boards include his broad leadership and operational skills gained as a senior executive of a large multi-national corporation and his extensive financial and accounting skills acquired as an investment banker and senior financial operating executive.

PROPOSALS 10 & 11
RE-APPOINTMENT AND REMUNERATION OF INDEPENDENT AUDITORS FOR CARNIVAL PLC AND RATIFICATION OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM FOR CARNIVAL CORPORATION

The Audit Committee of the board of directors of Carnival plc has selected the UK firm of PricewaterhouseCoopers LLP as Carnival plc's independent auditors for the year ending November 30, 2015, subject to the approval of our shareholders. The Audit Committee of the board of directors of Carnival Corporation has selected the U.S. firm of PricewaterhouseCoopers LLP as Carnival Corporation's independent registered certified public accounting firm for the year ending November 30, 2015. Representatives of both the U.S. and UK firms of PricewaterhouseCoopers LLP will be present at the annual meetings, will have an opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from shareholders.

This resolution would re-appoint PricewaterhouseCoopers LLP as the independent auditors of Carnival plc until the conclusion of the next general meeting at which Carnival plc's annual accounts and reports are laid. It is a requirement of Section 489(2) of the Companies Act 2006 that Carnival plc appoint its independent auditors at a general meeting at which its annual accounts and reports are laid. You are also being asked to authorize the Audit Committee of Carnival plc to determine the remuneration of PricewaterhouseCoopers LLP as independent auditors of Carnival plc.

Although ratification by our shareholders of the appointment of an independent certified public accounting firm for Carnival Corporation is not legally required, our boards of directors believe that such action is desirable. If our shareholders do not approve Proposal 11, the Audit Committees will consider the selection of another accounting firm for 2016 and future years.

The boards of directors unanimously recommend a vote FOR the re-appointment of the UK firm of PricewaterhouseCoopers LLP as Carnival plc's independent auditors for the 2015 fiscal year, the authorization of the Audit Committee of Carnival plc to agree the remuneration of PricewaterhouseCoopers LLP and the ratification of the selection of the U.S. firm of PricewaterhouseCoopers LLP as Carnival Corporation's independent registered certified public accounting firm for the 2015 fiscal year.

PROPOSAL 12
RECEIPT OF ACCOUNTS AND REPORTS OF CARNIVAL PLC

The directors of Carnival plc are required by the Companies Act 2006 to present the financial statements, the UK statutory Directors' Report, the UK statutory Strategic Report and the auditors' report relating to those accounts to the Carnival plc shareholders. Accordingly, the directors of Carnival plc lay before the annual meetings the Carnival plc accounts and the reports of the directors and auditors for the year ended November 30, 2014, which have been approved by and signed on behalf of Carnival plc's board of directors and will be delivered to the Registrar of Companies in the UK following the annual meetings. Shareholders are voting to approve receipt of these documents, as UK law does not require shareholder approval of the substance and content of these documents. The UK statutory Directors' Report is attached to this proxy statement as Annex A and the UK statutory Strategic Report is included within the Carnival plc consolidated IFRS financial statements. The full accounts and reports of Carnival plc will be available for inspection prior to and during the annual meetings.

The boards of directors unanimously recommend a vote FOR the receipt of the accounts and reports of Carnival plc for the year ended November 30, 2014.

PROPOSAL 13
AN ADVISORY (NON-BINDING) VOTE TO APPROVE EXECUTIVE COMPENSATION

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and pursuant to Section 14A of the Exchange Act, our shareholders are being provided with an advisory (non-binding) vote to approve our executive compensation. Although the vote is advisory and is not binding on the boards, the Compensation Committees will take into account the outcome of the vote when considering future executive compensation decisions. We refer to this non-binding advisory vote as the "say-on-pay" vote.

The "say-on-pay" vote is required to be offered to our shareholders at least once every three years. Two years ago, our shareholders recommended that we provide them with the opportunity to provide their "say-on-pay" vote each year and our boards have accepted that recommendation.

The boards are committed to corporate governance best practices and recognize the significant interest of shareholders in executive compensation matters. The Compensation Committees seek to balance short-term and longer-term compensation opportunities to enable Carnival Corporation & plc meets short-term objectives while continuing to produce value for its shareholders over the long-term. They also promote a compensation program designed to attract, motivate and retain key executives. As discussed in the Compensation Discussion and Analysis, the Compensation Committees believe that our current executive compensation program directly links executive compensation to our performance and aligns the interests of our named executive officers with those of our shareholders. For example:

- Our compensation philosophy places more emphasis on variable elements of compensation (such as annual cash bonuses and equity-based compensation) than fixed remuneration.
- In accordance with the Compensation Committees' focus on long-term shareholder return, they approved performance-based share grants for the named executive officers. The grants vest zero to 200% based upon the extent to which annual earnings before income and taxes ("EBIT"), as adjusted for certain fuel price changes, for each of the three fiscal years in the 2014-2016 performance cycle exceeds specified performance goals, and return on invested capital ("ROIC") exceeds a specified performance goal at the end of the three-year performance cycle and as modified up or down by up to 25% at the end of the three year performance cycle for the Carnival Corporation & plc's total shareholder return ("TSR") rank relative to the Peer Group (defined below).
- To further promote long-term shareholder alignment, we require our named executive officers to meet and maintain stock ownership requirements.

- The Compensation Committees review the position of each element of total direct compensation relative to the competitive market, and use the range of total direct compensation levels in the competitive market to assess the extent to which the compensation provided to the named executive officers is generally consistent with that offered by the competitive market to their named executive officers.
- Carnival Corporation & plc does not offer U.S. executives excise tax gross-up protections.

We encourage you to read our Compensation Discussion and Analysis contained within this proxy statement for a more detailed discussion of our compensation policies and procedures.

Our shareholders have the opportunity to vote for or against, or to abstain from voting, on the following resolution:

> **"Resolved, that the shareholders approve the compensation of our named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC (which disclosure shall include the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in this proxy statement)."**

The above referenced disclosures appear at pages 43 to 78 of this proxy statement.

The boards of directors unanimously recommend a vote "FOR" approval of the compensation of our named executive officers as disclosed pursuant to the compensation disclosure rules of the SEC (which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in this proxy statement).

PROPOSAL 14
APPROVAL OF CARNIVAL PLC DIRECTORS' REMUNERATION REPORT

In accordance with Sections 439 and 440 of the Companies Act 2006 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "LMCG Regulations"), shareholders are voting to approve adoption of the Carnival plc Directors' Remuneration Report. The Carnival plc Directors' Remuneration Report is in two parts. Part I also constitutes the Compensation Discussion and Analysis as required by regulations promulgated by the SEC, and includes information that Carnival plc is required to disclose in accordance with the LMCG Regulations. Part II of the Carnival plc Directors' Remuneration Report is set forth as Annex B to this proxy statement and includes the additional information that Carnival plc is required to disclose in accordance with the LMCG Regulations, including certain information which has been audited for the purposes of the Carnival plc Annual Report.

The boards of directors unanimously recommend a vote FOR the approval of the Carnival plc Directors' Remuneration Report.

PROPOSALS 15 & 16
APPROVAL OF THE GRANT OF AUTHORITY TO ALLOT NEW CARNIVAL PLC SHARES AND THE DISAPPLICATION OF PRE-EMPTION RIGHTS APPLICABLE TO THE ALLOTMENT OF NEW CARNIVAL PLC SHARES

Summary. Proposal 15 authorizes the directors of Carnival plc to issue, until the next annual general meeting of Carnival plc (or, if earlier, until the close of business on July 13, 2016), a maximum number of Carnival plc ordinary shares (or to grant rights to subscribe for or convert any securities into ordinary shares up to a maximum aggregate amount) without further shareholder approval. Proposal 16 authorizes the directors of Carnival plc to

issue (or sell any ordinary shares which Carnival plc elects to hold in treasury), until the next annual general meeting of Carnival plc (or, if earlier, until the close of business on July 13, 2016), a maximum number of Carnival plc ordinary shares for cash without first offering them to existing shareholders in accordance with the pre-emption rights that would otherwise be applicable. As is the case with many UK companies, these resolutions are proposed each year as the directors believe occasions may arise from time to time when it would be beneficial for shares to be allotted without shareholder approval and for shares to be allotted for cash without making a pre-emptive offer. The Carnival plc directors have no current commitments or plans to allot additional shares of Carnival plc.

Discussion. Under Article 30 of the Articles of Association of Carnival plc, the directors have, for a "prescribed period," unconditional authority to allot ordinary shares in Carnival plc up to an aggregate nominal amount known as the "allotment amount."

The power to implement the authority provided by Article 30 is sought each year by the proposal of an ordinary resolution to establish the prescribed period and the allotment amount. By passing this ordinary resolution, shareholders are authorizing the board of Carnival plc to issue, during the prescribed period, a maximum number of shares having an aggregate nominal value equal to the allotment amount, without further shareholder approval. In the absence of such approval, the issuance of any additional shares would require shareholder approval.

Under Article 31 of the Articles of Association of Carnival plc, the directors have, for the same "prescribed period" referred to above, power to allot a small number of ordinary shares for cash without making a pre-emptive offer to existing shareholders up to an aggregate nominal amount known as the "disapplication amount."

The power to implement the authority provided by Article 31 is sought each year by the proposal of a special resolution to establish the disapplication amount. By passing this special resolution, shareholders are authorizing the board of Carnival plc to issue, during the prescribed period, an amount of shares having an aggregate nominal value equal to the disapplication amount, for cash without first offering them to existing shareholders of Carnival plc.

The Third Amended and Restated Articles of Incorporation of Carnival Corporation do not contain equivalent provisions and holders of Carnival Corporation shares do not have pre-emption rights. Accordingly, no action is required in respect of the ability of Carnival Corporation to allot shares or to disapply pre-emption rights.

In common with many UK companies, resolutions to renew the prescribed period and re-establish the allotment amount and the disapplication amount are normally proposed each year as the directors believe occasions may arise from time to time when it would be beneficial for shares to be allotted and for shares to be allotted for cash without making a pre-emptive offer. This is the purpose of Proposal 15 (an ordinary resolution) and Proposal 16 (a special resolution). As usual, the prescribed period is the period from the passing of the resolutions until the next annual general meeting (or, if earlier, until the close of business on July 13, 2016).

Guidelines issued by the Association of British Insurers, whose member insurance companies are some of the largest institutional investors in UK listed companies, require the allotment amount to be limited to one-third of the issued ordinary share capital (except in the case of a rights issue). By reference to Carnival plc's issued ordinary share capital on January 20, 2015, the maximum allotment amount is $119,549,058, which is equal to 72,017,505 new Carnival plc ordinary shares, being one third of the amount of the issued ordinary share capital (excluding treasury shares).

In line with guidance issued by the Association of British Insurers, paragraph (b) of Proposal 15 would give the directors of Carnival plc authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favor of ordinary shareholders up to an aggregate nominal amount equal to $239,098,117 (representing 144,035,010 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of Proposal 15. However, if they do exercise the authorities

given to them if Proposals 15 and 16 are passed, the directors intend to follow the Association of British Insurers' recommendations concerning their use (including as regards the directors standing for election or re-election in certain cases). This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of Carnival plc as at January 20, 2015.

Guidelines issued by the Pre-emption Group, a group comprising representatives of UK listed companies, investment institutions and corporate finance practitioners and formed under the support of the London Stock Exchange to monitor the operation of the Guidelines, recommend that a resolution to disapply the statutory pre-emption rights provided by UK company law should be limited to an amount of equity securities not exceeding 5% of the nominal value of the company's issued ordinary share capital. By reference to Carnival plc's issued ordinary share capital on January 20, 2015, the maximum disapplication amount is $17,932,359, which is equal to 10,802,626 new Carnival plc ordinary shares. In respect of this aggregate nominal amount, the directors of Carnival plc confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

In summary, if Proposals 15 and 16 were passed, the extent of the authority of the directors to allot new Carnival plc ordinary shares for cash on terms which would be dilutive to the existing shareholdings of Carnival plc shareholders, without shareholder approval, would be limited to 10,802,626 new Carnival plc ordinary shares, being 5% of the issued ordinary share capital of Carnival plc at January 20, 2015. The directors have no current commitments or plans to allot additional shares of Carnival plc. Furthermore, the adoption of Proposals 15 and 16 would have no material effect on the ability of Carnival plc to undertake or defend against a takeover attempt.

The boards of directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and the repurchase of up to 32.8 million shares of Carnival Corporation common stock under 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. As of the date of this proxy statement, no Carnival plc shares are held by Carnival plc in treasury.

In the event 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' transaction, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. Based on authorizations provided by the boards of directors in October 2008, Carnival Corporation was authorized to issue and sell up to 19.2 million of its common stock in the U.S. market.

In the event 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, a subsidiary of Carnival Corporation, through a sales agent from time to time at prevailing market prices in ordinary broker 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 boards of directors in January 2013, Carnival Corporation or Carnival Investments Limited was authorized to sell up to 32.8 million Carnival plc ordinary shares in the UK market.

The boards of directors unanimously recommend a vote FOR the approval of limits on the authority to allot Carnival plc shares and the disapplication of pre-emption rights for Carnival plc.

PROPOSAL 17
GENERAL AUTHORITY TO BUY BACK CARNIVAL PLC ORDINARY SHARES

The boards of directors have authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our boards of directors at any time.

At January 20, 2015, the remaining availability under the Repurchase Program was $975 million. We may repurchase shares of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program, in addition to repurchases made with net proceeds resulting from the Stock Swap programs described above.

Shareholder approval is not required for us to buy back shares of Carnival Corporation, but is required under the Companies Act 2006 for us to buy back shares of Carnival plc. Accordingly, last year Carnival Corporation and Carnival plc sought and obtained shareholder approval to effect market purchases of up to 21,569,788 ordinary shares of Carnival plc (being approximately 10% of Carnival plc's ordinary shares in issue). During fiscal 2014, no ordinary shares have been purchased under the Repurchase Program and the Stock Swap Program and through January 20, 2015. Carnival Corporation & plc treats any such purchases made by Carnival Corporation or Carnival Investments Limited under the Repurchase Program or the Stock Swap Programs as if they were made by Carnival plc under the Carnival plc share buy back authority. That approval expires on the earlier of (i) the conclusion of Carnival plc's 2015 annual general meeting or (ii) October 13, 2015. Shareholder approval to effect market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of up to 21,605,252 ordinary shares of Carnival plc (being 10% of Carnival plc's ordinary shares in issue as of January 20, 2015) is being sought.

The boards of directors confirm that the authority to purchase Carnival plc's shares under the Repurchase Program and the Stock Swap program will only be exercised after careful consideration of prevailing market conditions and the position of Carnival plc. In particular, the program will only proceed if we believe that it is in the best interests of Carnival Corporation, Carnival plc and their shareholders generally. The boards of directors are making no recommendation as to whether shareholders should sell any shares in Carnival plc and/or Carnival Corporation.

If the boards of directors exercise the authority conferred by Proposal 17, we would have the option of holding the shares in treasury, or cancelling them. Shares held in treasury can be re-sold for cash, used for employee share plans or later cancelled. The boards of directors think it prudent to maintain discretion as to dealing with the purchased shares. As of the date of this proxy statement, no Carnival plc shares are held by Carnival plc in treasury.

The boards of directors consider that any buy back of Carnival plc shares may include the purchase of its American Depositary Shares ("ADSs"), each representing one ordinary share of Carnival plc, with a subsequent cancellation of the underlying ADSs. If the underlying ADSs are so cancelled, Carnival plc will either cancel or hold in treasury the ordinary share represented by such ADSs.

The minimum price (exclusive of expenses) which may be paid for each Carnival plc ordinary share is $1.66, and the maximum price which may be paid is an amount (exclusive of expenses) equal to the higher of (i) 105% of the average middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out.

As of January 20, 2015, there are options outstanding to subscribe for 222,174 ordinary shares and Carnival plc has issued 917,339 RSUs, which represent in the aggregate less than 1% of Carnival plc's issued share capital. If 21,605,252 ordinary shares of Carnival plc were purchased by Carnival plc and cancelled, these options and RSUs would represent in the aggregate less than 1% of Carnival plc's issued share capital.

The authority to purchase Carnival plc ordinary shares will expire at the conclusion of the Carnival plc annual general meeting in 2016 or on July 13, 2016, whichever is earlier (except in relation to any purchases of shares the contract for which was entered before the expiry of such authority).

The boards of directors unanimously recommend a vote FOR the general authority to buy back Carnival plc ordinary shares.

BOARD STRUCTURE AND COMMITTEE MEETINGS

Independence of Board Members

The boards of directors have determined that each of the following directors is an "independent director" in accordance with the corporate governance rules of the New York Stock Exchange as a result of having no material relationship with Carnival Corporation & plc other than (1) serving as a director and board committee member, (2) receiving related fees as disclosed in this proxy statement and (3) having beneficial ownership of Carnival Corporation and/or Carnival plc securities as disclosed in the section of this proxy statement entitled "*Stock Ownership of Certain Beneficial Owners and Management*": Sir Jonathon Band, Richard J. Glasier, Debra Kelly-Ennis, Sir John Parker, Stuart Subotnick, Laura Weil and Randall J. Weisenburger.

Board Meetings

During the year ended November 30, 2014, the board of directors of each of Carnival Corporation and Carnival plc held a total of six meetings. Each Carnival Corporation director and each Carnival plc director attended either telephonically or in person at least 75% of all Carnival Corporation & plc board of directors and applicable committee meetings held during the period that he or she served.

Our Corporate Governance Guidelines provide that our non-executive directors will meet privately in executive session at least quarterly. All of our non-executive directors, acting in executive session, elected Mr. Subotnick as the Presiding Director to preside at these meetings. Mr. Subotnick also acts as the senior independent director under the UK Corporate Governance Code.

All board members are expected to attend our annual meetings of shareholders. At the 2014 annual meetings, all of the board members of each company were in attendance.

Board Committees

The boards delegate various responsibilities and authority to different board committees. The committees regularly report on their activities and actions to the full boards. The board of directors of each of Carnival Corporation and Carnival plc has established standing Audit; Compensation; Executive; Health, Environmental, Safety & Security ("HESS"); and Nominating & Governance Committees, which are comprised of the same directors for each company. A majority of the directors of each company and all of the members of the Audit Committee, Compensation Committee, HESS Committee and Nominating & Governance Committee of each company are independent (as defined by the listing standards of the New York Stock Exchange, SEC rules and the UK Corporate Governance Code). In addition, all members of the Audit Committees and Compensation Committees meet the heightened independence criteria applicable to directors serving on those committees under SEC rules and New York Stock Exchange listing standards.

The membership and function of each committee is described below. Our Corporate Governance Guidelines and copies of the charters of our Audit, Compensation, HESS and Nominating & Governance Committees are available under the "Corporate Governance" section of our website at www.carnivalcorp.com and www.carnivalplc.com. Each committee periodically reviews its charter in light of new developments in applicable regulations and may make additional recommendations to the boards to reflect evolving best practices. Each committee can engage outside experts, advisers, and counsel to assist the committee in its work.

The current committee members are as follows:

	Committees				
Name	Audit	Compensation	Executive	HESS	Nominating & Governance
Micky Arison	—	—	Chair	—	—
Sir Jonathon Band	—	—	—	X	—
Arnold W. Donald	—	—	X	—	—
Richard J. Glasier	Chair	X	—	—	X
Debra Kelly-Ennis	—	—	—	X	—
Sir John Parker	—	—	—	Chair	X
Stuart Subotnick	X	—	X	—	Chair
Laura Weil	X	X	—	—	—
Randall J. Weisenburger	X	Chair	—	—	X
Number of committee meetings/consent actions in fiscal 2014	13	6	6	5	4

Audit Committees. The Audit Committees assist the boards in their general oversight of our financial reporting, internal controls and audit functions, and are responsible for the appointment, retention, compensation, and oversight of the work of our independent auditors and our independent registered certified public accounting firm. The board of directors of Carnival Corporation has determined that Mr. Glasier is both "independent" and an "audit committee financial expert," as defined by SEC rules. In addition, the board of directors of Carnival plc has determined that Mr. Glasier has "recent and relevant financial experience" for the purposes of the UK Corporate Governance Code. The boards determined that each member of the Audit Committees has sufficient knowledge in reading and understanding the company's financial statements to serve on the Audit Committees. The responsibilities and activities of the Audit Committees are described in detail in "Report of the Audit Committees" and the Audit Committees' charter.

Compensation Committees. The Compensation Committees have authority for reviewing and determining salaries, performance-based incentives, and other matters related to the compensation of our executive officers, and administering our stock incentive plans, including reviewing and granting equity-based grants to our executive officers and other employees. The Compensation Committees also review and determine various other compensation policies and matters, including making recommendations to the boards with respect to the compensation of the non-executive (non-employee) directors, incentive compensation and equity-based plans generally, and administering the employee stock purchase plans. For more information on the responsibilities and activities of the Compensation Committees, including the committees' processes for determining executive compensation, see "Compensation Discussion and Analysis," "Executive Compensation," and the Compensation Committees' charter.

Executive Committees. The Executive Committees may exercise the authority of the full board between board meetings, except to the extent that the board has delegated authority to another committee or to other persons, and except as limited by applicable law.

HESS Committees. The HESS Committees review and recommend policies relative to the protection of the environment and the health, safety and security of employees, contractors, guests and the public. The HESS Committees also supervise and monitor health, environmental, safety, security and sustainability policies and programs and review with management significant risks or exposures and actions required to minimize such risks. For more information on the responsibilities and activities of the HESS Committees, see the HESS Committees' charter.

Nominating & Governance Committees. The Nominating & Governance Committees review and report to the boards on a periodic basis with regard to matters of corporate governance. The Nominating & Governance

Committees also review and assess the effectiveness of our Corporate Governance Guidelines, make recommendations to the boards regarding proposed revisions to these guidelines, and make recommendations to the boards regarding the size and composition of the boards and their committees. For more information on the responsibilities and activities of the Nominating & Governance Committees, see "Nominations of Directors," "Procedures Regarding Director Candidates Recommended by Shareholders" and the Nominating & Governance Committees' charter.

Additional information with respect to Carnival plc's corporate governance practices during the 2014 fiscal year is included in the Carnival plc Corporate Governance Report attached to this proxy statement as Annex C.

Risk Oversight

The boards of directors have overall responsibility for the Carnival Corporation & plc Enterprise Risk Management ("ERM") Program, which assesses, monitors and identifies mitigation enhancement for key risks facing our companies. The boards of directors receive both written and oral reports on the ERM Program at least twice each year and provide guidance on the direction and reporting of the ERM Program.

Our boards use their committees to assist in their risk oversight function as follows:

- Our Audit Committees are responsible for oversight of our financial controls and compliance activities. The Audit Committees also oversee management's processes to identify and quantify the material risks facing Carnival Corporation & plc. In connection with its risk oversight role, the Audit Committees regularly meet privately with representatives from our independent registered certified public accounting firm, the Chief Audit Executive and the General Counsel.
- Our Compensation Committees are responsible for oversight of risk associated with our executive compensation structure, policies and programs.
- Our HESS Committees are responsible for oversight of risk associated with the health, environment, safety and security of employees, contractors, guests and the public.
- Our Nominating and Governance Committees are responsible for oversight of risk associated with board processes and corporate governance.

Each committee chairman presents this information to the full boards for review.

Discussions with the boards regarding the Carnival Corporation & plc strategic plan, consolidated business results, capital structure, and other business related activities include a discussion of the risks associated with the particular item under consideration. This oversight includes briefings by management, review of audit results and corrective actions, and results of risk assessment and risk monitoring activities.

The boards believe that the structure and assigned responsibilities provides the appropriate focus, oversight and communication of key risks faced by our companies.

Compensation Risk Assessment

In 2011, Carnival's management, in conjunction with the Compensation Committees' independent compensation consultant, Frederic W. Cook & Co., Inc. ("FWC"), conducted a thorough review of our compensation programs, including those programs in which our named executive officers participate, to determine if aspects of those programs contribute to excessive risk-taking. Based on the findings from this review and a reassessment conducted in 2014, the Compensation Committees continue to believe that our compensation policies and practices do not encourage excessive risk-taking and are not reasonably likely to have a material adverse effect on Carnival Corporation & plc.

To reach this conclusion, key elements of our compensation programs were assessed to determine if they exhibited excessive risk. These elements included pay mix (cash vs. equity) and pay structure (short vs. long-term focus), performance metrics, performance goals and ranges, the degree of leverage, incentive maximums, payment timing, incentive adjustments, use of discretion and stock ownership requirements. Our assessment reinforced the Compensation Committees' belief that our compensation programs are not contributing to excessive risk-taking, but instead contain many features and elements that help to mitigate risk. For example:

- *Pay Structure*: Our compensation programs emphasize both short and long-term performance through our annual bonus program (delivered in cash) and through the delivery of long-term incentives (equity) in a balanced approach (approximately 50% through base salary and bonus and 50% in long-term equity grants). The mix of our pay program is intended to motivate management to consider the impact of decisions on shareholders in the short, intermediate and long-term.
- *Incentive Limits*: Our annual cash bonus plans do not allow for unlimited payouts. Cash bonus awards cannot exceed 200% of target levels. The performance-based share grants made in 2014 limits the payouts to 200% of target, inclusive of the impact of the TSR modifier, if applicable.
- *Performance-based Share Grants*: To strengthen the relationship between pay and performance, our long-term incentive plans include performance-based share grants. Since 2011 a portion of the long-term equity grants has been in the form of performance-based share grants. Performance-based share grants will have no value unless Carnival Corporation & plc achieves pre-determined performance targets over a three-year period. Further, all restricted share and RSU grants vest at the end of three years, rather than vesting ratably on an annual basis.
- *Performance Measurement*: For corporate officers, the performance measurement used when determining their annual cash bonus is based on the performance of Carnival Corporation & plc. For officers of our operating units, the performance measurements used when determining their bonus is based 50% on the performance of their operating unit, with the remaining balance being based on the performance of Carnival Corporation & plc to enable a continued focus on the overall success of Carnival Corporation & plc.
- *Stock Ownership Guidelines*: All of our senior executives who are designated as reporting officers under Section 16 of the Exchange Act (each a "Section 16 Officer"), including our named executive officers, are subject to a Stock Ownership Policy which specifies target ownership levels of Carnival Corporation and Carnival plc shares for each Section 16 Officer expressed in terms of the value of the equity holdings (including unvested restricted shares and RSUs) as a multiple of each Section 16 Officer's base salary. In 2014, the Stock Ownership Policy was amended to require that Section 16 Officers retain at least 50% of the share awards received after deducting the exercise price (of stock options) and withholding taxes, until their target ownership level is achieved.
- *Clawback Policy*: The Carnival Corporation 2011 Stock Plan (which was approved by shareholders in 2011) and the Carnival plc 2014 Employee Share Plan (which was approved by shareholders in 2014) contains a clawback policy, which authorizes us to recover incentive-based compensation granted under that plan in the event Carnival Corporation & plc is required to restate its financial statements due to fraud or misconduct. In 2014, the management incentive plans used to determine annual cash bonuses were amended to also include a clawback policy.
- *Adjustments and Discretion*: There are no predetermined adjustments under the short-term incentive plans, and the Compensation Committees may use their discretion to make such adjustments as they deem appropriate in determining awards, thereby helping to mitigate windfall payments not anticipated or warranted.

Corporate Governance Guidelines

Our Corporate Governance Guidelines address various governance issues and principles, including director qualifications and responsibilities, access to management personnel, director compensation, director orientation

and continuing education and annual performance evaluations of the boards and directors. Our Corporate Governance Guidelines are posted on our website at www.carnivalcorp.com and www.carnivalplc.com.

Succession Planning

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

The boards and the Nominating & Governance Committees are responsible for succession planning (including emergency succession planning). The independent non-executive directors meet with the Chief Executive Officer at least annually to plan for the succession of the Chief Executive Officer (including plans in the event of an emergency). During those sessions, the Chief Executive Officer discusses his recommendations of potential successors, along with an evaluation and review of any development plans for such individuals. As provided in our Corporate Governance Guidelines, the Nominating and Governance Committees will, when appropriate, make recommendations to the boards with respect to potential successors to the Chief Executive Officer. All members of the boards will work with the Nominating & Governance Committees to see that qualified candidates are available and that development plans are being utilized to strengthen the skills and qualifications of the candidates. When assessing the qualifications of potential successors to the Chief Executive Officer, the boards and the Nominating & Governance Committees will take into account our business strategy as well as any other criteria they believe are relevant.

Nominations of Directors

Carnival Corporation and Carnival plc are two separate legal entities and, therefore, each has a separate board of directors, each of which in turn has its own Nominating & Governance Committee. As the DLC arrangement requires that there be identical boards of directors, the Nominating & Governance Committees make one set of determinations in relation to both companies.

The Nominating & Governance Committees actively seek individuals qualified to become board members and recommend to the boards the nominees to stand for election as directors at the annual meetings of shareholders or, if applicable, at a special meeting of shareholders.

When evaluating prospective candidates for director, regardless of the source of the nomination, the Nominating & Governance Committees will consider, in accordance with their charter, such factors as they deem appropriate, including, but not limited to:

- the candidate's judgment;
- the candidate's skill;
- diversity considerations;
- the candidate's experience with businesses and other organizations of comparable size;
- the interplay of the candidate's experience with the experience of other board members; and
- the extent to which the candidate would be a desirable addition to the boards and any committees of the boards.

Our Corporate Governance Guidelines dictate that diversity should be considered by the Nominating and Governance Committees in the director identification and nomination process. This means that the Nominating

and Governance Committees seek nominees who bring a variety of business backgrounds, experiences and perspectives to the boards. The boards believe that the backgrounds and qualifications of the directors, considered as a group, should provide a broad diversity of experience, professions, skills, geographic representations, knowledge and abilities that will allow the boards to fulfill their responsibilities.

The Nominating & Governance Committees will also use their best efforts to see that the composition of the boards adheres to the independence requirements applicable to companies listed for trading on the New York Stock Exchange and the London Stock Exchange. The Nominating & Governance Committees may consider candidates proposed by management, but are not required to do so. Other than the foregoing, there are no stated minimum criteria for director nominees.

The Nominating & Governance Committees identify nominees by first evaluating the current members of the boards willing to continue in service. Current members of the boards with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the boards with that of obtaining a new perspective. If any member of the boards does not wish to continue in service or if the Nominating & Governance Committees or the boards decide not to re-nominate a member for re-election, the Nominating & Governance Committees identify the desired skills and experience of a new nominee in light of the criteria above. Current members of the Nominating & Governance Committees and the boards are polled for suggestions as to individuals meeting the criteria of the Nominating & Governance Committees. The Nominating and Governance Committees may engage a third party search firm to identify or evaluate or assist in identifying potential nominees.

Procedures Regarding Director Candidates Recommended by Shareholders

The Nominating & Governance Committees will also consider shareholder recommendations of qualified director nominees when such recommendations are submitted in accordance with the procedures below. In order to have a nominee considered by the Nominating & Governance Committees for election at the 2016 annual meetings, a shareholder must provide the same information as is required for director nominations set forth in Carnival Corporation's by-laws. Specifically, the shareholder must submit his or her recommendation in writing to the attention of our Secretary at our headquarters no later than seven days nor earlier than 42 days prior to the 2016 annual shareholders meetings. Any such recommendation must include, in addition to any other requirements specifically set forth in Carnival Corporation's and Carnival plc's governing documents:

- the name and address of the candidate;
- a brief biographical description, including his or her occupation and service on boards of directors of any public company or registered investment company for at least the last five years;
- a statement of the particular experience, qualifications, attributes or skills of the candidate, taking into account the qualification requirements set forth above; and
- the candidate's signed consent to serve as a director if elected and to be named in the proxy statement.

Once we receive the recommendation, we will deliver to the candidate a questionnaire that requests additional information about the candidate's independence, qualifications and other matters that would assist the Nominating & Governance Committees in evaluating the candidate, as well as certain information that must be disclosed about the candidate in our proxy statement or other regulatory filings, if nominated. Candidates must complete and return the questionnaire within the time frame provided to be considered for nomination by the Nominating & Governance Committees.

Communications between Shareholders or Interested Parties and the Boards

Shareholders or interested parties who wish to communicate with the boards, the Presiding Director, the non-executive directors as a group or any individual director should address their communications to the attention of

the Secretary of Carnival Corporation and Carnival plc at 3655 N.W. 87th Avenue, Miami, Florida 33178. The Secretary will maintain a log of all such communications, promptly forward to the Presiding Director those which the Secretary believes require immediate attention, and also periodically provide the Presiding Director with a summary of all such communications and any responsive actions taken. The Presiding Director will notify the boards or the chairs of the relevant board committees as to those matters that he believes are appropriate for further action or discussion.

Code of Business Conduct and Ethics

Carnival Corporation and Carnival plc's Code of Business Conduct and Ethics applies to all employees and members of the boards of Carnival Corporation and Carnival plc and provides guiding principles on areas such as identifying and resolving conflicts of interest. Our Code of Business Conduct and Ethics is posted on our website at www.carnivalcorp.com and www.carnivalplc.com. The Code of Business Conduct and Ethics may be amended periodically to remain in line with best practices.

DIRECTOR COMPENSATION

During fiscal 2014, our non-executive directors were entitled to receive an annual retainer of $40,000 per year, an attendance fee per board meeting of $5,000 ($2,000 if the meeting is attended by telephone), equity compensation, as further described below, and reimbursement for travel, meals and accommodation expenses attendant to their board membership. For purposes of calculating fees, a board or committee meeting of Carnival Corporation and a concurrent or related board or committee meeting of Carnival plc constitute a single meeting. We do not provide retirement benefits or other benefits to our non-executive directors. We reimburse directors for travel expenses incurred for spouses or partners when we request that they attend a special event. Any amount reimbursed for spousal or partner travel is reported below in the "Director Compensation for Fiscal 2014" table. For fiscal 2014, the Presiding Director received an additional retainer of $20,000 per annum. In addition, non-executive directors receive additional compensation for serving as chairman or a member of a board committee. Board members who are employed by us do not receive additional compensation for their services as a member of the boards of directors.

During fiscal 2014, the retainer and meeting attendance fees for the board committees were as follows:

	Retainer		Attendance Fee	
	Chair	Member	In Person	By Telephone
Audit Committees	$23,000	$7,500	$3,000	$1,500
Compensation Committees	$23,000	$3,750	$2,500	$1,250
Executive Committees	—	$3,750	—	—
HESS Committees	$23,000	$7,500	$3,000	$1,500
Nominating & Governance Committees	$10,000	$3,750	$2,500	$1,250

The boards of directors are committed to attracting and retaining a highly diverse, experienced and capable group of non-executive directors. To that end, the compensation program for the non-executive directors is evaluated annually by the Compensation Committees to ensure it is competitive. The Compensation Committees determined, based upon analysis and recommendations provided by FWC, that the pay level and structure in effect for fiscal 2014 merited modification. As such, in January 2015, the board approved the following changes to the non-executive director compensation program:

- Eliminated all board and committee meeting attendance fees;
- Eliminated all committee member retainers;
- Increased committee chair retainers as follows:
  - Audit, Compensation and HESS Committees chairs retainer increased from $23,000 to $30,000, and
  - Nominating & Governance Committees chair retainer increased from $10,000 to $15,000;
- Increased the annual retainer from $40,000 to $110,000; and
- Increased the Presiding Director retainer from $20,000 to $25,000.

Non-executive directors receive payment of their earned retainer and meeting fees in quarterly installments. Annual retainers are pro-rated so that adjustments can be made during the year. Unearned portions of cash retainers are forfeited upon termination of service.

Non-executive directors receive annual share grants under the Carnival Corporation 2011 Stock Plan. In April 2014, the non-executive directors received grants with a dollar value equal to $120,000. As a result, a grant of 3,215 Carnival Corporation restricted shares was made to each non-executive director re-elected on April 17, 2014 based on the closing price of a share on the date re-elected of $37.32. It is anticipated that the non-executive

directors re-elected at the April 2015 shareholders meeting will be awarded an annual share grant with a dollar value equal to $160,000, which increased amount was determined based upon the analysis and recommendations provided by FWC.

Grants under the Carnival Corporation 2011 Stock Plan are released from restriction on the third anniversary of the grant date (and are not forfeitable provided the director has served at least a full year). Grants of restricted shares have the same rights with respect to dividends and other distributions as all other outstanding shares of Carnival Corporation common stock. Generally, non-executive directors will receive their annual grants initially upon their election to the boards and subsequently at the time of their annual re-election to the boards.

Director Compensation for Fiscal 2014

The following table details the total compensation earned by our non-executive directors in fiscal 2014. Compensation for our executive director who is a named executive officer, Mr. Donald, is reflected in the section entitled "Summary Compensation Table," which follows the Compensation Discussion and Analysis. Board members who are employed by us do not receive additional compensation for their services as a member of the boards of directors.

Name	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2][3] ($)	All Other Compensation[4] ($)	Total ($)
Sir Jonathon Band	85,000[5]	119,984	16,454	221,438
Howard S. Frank[6]	—	—	69,495	69,495
Richard J. Glasier	142,500	119,984	11,329	273,813
Debra Kelly-Ennis	83,000	119,984	9,287	212,271
Sir John Parker	114,250	119,984	3,697	237,931
Stuart Subotnick	128,750	119,984	4,555	253,289
Laura Weil	113,250	119,984	—	233,234
Randall J. Weisenburger	140,250	119,984	4,555	264,789

(1) Refer to the table above describing the board committee membership.

(2) No stock option grants were made in fiscal 2014. Represents the grant date fair value, assuming no risk of forfeiture of the grants of Carnival Corporation restricted shares granted in fiscal 2014, calculated in accordance with Accounting Standards Codification Topic 718, "Stock Compensation" ("ASC 718"). In April 2014, each of the non-executive directors received a grant of 3,215 restricted shares based on the closing price of a share on April 17, 2014, the date they were re-elected, of $37.32. The restricted shares granted in 2014 vest on the third anniversary of the grant date. The restricted shares granted to non-executive directors also vest in full upon the death or disability of the director, and continue to vest in accordance with the original vesting schedule and are not forfeited if a director ceases to be a director for any other reason after having served as a director for at least one year. All of the directors who received grants served for all of fiscal 2014.

(3) The aggregate number of Carnival Corporation and Carnival plc restricted shares, RSUs and options (all of which are exercisable) outstanding at November 30, 2014 are as follows:

Name	Unvested Restricted Shares	Unvested RSUs	Unexercised Options
Sir Jonathon Band	10,666	0	0
Howard S. Frank	127,522	0	0
Richard J. Glasier	10,666	0	20,000
Debra Kelly-Ennis	3,215	7,451	0
Sir John Parker	10,666	0	0
Stuart Subotnick	10,666	0	0
Laura Weil	10,666	0	0
Randall J. Weisenburger	10,666	0	0

(4) Represents reimbursement of expenses associated with spousal or partner travel and the incremental cost of cruise benefits. For Mr. Frank, also includes the cost of a watch given to him upon his retirement and the incremental cost of private medical/health insurance costs and premiums for Mr. Frank and his spouse.

(5) Exclusive of value added tax.

(6) Mr. Frank was not nominated for re-election at the April 2014 annual general meeting. As a result, his term ended on April 17, 2014.

The following policies also apply to our non-executive directors:

- *Stock Ownership Policy.* The stock ownership policy for non-executive directors was amended in 2014 to provide that all non-executive directors are required to own shares (inclusive of unvested restricted shares, RSUs and shares in a trust beneficially owned by the director) of either Carnival Corporation common stock or Carnival plc ordinary shares with a value equal to four times the cash retainer. New directors must achieve this requirement no later than five years from the date of their initial election to the boards by the shareholders. Each of the non-executive directors has already achieved this board-mandated requirement.
- *Product Familiarization.* All non-executive directors are encouraged to take a cruise for up to 14 days per year for product familiarization and pay a fare of $35 per day for such cruises. In addition, guests traveling with the non-executive director in the same stateroom are charged a fare of $35 per day. All other charges associated with the cruise (e.g., air fares, fuel supplements, fees, taxes and other charges, hotel service charges, ground transfers and tours) are the responsibility of the non-executive director.

Carnival plc

Additional information with respect to Carnival plc's compensation and reimbursement practices during fiscal 2014 for non-executive directors is included in Part II of the Carnival plc Directors' Remuneration Report, which is attached as Annex B to this proxy statement.

COMPENSATION DISCUSSION AND ANALYSIS
and
CARNIVAL PLC DIRECTORS' REMUNERATION REPORT – PART I

INTRODUCTION

Carnival Corporation and Carnival plc are separate legal entities (together referred to in this report as "Carnival Corporation & plc") and each company has its own board of directors and Compensation Committee. However, as is required by the agreements governing the dual listed company ("DLC") arrangement, the boards of directors and members of the committees of the boards, including the Compensation Committees, are identical and there is a single senior management team.

Carnival Corporation and Carnival plc are subject to disclosure regimes in the U.S. and UK. While some of the disclosure requirements are the same or similar, some are very different. As a result, the Carnival plc Directors' Remuneration Report is in two parts. The information contained in this Part I constitutes the Compensation Discussion and Analysis as required by regulations promulgated by the SEC, and includes information that Carnival plc is required to disclose in accordance with the Sections 439 and 440 of the Companies Act 2006 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the "LMCG Regulations"). Part II of the Carnival plc Directors' Remuneration Report is set forth as Annex B to this proxy statement and includes the additional information that Carnival plc is required to disclose in accordance with Section 439A of the Companies Act 2006 and the LMCG Regulations, including certain information that has been audited for the purposes of the Carnival plc Annual Report.

Parts I and II of the Carnival plc Directors' Remuneration Report are in compliance with the LMCG Regulations, the UK Corporate Governance Code published in September 2012 by the UK Financial Reporting Council (the "UK Corporate Governance Code"), the UK Companies Act 2006 and the Listing Rules of the UK Listing Authority. Both Parts I and II form part of the Annual Report of Carnival plc for the year ended November 30, 2014.

Pursuant to rules promulgated by the SEC and the LMCG Regulations, this Compensation Discussion and Analysis reviews the compensation of the following named executive officers of Carnival Corporation & plc (the "NEOs"):

Name	Title
Arnold W. Donald	President and Chief Executive Officer
David Bernstein	Chief Financial Officer
Alan Buckelew	Chief Operations Officer
Gerald R. Cahill	Former President and Chief Executive Officer of Carnival Cruise Lines
Michael Thamm	Chief Executive Officer of the Costa Group, which includes Costa Cruises, AIDA Cruises and, through November 2014, Ibero Cruises

EXECUTIVE SUMMARY

Our executive compensation program is designed to reward financial results and effective strategic leadership through use of both short-term rewards and long-term incentives and to promote alignment of the financial interests of our executive officers with our shareholders. We seek to provide total direct compensation that allows us to be competitive in the labor markets where we compete for executive talent, adjusted as necessary to take into consideration factors including the senior executive's performance, experience and responsibilities. We believe our compensation program's performance measures align the interests of our shareholders and senior executives by linking actual pay to operating performance and shareholder outcomes.

SHAREHOLDER ENGAGEMENT

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, at the 2014 annual shareholders meeting, our shareholders provided an advisory (non-binding) vote on the fiscal 2013 compensation of our NEOs, which is referred to as the "say-on-pay" vote. The fiscal 2013 compensation program of our NEOs, as disclosed pursuant to the compensation disclosure rules of the SEC (including the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in the proxy statement) received the support of 58.4% of the shares on the "say-on-pay" proposal. As part of the Compensation Committees' oversight of Carnival Corporation & plc's executive compensation programs, their commitment to ensure that Carnival Corporation & plc's executive compensation programs are effective in achieving its key objectives, and in response to these results, the Compensation Committees engaged in outreach efforts with our major shareholders to gather feedback regarding our executive compensation program. We reached out to 25 of our top shareholders and requested meetings to discuss our executive compensation practices. We ultimately received positive responses from, and held one-on-one conversations with, approximately half representing approximately 44% of our outstanding shares. The purpose of these discussions, which included meetings between the shareholders and the Chairman of our Compensation Committees, the Chairman of the Boards, the Chief Executive Officer or the Chief Financial Officer and our Vice President of Investor Relations, was to gain insight and perspective on our executive compensation programs and policies. Based in part on the feedback from these engagements, and with feedback, advice and recommendations on the compensation best practices from its independent external compensation consultant, Frederic W. Cook & Co., Inc. ("FWC"), the Compensation Committees approved several changes to the NEOs' pay program for fiscal 2014 and will continue to evaluate the executive compensation programs and policies for future years.

HIGHLIGHTS OF EXECUTIVE COMPENSATION PROGRAM CHANGES

- **Annual Incentive Bonus Programs**
  - ➢ Eliminated guaranteed minimum bonus payments.
  - ➢ Increased enterprise-wide performance component of the funding formula for brand CEOs to drive strategic goals enterprise-wide.
  - ➢ Increased emphasis on performance in health, environment, safety and security ("HESS") by strengthening the degree to which it impacts bonus payouts.
  - ➢ Revised approach used to set Operating Income Targets that resulted in a 5.1% higher fiscal 2014 Operating Income Target performance requirement than would have resulted using the prior approach.
  - ➢ Added clawback features that require reimbursement of all or a portion of bonus payments received by the participant if a participant's wrongdoing results in a material restatement of our financial statements.
- **Long-Term Equity Programs**
  - ➢ Added a return on invested capital ("ROIC") metric to the annual performance-based share grants to provide for payouts based on the achievement of multiple financial metrics and not a single metric.
  - ➢ Approved a special performance-based equity grant to certain senior executives that is tied to the achievement of strong total shareholder return ("TSR") improvement over the next three years.
- **Stock Ownership Policy for Section 16 Officers**
  - ➢ Amended the policy to require that Section 16 Officers retain at least 50% of any net share-based awards received until their target ownership is achieved.

FISCAL 2014 COMPANY PERFORMANCE

We experienced strong financial and operating performance in fiscal 2014. Our solid operational and financial performance in fiscal 2014 reflects senior leadership's focus on executing our business strategies effectively to

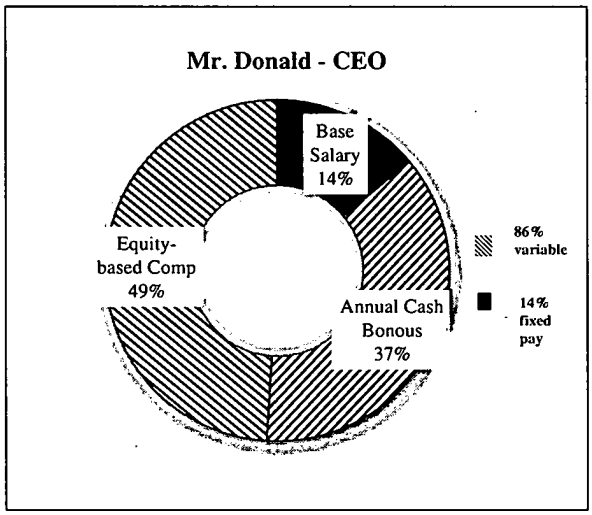
achieve our goals. This focus enabled us to deliver value to our shareholders in fiscal 2014, through our efforts to improve as we continue to address the challenges faced in past years and build for future success.

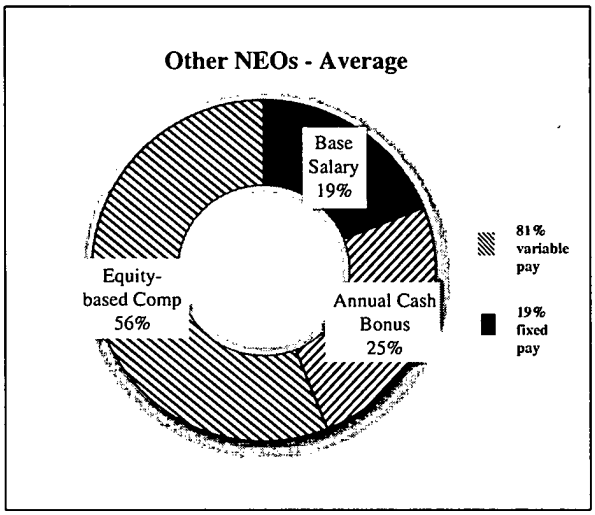
Fiscal 2014 Financial Results and Achievements

- Increased operating income by 32.5% to $1.79 billion,
- Continued to generate strong cash from operations of $3.4 billion in fiscal 2014 compared to $2.8 billion in fiscal 2013,
- Increased diluted non-GAAP earnings per share by 24.0% to $1.96,
- Continued a corporate-wide vessel enhancement program to improve emergency power capabilities, introduced new and enhanced fire safety technology and increased the level of operating redundancies,
- Introduced a number of innovative product enhancement initiatives, including a shipboard hybrid wireless network,
- Progressed in the emerging Asian cruise region by more than doubling our presence in China, launched our first season of cruising originating from Japan homeports,
- Continued successful fuel conservation initiatives, which have allowed us to reduce the rate of fuel consumption by more than 24% compared to fiscal 2007,
- Furthered our environmental efforts by successfully testing a new exhaust gas cleaning system technology that exceeds stricter air emissions standards, as well as mitigating higher fuel costs on our ships,
- Reduced CO2 emissions from shipboard operations by 20%, and
- Initiated plans to build a new state-of-the-art campus for our world-class maritime training and research facility, and
- Made significant changes to our leadership team, work processes and incentive programs to encourage and enable us to more efficiently collaborate, coordinate and communicate with each other, thus further optimizing our operations.

FISCAL 2014 NEO COMPENSATION TARGET PAY MIX

The compensation elements for our NEOs consist of base salary, an annual cash bonus and equity-based compensation. We have reinforced our commitment to strengthening the link between pay and performance for our executive officers through inclusion of variable compensation components. Our philosophy is to place greater emphasis on performance-based pay elements.





Consistent with our philosophy regarding the importance of pay for performance, approximately 86% of Mr. Donald's fiscal 2014 compensation consists of variable, performance-based annual cash bonuses and equity-based compensation. The Other NEOs compensation consists of 81% variable, cash bonuses and equity-based compensation. Further evidencing our commitment to the pay for performance philosophy, no payout was made for the fiscal 2012-2014 performance-based equity grant since the threshold EPS performance goal was not achieved.

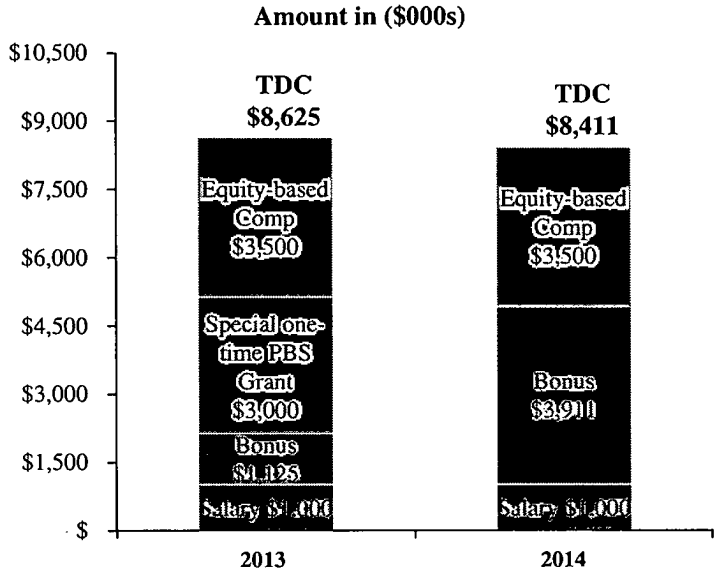
The Other NEOs fiscal 2014 equity-based compensation percentage includes a special future performance-based equity grant. Mr. Donald received a special performance-based equity grant in fiscal 2013, which is not reflected in the chart above.

2014 CEO COMPENSATION COMPONENTS

Base Salary	Remained unchanged for fiscal 2014.
Annual Incentive Plan	An annual bonus aligned with Carnival Corporation & plc's fiscal 2014 financial performance. In fiscal 2014, Carnival Corporation & plc's operating income increased 32.5% from fiscal 2013. As a result, the annual cash bonus awarded to Mr. Donald was 147.6% of his target bonus for fiscal 2014.
Annual PBS Grant	40% of annual equity-based compensation. PBS grant provides a future compensation opportunity based on weighted EBIT and ROIC performance goals over a three-year period (2014-2016), as modified for our TSR rank relative to the Peer Group, with payout contingent on continued service.
Annual TBS Grant	60% of annual equity-based compensation. TBS grant is subject to three-year vesting condition. The ultimate value of the shares is subject to stock price fluctuation during the vesting period which further aligns compensation with shareholder outcomes.

Comparison of Fiscal 2014 and Fiscal 2013 CEO Total Direct Compensation ("TDC")

Mr. Donald's total direct compensation decreased by 2.5% in fiscal 2014, primarily due to the one-time special PBS grant offset by a higher cash bonus in fiscal 2014 due to a full year of service.



(1) Fiscal 2013 Salary reflects Mr. Donald's base salary for fiscal 2013 as if he had served for the full year, to better represent the year-over-year change.

(2) Fiscal 2013 equity-based compensation includes a special one-time PBS grant of $3,000,000 made to Mr. Donald as disclosed in last year's proxy statement and a guaranteed bonus payment for fiscal 2013, both made under the terms of his employment agreement.

OVERALL PHILOSOPHY AND OBJECTIVES

The objectives of the Compensation Committees with respect to executive compensation are to create competitive compensation packages that provide both short-term rewards and long-term incentives for positive individual and corporate performances and to ensure the alignment of the financial interests of our executive officers and our shareholders. To help strengthen that linkage, the Compensation Committees' philosophy is to place appropriate emphasis on the variable elements of compensation, such as the annual cash bonus and equity-based compensation. The Compensation Committees seek to provide total direct compensation for each NEO that is competitive for the market (as described below under "Competitive Market (Peer Group) Comparison"), adjusted as necessary to take into consideration a particular NEO's individual circumstances, as applicable (including the NEO's performance, experience and responsibility).

Most of our executive officers are located in the U.S., with others based in Europe. As a global entity, it is challenging to establish consistent compensation practices across geographic and operating company units that satisfy the particular requirements of all jurisdictions and local market demands. Since the largest presence of executive officers is in the U.S., our compensation policies primarily reflect U.S. market practices. However, the Compensation Committees seek to incorporate UK compensation principles, including those contained in the UK Corporate Governance Code, as far as practicable.

OVERVIEW OF TOTAL DIRECT COMPENSATION FOR 2014 AND COMPARISON TO 2013

Total Cash Compensation. Annual changes in total cash compensation for Carnival Corporation & plc's senior management team, including the NEOs, take into account changes in operating income as measured at the enterprise-wide and/or operating company levels. Other considerations impacting cash compensation include changes in responsibility, market pay positioning and comparisons to other Carnival Corporation & plc executives with similar responsibility levels.

The table below shows target and actual cash compensation for fiscal 2014 compared to target and actual cash compensation for fiscal 2013. Annual cash bonuses increased in fiscal 2014 from fiscal 2013, consistent with our improved operating performance.

NEO	Fiscal 2013 Salary Plus Target Bonus	Fiscal 2013 Salary Plus Actual Bonus	Fiscal 2014 Salary Plus Target Bonus	Fiscal 2014 Salary Plus Actual Bonus	Change from Fiscal 2013 Salary Plus Actual Bonus	Change from Fiscal 2013 Salary Plus Target Bonus
Arnold W. Donald (actual prorated)[1]	$ 1,541,667	$ 1,541,667	$ 3,650,000	$ 4,911,400	218.6%	136.8%
Arnold W. Donald (annualized)[2]	$ 3,700,000	$ 3,700,000	$ 3,650,000	$ 4,911,400	32.7%	(1.4%)
David Bernstein	$ 1,205,000	$ 912,200	$ 1,575,000	$ 2,005,000	119.8%	30.7%
Alan Buckelew[3]	N/A	N/A	$ 1,925,000	$ 2,350,000	N/A	N/A
Gerald R. Cahill	$ 1,931,250	$ 1,364,750	$ 1,931,250	$ 2,428,250	77.9%	0.0%
Michael Thamm[4]	€ 1,600,000	€ 1,150,000	€ 1,600,000	€ 1,950,000	69.6%	0.0%

(1) Reflects Mr. Donald's base salary from July (five months) and bonus payment for fiscal 2013 pursuant to his employment agreement.
(2) Reflects Mr. Donald's base salary and bonus payment for fiscal 2013 as if he had served for the full year, to better represent the year-over-year change.
(3) Mr. Buckelew is an NEO for the first time in 2014.
(4) Mr. Thamm's base salary and bonus is payable in euros. For fiscal 2013, his base salary and target bonus is equivalent to $2,112,000 and his base salary and actual bonus is equivalent to $1,518,000 when converted to U.S. dollars at the average exchange rate for fiscal 2013 of $1.32:€1. For fiscal 2014, his base salary and target bonus is equivalent to $2,144,000 and his base salary and actual bonus is $2,613,000 when converted to U.S. dollars at the average exchange rate for fiscal 2014 of $1.34:€1.

Total Direct Compensation. In addition to the annual cash bonuses, individual equity grants (both the TBS grants and the PBS grants) take into account the scope of the NEO's responsibilities and the NEO's performance and long-term retention considerations. The PBS grants provide compensation only to the extent specified performance targets are achieved over a three-year performance period. The changes in total direct compensation in fiscal 2014 from fiscal 2013 reflect primarily the same factors that explain the year-over-year change in NEO cash compensation.

The table below compares each NEO's year-over-year change in total direct compensation (salary, annual cash bonus and equity grants), both including and excluding the special PBS grant described below.

		Including Special PBS Grant		Excluding Special PBS Grant	
NEO	Fiscal 2013 Total Direct Compensation	Fiscal 2014 Total Direct Compensation	Change from Fiscal 2013 Total Direct Compensation	Fiscal 2014 Total Direct Compensation	Change from Fiscal 2013 Total Direct Compensation
Arnold W. Donald	$8,041,667[1]	$8,411,400	4.6%	N/A	N/A
David Bernstein	$1,842,200	$4,230,000	129.6%	$3,230,000	75.3%
Alan Buckelew[2]	N/A	$4,925,000	N/A	$3,925,000	N/A
Gerald R. Cahill	$2,849,750	$4,997,000	75.3%	$3,997,000	40.3%
Michael Thamm[3]	€2,132,920	€4,457,797	109.0%	€2,953,136	38.5%

(1) Includes a special one-time PBS grant made to Mr. Donald under the terms of his employment agreement as disclosed in last year's proxy statement.
(2) Mr. Buckelew is an NEO for the first time in 2014.
(3) Mr. Thamm's base salary and bonus is payable in euros. His total direct compensation is equivalent to $2,815,454 for fiscal 2013 when converted to U.S. dollars at the average exchange rate for fiscal 2013 of $1:32: €1. His total direct compensation is equivalent to $5,973,448 for fiscal 2014 when converted to U.S. dollars at the average exchange rate for fiscal 2014 of $1.34: €1. The Carnival plc restricted share units granted to Mr. Thamm are denominated in sterling. Because Mr. Thamm is compensated in euros, the value of the Carnival plc restricted share units granted for: (a) fiscal 2013 has been converted from sterling into euros based on the January 14, 2014 grant date exchange rate of €1.20:£1 and the July 16, 2013 grant date exchange rate of €1:16:£:1; and (b) fiscal 2014 has been converted from sterling into euros based on the December 27, 2013 grant date exchange rate of €1.20:£1, the January 12, 2015 grant date exchange rate of €1.28:£1, and the April'16, 2014 grant date exchange rate of €1.21:£1.

The fiscal 2013 and fiscal 2014 compensation values included in the above table reflect the fair value of TBS grants made in January 2014 (granted in fiscal 2014 based upon fiscal 2013 performance) and January 2015 (granted in fiscal 2015 based upon fiscal 2014 performance), respectively. Under SEC disclosure rules, TBS grants that were not made until fiscal 2015 do not appear in the "Grants of Plan-Based Awards in Fiscal 2014" table or the "Summary Compensation Table" for fiscal 2014, even though these grants are compensation for fiscal 2014. Instead, the grants made in January 2014 (based on 2013 performance) appear in the "Summary Compensation Table" for fiscal 2014. However, the Compensation Committees believe that the TBS grants made in fiscal 2015 are properly considered as part of the NEOs compensation for fiscal 2014 performance (in the same way that bonuses paid in fiscal 2015 are treated as compensation for fiscal 2014 performance). Because PBS grants depend on future performance, the Compensation Committees believe that the PBS grants (unlike the TBS grants) should be considered as compensation for the fiscal year in which they are granted, which is how such values are reflected in the table above.

With respect to the special PBS grant made to each of the NEOs in fiscal 2014 other than Mr. Donald (as described in more detail below), the value included in the table is the grant value approved by the Compensation Committees. This value is different than the grant date fair value as determined for financial accounting purposes, which is required under SEC rules to be included in the "Summary Compensation Table" and the "Grants of Plan-Based Awards in Fiscal 2014" table.

PROCESS FOR MAKING COMPENSATION DETERMINATIONS

The Compensation Committees determine the compensation policy and the compensation payable to all of our executive officers, including Carnival Corporation & plc's Chief Executive Officer and Chief Financial Officer. The Compensation Committees interact with the management of Carnival Corporation & plc on compensation issues primarily through communications, meetings and discussions with Mr. Donald, the Chairman of the Boards of Directors and the Chief Human Resources Officer, who also attend meetings of the Compensation Committees as requested by the Compensation Committees. As part of the fiscal 2014 annual compensation determination process, Mr. Donald and the Chairman of the Boards of Directors recommended to the Compensation Committees key initiatives and goals for Carnival Corporation & plc at the beginning of each year. After the fiscal year was completed, Mr. Donald and the Chairman of the Boards of Directors reviewed with the Compensation Committees the results of those initiatives, progress towards goals and other material items relating to overall Carnival Corporation & plc performance. The compensation for the NEOs was then determined by the Compensation Committees using their discretion to evaluate the individual performance of the NEOs and the overall performance of Carnival Corporation & plc.

The Compensation Committees believe that the incentive structure for senior management does not raise environmental, social or governance risks by inadvertently motivating irresponsible behavior, and that risks arising from Carnival Corporation & plc's compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on Carnival Corporation & plc. Please refer to the section of the proxy statement entitled "Compensation Risk Assessment" for additional information.

Compensation Consultant

The Compensation Committees have engaged a consultant from FWC to assist in their annual review of our executive and director compensation programs. The Compensation Committees believe that FWC provided objective advice to the Compensation Committees.

During fiscal 2014, a consultant from FWC attended meetings of the Compensation Committees and provided FWC's views on proposed actions by the Compensation Committees.

In accordance with the New York Stock Exchange rules relating to compensation consultant independence in accordance with the provision of Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection

Act, the Compensation Committees have determined that FWC and their consultants are independent after taking into consideration the factors set forth in the New York Stock Exchange rules. Pursuant to the foregoing factors, the Compensation Committees have determined that FWC's work raised no conflicts of interest.

Peer Group Characteristics

The Compensation Committees perform an annual review of the compensation practices of certain other publicly-listed companies with the assistance of its consultant when determining each element of NEO compensation. This annual market assessment consists of an analysis of top officer pay at a group of publicly-listed peer companies listed below (the "Peer Group"). Based on the recommendations of FWC, the Compensation Committees approved the Peer Group before the annual assessment commenced. The Peer Group used when assessing the fiscal 2014 compensation for the NEOs, which remains unchanged from fiscal 2013, consisted of 13 U.S. publicly-listed companies comparable to Carnival Corporation & plc across one or more of the following factors: revenue, market capitalization, operating income, total assets, reported full-time employees, nature of business and complexity of business; and reflect a balanced group of media, entertainment, consumer goods and services and retailing companies. Notwithstanding the use of this Peer Group, the Compensation Committees believe there are no public companies that are directly comparable to Carnival Corporation & plc in terms of comparing executive officer pay. The only direct peers are Norwegian Cruise Line Holdings Ltd. and Royal Caribbean Cruises Ltd., which are substantially smaller corporations with significantly less revenue than Carnival Corporation & plc. The other selected companies have some characteristics similar to Carnival Corporation & plc, but they also have some significant differences.

Current Peer Group Companies

Colgate-Palmolive Company
Macy's, Inc.
General Mills, Inc.
Marriott International, Inc.
McDonald's Corporation
NIKE, Inc.
Royal Caribbean Cruises Ltd.
Starbucks Corporation
Starwood Hotels & Resorts Worldwide, Inc.
Target Corporation
The DIRECTV Group, Inc.
The Walt Disney Company
Yum! Brands, Inc.

Competitive Market (Peer Group) Comparison

Annually, the Compensation Committees' independent consultant conducts a competitive market review to assist the Compensation Committees in their assessment of the NEOs' competitive positioning of total compensation relative to the markets in which Carnival Corporation & plc competes for executive talent. FWC conducted a competitive market assessment on behalf of the Compensation Committees for fiscal 2014. The Compensation Committees reviewed our aggregate NEO total compensation in comparison to the competitive market, which consists of the Peer Group as well as third-party surveys that reflect a broad database pool of hundreds of companies. The Compensation Committees were not provided with the identities of the companies in the surveys generally (or of the subsets of companies which had data for relevant comparable positions). As applicable, any utilized survey data was combined with the data for the Peer Group to produce a consolidated aggregated competitive market range for total direct compensation.

These analyses suggest that, in the aggregate, total direct compensation levels for Carnival Corporation & plc's NEOs are competitively positioned. Consistent with the approach that the Compensation Committees take in reviewing each element of total direct compensation, the Compensation Committees utilize these analyses to assess the extent to which the compensation provided to the NEOs is generally consistent with that offered by companies with whom Carnival Corporation & plc competes for executive level talent. The Compensation Committees do not use these analyses to peg any particular element of compensation (or total compensation) to any specific targeted Peer Group level.

NEO COMPENSATION DESIGN AND ELEMENTS

The compensation elements for our NEOs consist of base salary, an annual cash bonus, equity-based compensation, retirement benefits and perquisites.

The compensation practices for each of our NEOs vary in order to reflect the organizational structure of Carnival Corporation & plc. Three of our NEOs (Messrs. Donald, Bernstein and Buckelew) had company-wide roles during fiscal 2014 and two of our NEOs (Messrs. Cahill and Thamm) were chief executive officers of one or more operating units during fiscal 2014. As a result, the compensation practices for these two groups are different. For example, the annual cash bonuses for the NEOs with company-wide roles are based primarily on company-wide operating income. Conversely, and in order to more closely align pay results with their performance, the annual cash bonuses of the NEOs who are chief executive officers of operating units are weighted 50% on the operating unit operating income and 50% on the company-wide performance. The benefits and perquisites and certain elements of the equity-based awards vary among the NEOs to reflect local market practices where an NEO resides.

In determining the amount of any particular compensation element, the Compensation Committees consider the impact of such an element on total compensation (and thus, indirectly each element affects the amount paid in respect of other elements of compensation). For example, the Compensation Committees consider the amount of the base salary and annual bonus that may be earned by an NEO when granting an equity award. However, the annual bonus and equity-based compensation awards are set independently on the basis of dollar values (and are not set or determined as a fixed percentage of base salary).

Base Salaries

A. General

Base salaries are intended to provide a level of fixed compensation that reflects each NEO's level of responsibility. Base salaries for fiscal 2014 of our NEOs are reported in the "Summary Compensation Table." The Compensation Committees annually review each NEO's performance and may increase the base salary of each NEO in their discretion if merited by performance or other market factors necessary to attract and retain our executives.

Salaries for fiscal 2014 were established for NEOs in January 2014 after performance results for the prior fiscal year were available. Mr. Donald reviewed the annual competitive market analysis provided by the consultant, as well as individual and operating unit performance, and provided the Compensation Committees with recommended salaries for each NEO. The recommendations included a review of each NEO's individual performance for the prior fiscal year.

B. 2014 Base Salaries and Analysis

At the beginning of fiscal 2014, Mr. Donald recommended to the Compensation Committees that there be no increase in the base salaries for the NEOs for fiscal 2014, other than for Mr. Bernstein (which is consistent with the lack of increase provided to other members of senior management). Mr. Donald recommended that Mr. Bernstein receive an increase to his base salary for fiscal 2014 to reflect his increased responsibilities overseeing Carnival Corporation & plc's global casino operations. The Compensation Committees accepted Mr. Donald's recommendations.

As a result, the base salaries for fiscal 2014 were as follows:

NEO	Fiscal 2013 Base Salary	Fiscal 2014 Base Salary	Percentage Increase (%)
Arnold W. Donald	$1,000,000[1]	$1,000,000	0
David Bernstein	$ 595,000	$ 675,000	13.4
Alan Buckelew	N/A	$ 825,000	N/A
Gerald R. Cahill	$ 798,250	$ 798,250	0
Michael Thamm	€ 700,000[2]	€ 700,000[2]	0

(1) Reflects the annual base salary if Mr. Donald had served as President and Chief Executive Officer for all of fiscal 2013. As noted in the Summary Compensation Table, Mr. Donald's actual base salary was pro-rated from July 3, 2013 for a total of $416,667.

(2) Mr. Thamm's base salary is payable in euros. His base salary is equivalent to $924,000 for fiscal 2013 when converted into U.S. dollars at the average exchange rate for fiscal 2013 of $1.32:€1 and $938,000 for fiscal 2014 when converted into U.S. dollars at the average exchange rate for fiscal 2014 of $1.34:€1.

Annual Cash Bonuses

A. General

The performance-related annual cash bonus is the most significant cash compensation feature of our executive compensation program. In fiscal 2014, each NEO's target bonus comprised the majority of their respective total cash compensation opportunity, supporting Carnival Corporation & plc's objective to emphasize pay for performance. Annual cash bonus payments are intended to reward short-term individual, corporate, and operating unit performance results and achievements. The emphasis on the annual cash bonus as compared to base salary allows Carnival Corporation & plc greater flexibility in rewarding favorable individual and overall company performance.

B. 2014 Annual Cash Bonuses and Analysis

For fiscal 2014, the annual cash bonuses for NEOs were determined in accordance with the annual bonus programs described below.

The Corporate Plan

Messrs. Donald, Bernstein and Buckelew, who have enterprise-wide roles, participate in the Carnival Corporation & plc Management Incentive Plan for the CEO, COO and CFO (the "Corporate Plan"). The Corporate Plan is designed to focus the attention of these NEOs on achieving outstanding performance results as reflected by income from the operations of Carnival Corporation & plc as well as other relevant measures.

Under the Corporate Plan, the Corporation Operating Income Target and target bonus for each participant is established by the Compensation Committees for each plan year. "Corporation Operating Income" is defined in the plan to mean the non-U.S. Generally Accepted Accounting Principles ("Non-GAAP") net income of Carnival Corporation & plc excluding interest income and expense, other non-operating income and expense and income taxes as reported by Carnival Corporation & plc for the plan year.

The "Corporation Operating Income Target" for each year is established by the Compensation Committees taking into account historical performance, investor guidance, company/industry growth, Carnival Corporation & plc's annual plan, consultation with management and such other factors as the Compensation Committees deem appropriate. In January 2014, the Compensation Committees set the Corporation Operating Income Target for fiscal 2014 at $1,614,030,000, which was approximately 5.1% more than the actual adjusted Corporation Operating Income achieved in fiscal 2013. The Compensation Committees believed that this target represented a challenging performance goal and was meaningfully higher than the actual results for fiscal 2013. Historically, the Compensation Committees set the Corporation Operating Income Target by reference to the Carnival

Corporation & plc's December earnings guidance. For fiscal 2014, however, the Compensation Committees chose to set the Corporation Operating Income Target at a level that was 5% greater than it would have been had this historical practice been followed for fiscal 2014. The Compensation Committees elected to change the target-setting methodology to ensure that an appropriate Corporation Operating Income Target was established, which may not always be the result with the application of the historic formulaic approach.

Under the Corporate Plan, the preliminary bonus amount payable depends upon the amount of Corporation Operating Income achieved as compared to the Corporation Operating Income Target as follows:

Plan Provisions		
Corporation Operating Income (in thousands)	**Performance Level (% of Target Achievement)**	**Payout Percentage[1]**
<$1,210,523	Below Threshold (<75%)	0%
$1,210,523	Threshold (75%)	50%
$1,614,030	Target (100%)	100%
$2,017,538	Maximum (125%)	200%

(1) The payout curve includes three different slopes as follows: (a) between Threshold and Target, (b) between Target and 105% performance and (c) between 105% and Maximum. Payouts between these points are calculated using interpolation.

In January 2014, the Compensation Committees set the fiscal 2014 target bonuses under the Corporate Plan at $2,650,000 for Mr. Donald, $900,000 for Mr. Bernstein and $1,100,000 for Mr. Buckelew. These amounts were established by the Compensation Committees after taking into consideration the competitive market analysis (described above), historical bonus payout levels, the more challenging Corporation Operating Income Target established by the Compensation Committees for fiscal 2014, the elimination of any minimum guaranteed bonus under the Corporate Plan and the Compensation Committees' philosophy to place greater emphasis on performance-based pay elements.

Mr. Donald's annual bonus for fiscal 2013 had been fixed pursuant to his employment agreement. Mr. Bernstein's fiscal 2014 target bonus represented a 47.5% increase from his fiscal 2013 target bonus, reflecting his increased responsibilities overseeing global casino operations as well as the Compensation Committees desire to align his target cash compensation closer to the market median.

Following the end of fiscal 2014, the Compensation Committees confirmed preliminary funding bonus amounts for the NEO participants based on the actual Corporation Operating Income results achieved during fiscal 2014. Under the terms of the Corporate Plan, the Compensation Committees then considered other factors deemed relevant to the performance of Carnival Corporation & plc. One such factor is our HESS performance, as determined by the HESS Committees. To make this annual determination, the HESS Committees meet regularly with members of the Maritime Policy Department and senior management to review an extensive analysis of each brand's and Carnival Corporation & plc's enterprise-wide performance in HESS-related areas tracked throughout the course of the fiscal year. Based on its review of these factors, the Compensation Committees approved adjustments to actual Corporation Operating Income for fiscal 2014 to take into account the effects of ship impairments, gains and losses on ship sales, restructuring expenses, multi-employer pension plan expenses for pre-DLC employee service benefits and HESS performance. After taking all of these adjustments into consideration (and with no specific weight applied to any one factor), the Compensation Committees certified an adjusted Corporation Operating Income amount for fiscal 2014 that was 112.7% of the fiscal 2014 Corporation Operating Income Target. This figure was also 18.4% higher than the Corporation Operating Income for fiscal 2013 (which was also determined taking into account similar adjustments), and resulted in a preliminary bonus equal to 147.6% of a participant's target bonus.

The adjusted Corporation Operating Income, performance levels and resulting actual performance level payouts for fiscal 2014 as approved by the Compensation Committees were as follows:

Actual Results and Payout		
Adjusted Fiscal 2014 Corporation Operating Income (in thousands)	Actual Percent of Target Achieved	Actual Fiscal 2014 Payout Percentage
$1,818,528	112.7%	147.6%

Mr. Donald made recommendations to the Compensation Committees for all NEO cash bonuses except for his own. The recommendations included a subjective review of the applicable fiscal year overall performance of each NEO. Mr. Donald also submitted his self-assessments to the Compensation Committees summarizing his own activities and results as compared to his goals, as well as Carnival Corporation & plc's overall performance.

Final bonus amounts were then determined by the Compensation Committees, taking into account Mr. Donald's recommendations and input from FWC. In making their determinations, including whether to vary bonuses from the amount determined under the bonus schedule included in the Corporate Plan, the Compensation Committees considered the factors summarized in the Executive Summary above, in addition to the competitive market compensation for each NEO and its subjective overall assessment of individual NEO performance in fiscal 2014. After taking into account the factors referred to above, together with an assessment of the individual performance of each of Messrs. Donald, Bernstein and Buckelew, the Compensation Committees determined their final bonus amounts as follows:

NEO	Fiscal 2014 Target Bonus		Actual 2014 Payout Percentage		Fiscal 2014 Actual Bonus	Fiscal 2013 Actual Bonus	Change from Fiscal 2013 Actual Bonus
Arnold W. Donald	$2,650,000	x	147.6%	=	$3,911,400	$1,125,000[1]	247.7%
David Bernstein	$ 900,000	x	147.8%	=	$1,330,000	$ 317,200	319.3%
Alan Buckelew	$1,100,000	x	138.6%	=	$1,525,000	N/A	N/A

(1) Pursuant to the terms of his employment agreement, Mr. Donald received a fixed payment of $1,125,000 for his 2013 bonus, to reflect the portion of the year during which he served as President and Chief Executive Officer.

The Brand Management Plan

Messrs. Cahill and Thamm participated in the Carnival Corporation & plc Brand Management Incentive Plan (the "Brand Management Plan"). The Brand Management Plan is designed to focus the attention of the employees of our cruise brands on achieving outstanding performance results as reflected in the operating income of the brand or group of brands they work for and the operating income of Carnival Corporation & plc, as well as other relevant measures.

Bonus funding under the Brand Management Plan for these NEOs is calculated by reference to a bonus schedule that calibrates the respective weighted Brand Operating Income Target (50%) and Corporation Operating Income Target (50%) for the fiscal 2014 plan year with the target bonus. The performance range in the bonus schedule is similar to the schedule in the Corporate Plan and ranges from 75% to 125% of the Operating Income Targets with results at less than 75% producing a preliminary bonus amount equal to zero, at 75% producing a preliminary bonus amount equal to 50% of the target bonus, 100% of the target bonus producing a preliminary bonus amount equal to 100% of the target bonus and at 125% or more producing a preliminary bonus amount equal to 200% of the target bonus. Results between threshold and target, between target and 105% performance and between 105% and maximum are calculated using interpolation. Importantly, for fiscal 2014 and future years, the Compensation Committees eliminated any minimum guaranteed bonus under any of the annual bonus programs applicable to the NEOs, including Messrs. Cahill and Thamm.

Under the Brand Management Plan, "Brand Operating Income" means the Non-GAAP net income of the respective brand (or group of brands) excluding interest income and expense and other non-operating income and expense and income taxes, as reported by the brand (or group of brands) for the plan year. The "Brand Operating Income Target" for each year is established by the Compensation Committees taking into account historical performance, company/industry growth, the brand's or brand group's annual plan, consultation with management and such other factors as the Compensation Committees deem appropriate. The Brand Operating Income Targets and the actual Brand Operating Income achieved for fiscal 2014 were measured using a constant fuel price per ton. The Corporation Operating Income Target and Corporation Operating Income for fiscal 2014 are as described above for the Corporate Plan.

The Compensation Committees considered the attainment of each brand's Brand Operating Income Target for fiscal 2014 to be achievable but challenging given each brand's fiscal 2013 performance. The fiscal 2014 Brand Operating Income Target for Carnival Cruise Lines (applicable to Mr. Cahill) and the Costa Group (applicable to Mr. Thamm) were approximately 13.9% and 60.2%, respectively, more than the actual adjusted Brand Operating Income achieved in fiscal 2013. The Compensation Committees believed that these targets represented challenging performance goals and were both meaningfully higher than the actual results for fiscal 2013.

For fiscal 2014, the Compensation Committees established the target bonus for Messrs. Cahill and Thamm at $1,133,000 and €900,000, respectively, representing no increase from their fiscal 2013 target bonus opportunities.

Following the end of fiscal 2014, the Compensation Committees confirmed funding bonus amounts for Messrs. Cahill and Thamm based on the actual Brand Operating Income for their applicable brand, adjusted to reflect the impact of constant (prior year) fuel prices on fuel expense, and the actual Corporation Operating Income results achieved during fiscal 2014. As with the Corporate Plan, under the terms of the Brand Management Plan, the Compensation Committees then considered other factors deemed relevant to the performance of each brand. Based on its review of these factors, the Compensation Committees approved adjustments to each brand's Brand Operating Income for fiscal 2014 to take into account the effects of ship impairments, gains and losses on ship sales, restructuring expenses and HESS performance. After taking all of these adjustments into consideration (and with no specific weight applied to any one factor), the Compensation Committees certified an adjusted Brand Operating Income amount for Carnival Cruise Lines for fiscal 2014 that was 111.7% of its 2014 Brand Operating Income Target and for the Costa Group that was 110.4% of its 2014 Brand Operating Income Target. When these fiscal 2014 brand results were combined with the adjusted Corporate Operating Income results described above, the result was preliminary funding for Messrs. Cahill and Thamm, equal to 143.9% and 138.9% of their respective target bonuses.

After taking into account the factors and adjustments referred to above, together, with an assessment of the individual performance of each of Messrs. Cahill and Thamm, the Compensation Committees determined their final bonus amounts as follows:

NEO	Fiscal 2014 Target Bonus		Actual 2014 Payout Percentage		Fiscal 2014 Actual Bonus	Fiscal 2013 Actual Bonus	Change from Fiscal 2013 Actual Bonus
Gerald R. Cahill	$1,133,000	x	143.9%	=	$1,630,000	$566,500	187.7%
Michael Thamm[1]	€ 900,000	x	138.9%	=	€1,250,000	€450,000	177.8%

(1) Mr. Thamm's fiscal 2014 bonus is payable in euros. His bonus is equivalent to $594,000 for fiscal 2013 when converted into U.S. dollars at the average exchange rate for fiscal 2013 of $1.32:€1 and $1,675,000 for fiscal 2014 when converted into U.S. dollars at the average exchange rate for fiscal 2014 of $1.34:€1.

Equity-Based Compensation

A. General

The Compensation Committees award equity-based compensation to NEOs to provide long-term incentives and align management and shareholder interests. The Compensation Committees believe that a significant percentage of compensation should be equity-based, rather than paid in cash. The equity-based compensation program is designed to recognize scope of responsibilities, reward demonstrated performance and leadership, motivate future superior performance and align the interests of the executive with our shareholders. There are two different types of equity grants made to our NEOs and other key executives within Carnival Corporation & plc: PBS grants and TBS grants. PBS grants provide for performance-based vesting criteria and align our senior management team's long-term compensation opportunities with Carnival Corporation & plc's long-term performance. In addition, the value of TBS grants (as well as PBS grants) appreciates or depreciates based on the trading price of our shares and thus these awards also serve to link pay and performance.

Our equity-based compensation grants are made pursuant to the Carnival Corporation 2011 Stock Plan, the Carnival plc 2005 Employee Share Plan or the Carnival plc 2014 Employee Share Plan, which have been approved by Carnival Corporation & plc's shareholders. Messrs. Donald, Bernstein, Buckelew and Cahill receive equity grants under the Carnival Corporation 2011 Stock Plan. Mr. Thamm received equity grants under the Carnival plc 2005 Employee Share Plan during fiscal 2014 and under the Carnival plc 2014 Employee Share Plan during fiscal 2015.

The specific equity grants made to NEOs reflect the desire of the Compensation Committees to have a substantial portion of compensation be in the form of equity-based compensation. The number and form of equity grants made annually to our NEOs are determined both in the discretion of the Compensation Committees and pursuant to certain agreements with certain NEOs. Existing ownership levels are not a factor in award determinations, as the Compensation Committees do not want to discourage executives from holding significant amounts of Carnival Corporation and Carnival plc shares.

The number of equity grants made to the NEOs other than Mr. Donald in 2014 was determined by the Compensation Committees after reviewing the recommendation of Mr. Donald and the Chairman of the Boards of Directors, the other elements of the NEO's current year compensation, and taking into account the position and role of the NEO, his individual performance in the preceding fiscal year and historically, and his perceived future value to Carnival Corporation & plc. The Compensation Committees also review the competitive market assessment for long-term incentive compensation provided by the consultant to confirm that the value of an NEO's aggregate equity-based compensation and total direct compensation remains generally competitive. As discussed previously in "Overview of Total Direct Compensation for 2014 and Comparison to 2013," individual equity grants are not directly linked to operating income results or other company or individual performance from the prior year. Similar to the approach taken for the other NEOs, the number of equity grants made to Mr. Donald was determined by the Compensation Committees after consultation with their compensation consultant, in accordance with his employment agreement entered into when he was recruited and taking into account his role, performance, perceived future value and competitive market position.

B. Disclosure and the Timing of Equity-Based Compensation

The Compensation Committees met in April 2014 to determine the PBS grants made as part of the equity-based compensation for key executives in fiscal 2014.

While the size of the TBS grant made to each NEO at the beginning of each fiscal year is influenced by the NEO's experience and long-term prior performance, the vesting of these grants made to the NEOs is not subject to performance criteria. Although the TBS grants are not solely based on the preceding fiscal year's performance, the Compensation Committees believe that discussion of these equity-based compensation awards made after a fiscal year end is important to an understanding of overall NEO compensation for the preceding fiscal year. Thus,

in the next section of this Compensation Discussion and Analysis, the Compensation Committees discuss not only the TBS grants made in early fiscal 2015, but also the TBS grants made in early fiscal 2014 (which were discussed previously in last year's proxy statement but first appear in the "Summary Compensation Table" and "Grants of Plan-Based Awards in Fiscal 2014" table in this year's proxy statement).

The Compensation Committees determined the number of PBS and TBS grants to make to the NEOs and all other participants based on the value of the shares rather than based on share numbers. Basing equity grants on value facilitates comparisons to external market references and also to other forms of remuneration such as salaries, bonuses and benefits. Value-based equity grants help Carnival Corporation & plc more effectively manage stock compensation expense.

C. Special PBS Grant Made to NEOs (other than Mr. Donald)

Mr. Donald has made significant changes to the senior leadership team as well as the structure in which they work to jointly direct the operations and strategies of our brands across the entire corporation. The fundamental objective of this new focus is to leverage the scale of our worldwide businesses with the goal to profitably grow our cruise business and increase our return on invested capital, reaching double digit returns in the next three to four years, while maintaining a strong balance sheet. In order to incentivize and focus the NEOs during this critical transition period to achieve these broader goals beyond the individual brands or departments for which they have responsibility and strengthen the alignment between compensation opportunities and shareholder outcomes over the next three years, the Compensation Committees granted a special PBS grant to Messrs. Bernstein, Buckelew, Cahill, and Thamm with a target value of $1,000,000 each. This value was determined to be an appropriate incentive after taking into consideration the overall compensation of the NEOs, as well as the potential accounting expense associated with the awards. Mr. Donald received a special PBS award in fiscal 2013 so did not participate in this grant. The special PBS grant is entirely performance-based and the ultimate value is contingent upon Carnival Corporation & plc's TSR over the next three years. The Compensation Committees believe that these special PBS awards provide the NEOs with meaningful upside tied explicitly to shareholder outcomes, create alignment among the NEOs and Mr. Donald, and are reasonable in size taking into account the target total direct compensation opportunities afforded to the NEOs in fiscal 2014.

The special PBS grant requires an absolute TSR condition that is linked to Carnival Corporation & plc's TSR as follows:

TSR over 3 years	Less than 5% per year	Between 5% and 17% per year	17% per year or greater
Vesting	0%	At 5%, 0.2x the shares initially granted will vest increasing by 0.2x for each additional 0.5% TSR so the multiple becomes 5x at 17%	5x the initial number of shares awarded subject to a cap that the number of shares be reduced to such shares as have a value equal to $8 million if, at the end of the performance period, they would then be worth more than $8 million

While dividends are taken into account in assessing the TSR calculation, the shares that vest do not accrue any dividends over the performance period. TSR is calculated using the 90-day average stock price as of December 27, 2013 of $35.11 for the awards based on Carnival Corporation shares and £21.96 for the awards based on Carnival plc shares and the 90-day average stock price as of December 27, 2016. At the end of the three-year performance period, 50% of the earned shares will immediately vest and the other 50% will vest 12 months later, if the NEO continues to be employed with us.

In the event of departure before the end of the performance period, the special PBS grant will generally lapse, except in certain situations identified in the special PBS grant agreement in which case the shares shall vest in respect of the target level (generally subject to pro-rating for the period actually worked). In the event of a change in control, the shares shall vest according to the performance condition pro-rated through the change in control date.

D. Annual PBS Grants

The PBS grants made to the NEOs and other key executives in fiscal 2014 vest zero to 200% of target based upon the extent to which (1) EBIT, as adjusted for certain fuel price changes, for each of the three fiscal years in the 2014-2016 performance cycle and (2) ROIC for the single three-year performance cycle, exceed specified performance goals, as modified up or down by up to 25% at the end of the three year performance cycle for Carnival Corporation & plc's TSR rank relative to the Peer Group. Under the terms of the award, the EBIT result is weighted 75% and ROIC result is weighted 25%. If the TSR modifier increase applies, the maximum payout would be 200% of target. The EBIT and ROIC targets will be disclosed at the end of the performance period (as these targets are deemed strategic and commercially sensitive).

The Compensation Committees believe that growth in EBIT is a critical measure of Carnival Corporation & plc's ability to maintain and grow earnings over time. The grants further align an increasing proportion of the total compensation of key members of our management team (approximately 94 senior managers worldwide, including the NEOs) with the long-term growth of Carnival Corporation & plc. The Compensation Committees believe the inclusion of PBS grants into the compensation program for the NEOs demonstrates the Compensation Committees' continued focus on pay for performance and strengthens our commitment to aligning management compensation with shareholder outcomes.

The Compensation Committees approved the PBS grants to the NEOs after an evaluation of current market practice, the aggregate market positioning of total direct compensation, and the Compensation Committees' focus on increasing alignment between our NEO's pay outcomes and Carnival Corporation & plc's long-term performance.

The PBS grants made to the NEOs in April 2014 were as follows:

NEO	Target PBS Grants (#)	Grant Date Fair Value of PBS Grants[1]
Arnold W. Donald	38,314	$1,427,993
David Bernstein	11,631	$ 433,497
Alan Buckelew	15,736	$ 586,493
Gerald R. Cahill	12,828	$ 478,110
Michael Thamm	13,015	€ 354,192[2]

(1) The grant date fair value of the PBS grants is calculated in accordance with Accounting Standards Codification Topic 718, "Stock Compensation" ("ASC 718").

(2) The PBS grants made to Mr. Thamm are based on Carnival plc shares denominated in sterling. Because Mr. Thamm is compensated in euros, the value of the PBS grants made to Mr. Thamm has been converted from sterling into euros based on the April 16, 2014 grant date exchange rate of €1.21:£1.

E. TBS Grants Made During Fiscal 2015

All individuals who received awards during fiscal 2015 under the Carnival Corporation 2011 Stock Plan and the Carnival plc 2014 Employee Share Plan, including the NEOs, receive restricted shares or RSUs that cliff vest after three years, such vesting being in conformity with the UK Corporate Governance Code.

The Compensation Committees approved the equity-based awards to the NEOs after consideration of recommendations received from Mr. Donald and the Chairman of the Boards of Directors, as well as reviewing the scope of the NEO's responsibilities and the NEO's performance and long-term retention considerations. The TBS grants for the NEOs in January 2015 were as follows:

NEO	TBS Grants Restricted Shares/RSUs (#)	Grant Date Fair Value of TBS Grants[1]
Arnold W. Donald	45,366	$2,099,992
David Bernstein	17,282	$ 799,984
Alan Buckelew	21,602	$ 999,957
Gerald R. Cahill	23,763	$1,099,989
Michael Thamm	16,552	€ 648,944

(1) The grant date fair value of the TBS grants is calculated by reference to the price of Carnival Corporation common stock on the New York Stock Exchange on the date of grant. The TBS grants made to Mr. Thamm are based on Carnival plc shares denominated in sterling. Because Mr. Thamm is compensated in euros, the value of the TBS grants made to Mr. Thamm has been converted from sterling into euros based on the January 12, 2015 exchange rate of €1.28:£1.

F. TBS Grants Made During Fiscal 2014

TBS grants made during January 2014 were previously discussed in detail in our 2014 proxy statement. However, as discussed above, due to SEC disclosure rules, the grant date fair value of the grants detailed below are included in this proxy's "Summary Compensation Table" and "Grants of Plan-Based Awards in Fiscal 2014" table.

All participants in the Carnival Corporation 2011 Stock Plan and the Carnival plc 2005 Employee Share Plan, including the NEOs, received restricted shares or RSUs that cliff vest after three years, such vesting being in conformity with the UK Corporate Governance Code.

The Compensation Committees approved the TBS to the NEOs after consideration of recommendations received from Mr. Donald and the Chairman of the Boards of Directors as well as reviewing the scope of the NEO's responsibilities, the NEO's performance and long-term retention considerations. The TBS grants approved for the NEOs in January 2014 were as follows:

NEO	TBS Grants Restricted Shares/RSUs (#)	Grant Date Fair Value of TBS Grants[1]
Arnold W. Donald	50,578	$2,099,999
David Bernstein	14,932	$ 619,977
Alan Buckelew	18,545	$ 769,988
Gerald R. Cahill	26,493	$1,099,989
Michael Thamm[2]	20,870	€ 647,387

(1) The grant date fair value of the TBS grants is calculated by reference to the price of Carnival Corporation common stock on the New York Stock Exchange on the date of grant. The TBS grants made to Mr. Thamm are based on Carnival plc shares denominated in sterling. Because Mr. Thamm is compensated in euros, the value of the TBS grants made to Mr. Thamm has been converted from sterling into euros based on the January 14, 2014 exchange rate of €1.20:£1.

The TBS grants during fiscal 2014 are shown in the "Grants of Plan-Based Awards in Fiscal 2014" table and are included in the "Outstanding Equity Awards at 2014 Fiscal Year-End" table, and the grant date fair value of those shares is reflected in the "Summary Compensation Table."

Perquisites and Other Compensation

The NEOs are provided various perquisites believed by the Compensation Committees to be representative of common practices for executives in their respective countries. Some of Mr. Donald's and Mr. Thamm's

perquisites and other benefits are provided pursuant to terms of their employment agreements. The Compensation Committees, with the assistance of a consultant, review perquisites provided to the NEOs on a periodic basis and take into account each NEO's particular circumstances and overall level of compensation, and believe that perquisites provided by Carnival Corporation & plc continue to be an appropriate element of the overall compensation package used to attract and retain such officers.

The Compensation Committees have approved a policy to establish procedures and controls as to the authorized use of aircraft owned or chartered by Carnival Corporation & plc (the "Aircraft"). According to the policy, the Aircraft can only be used for business purposes. Guests may accompany these executives when traveling. The Compensation Committees have also agreed to allow Mr. Donald to use the Aircraft a maximum of 30 hours of personal use so long as the incremental cost to Carnival Corporation & plc does not exceed $200,000 per year. Once that threshold is reached, Mr. Donald will reimburse us for those costs. The Compensation Committees determined that the Aircraft usage policy and levels of usage and costs were consistent with those offered by large multinational companies like Carnival Corporation & plc.

The perquisites received by each NEO in fiscal 2014, as well as their incremental cost to Carnival Corporation & plc, are reported in the "Summary Compensation Table" and its accompanying footnotes.

POST-EMPLOYMENT COMPENSATION OBLIGATIONS

Carnival Corporation & plc does not have any change of control agreements that provide cash severance to our NEOs upon a change of control of Carnival Corporation & plc, with the exception of the employment agreement with Mr. Donald. Carnival Corporation & plc does not have employment agreements with any of our NEOs that provide cash severance benefits in connection with the termination of an executive's employment, with the exception of employment agreements with Mr. Donald and Mr. Thamm.

Mr. Donald's employment agreement, which is consistent with U.S. norms, provides for a three-year term, commencing October 14, 2013. If Mr. Donald wishes to leave prior to the end of the three-year term, he would generally need to give at least 60 days' written notice. In the event of his earlier termination by Carnival Corporation & plc without cause or by Mr. Donald for good reason (each as defined in his employment agreement), the employment agreement provides for compensation of one year's base salary and target bonus for the year of termination. In the event of termination in connection with or following a change of control, the multiple would be two times. Mr. Donald would also be entitled to continuation of his benefits in kind for a period of up to 18 months.

If Mr. Donald is terminated for cause or Mr. Donald gives notice without good reason (each as defined in his employment agreement), he will not be entitled to the above sums and will receive any accrued but unpaid salary and other benefits. He will not be entitled to receive a bonus in respect of the year of termination (and will only be entitled to a bonus for any year which has been completed prior to his termination). Any equity-based awards will be subject to the plan under which they were issued and the associated award agreements.

Mr. Thamm's employment agreement provides that he is generally entitled to an amount equal to one year's base salary and bonus as compensation for his agreement not to engage in competition with us. The Compensation Committees believe that the severance benefits provided to Mr. Thamm under his employment agreement are reasonable and in accordance with market practice in Italy. During 2014, the Compensation Committees entered into an amendment of Mr. Thamm's employment contract, primarily for the parties to agree that Mr. Thamm will participate in the Brand Management Incentive Plan beginning in fiscal 2014.

Upon termination of employment for certain circumstances or upon a change of control, our NEOs may be entitled to receive accelerated vesting of equity grants. Under the terms of the Carnival Corporation 2011 Stock Plan and the Carnival plc 2014 Employee Share Plan, however, the default provision upon a change in control would provide only for a "double trigger" acceleration of equity grants (such that no acceleration would occur

unless the participant's employment were subsequently terminated by Carnival Corporation & plc (or its successor) without cause). These benefits are provided under the terms of the plans pursuant to which the equity grants were awarded and under individual agreements with certain NEOs. However, none of the NEOs are entitled to receive any tax gross-up payments in respect of their severance benefits or accelerated equity grants. The benefits that our NEOs may be eligible to receive in connection with the termination of their employment or upon a change of control are described in detail in this proxy statement under the heading "Potential Payments Upon Termination or Change of Control."

The Compensation Committees believe that these arrangements are reasonable and encourage an executive to comply with post-termination non-compete and other restrictive covenants and to cooperate with us both before and after their employment is terminated.

Pensions and Deferred Compensation Plans

As part of the overall compensation program, Carnival Corporation & plc operates various group pension programs for certain of its executives. Under the Carnival Corporation pension programs, base salaries and annual cash bonuses were used to determine pension benefits.

Until January 1, 2009, Mr. Cahill received retirement benefits under the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees (the "Retirement Plan"). In light of the application of Section 457A of the U.S. Internal Revenue Code, the present value of any annual accruals after fiscal 2008 earned by eligible and participating employees (including participating NEOs) under the Retirement Plan are currently payable. See the information regarding defined benefit retirement plan benefits for each of the NEOs in the "Pension Benefits in Fiscal 2014" table. The benefit formula for these plans is described in the narrative immediately following this table.

Until January 1, 2009, Mr. Buckelew received retirement benefits under the Princess Cruises Supplemental Senior Executive Retirement Plan (the "Princess SERP"). As a result of the application of Section 457A, Mr. Buckelew's benefit under the Princess SERP was frozen as of December 31, 2008 and he has not accrued any additional benefits under the Princess SERP since that date.

In addition, until January 1, 2009, Messrs. Bernstein and Cahill also participated in the Carnival Corporation Fun Ship Nonqualified Savings Plan (the "Savings Plan"), which is a nonqualified defined contribution plan whereby certain executives may defer salary and/or bonus amounts into the Savings Plan. Because Mr. Bernstein was not a participant in the Retirement Plan, which was closed to participation prior to his commencement of employment, Carnival Corporation matched 50% of every dollar Mr. Bernstein deferred into the Savings Plan up to the lower of (i) 50% of the U.S. Internal Revenue Service qualified plan limitation (which in 2014 was $17,500, or $23,000 with catch-up contributions) or (ii) 6% of his annual base salary (before any pre-tax contributions from his pay and taxes) and bonus. Additional information regarding the Savings Plan is described in the narrative immediately following the "Nonqualified Deferred Compensation in Fiscal 2014" table. Information regarding nonqualified deferred compensation for each of the NEOs is shown in the "Nonqualified Deferred Compensation in Fiscal 2014" table.

Mr. Thamm does not participate in any pension or defined contribution plans sponsored by Carnival Corporation or Carnival plc.

As a result of Section 457A of the U.S. Internal Revenue Code, Carnival Corporation no longer provides future accruals under the Retirement Plan, the Princess SERP, the Savings Plan or the Salary Deferral Plan to its employees, including the NEOs.

In lieu of participation in the Retirement Plan or the Savings Plan, the Compensation Committees approved payment of an additional annual cash bonus directly to these employees in an amount equal to what would have

been deposited on behalf of those employees into those plans, less, as described below, any amount Carnival Corporation contributes to the Carnival Corporation Fun Ship Savings Plan, a 401(k) plan (the "401(k) Plan"). These payments are taxable as ordinary income.

Beginning with the 2010 calendar year, the 401(k) Plan was amended and currently allows Messrs. Donald, Bernstein, Buckelew and Cahill (as well as all other highly compensated employees) to defer a limited amount of compensation into the 401(k) Plan subject to nondiscrimination testing. Similarly, except for Mr. Cahill, Carnival Corporation shall make a matching contribution to the 401(k) Plan under the plan's formula, subject to nondiscrimination testing.

STOCK OWNERSHIP REQUIREMENTS

Our boards of directors and Compensation Committees believe it is important for executive officers and directors to build and maintain a long-term ownership position in Carnival Corporation or Carnival plc shares in order to align their financial interests with those of our shareholders and to encourage the creation of long-term value. Our compensation structure provides for a significant percentage of compensation to be equity-based, which places a substantial portion of compensation at risk over a long-term period. Accordingly, our Section 16 Officers, including our NEOs, are subject to a stock ownership policy. The policy specifies target ownership levels of Carnival Corporation or Carnival plc shares for each participant expressed in terms of the value of the equity holdings (including unvested restricted shares and RSUs) as a multiple of each Section 16 Officer's base salary as follows:

Officers	Ownership Target Multiple of Base Salary
Chairman and/or Chief Executive Officer	5X salary
Vice Chairman and/or Chief Operating Officer	4X salary
Other Section 16 Officers	3X salary

Current Section 16 Officers are expected to be in compliance with the stock ownership policy within five years of the date of the policy's adoption in January 2010. Individuals who are newly designated as Section 16 Officers are expected to be in compliance with the stock ownership policy within five years of the date of becoming a Section 16 Officer. All of our NEOs have either already complied with the stock ownership policy or are on target to comply within the five year period. Our Section 16 Officers are restricted from trading call and put options and entering into any hedging transactions with respect to our shares. Carnival Corporation & plc does not make any commitment to any persons covered by the stock ownership policy that they will receive any particular level of equity-based awards.

During 2014, the stock ownership policy was amended in line with best practices to provide that Section 16 Officers be required to retain at least 50% of the share awards received upon exercise or release after deducting the exercise price (of stock options) and withholding taxes, until their target ownership is achieved.

IMPACT OF REGULATORY REQUIREMENTS ON COMPENSATION

In making determinations regarding executive compensation, the Compensation Committees consider relevant issues relating to accounting treatment, tax treatment (both company and individual) and regulatory requirements. The global nature of Carnival Corporation & plc's operations necessarily means that monitoring these technical issues and considering their potential impact on the appropriate design and operation of executive remuneration programs is an increasingly complex exercise. Technical issues are evaluated in light of Carnival Corporation & plc's philosophy and objectives for executive compensation and its corporate governance principles, as described earlier in this Compensation Discussion and Analysis.

REPORT OF THE COMPENSATION COMMITTEES

The Compensation Committees have reviewed the Compensation Discussion and Analysis and discussed it with the management of Carnival Corporation & plc. Based on its review and discussions with management, the Compensation Committees recommended to our boards of directors that the Compensation Discussion and Analysis be incorporated by reference into the Carnival Corporation & plc joint Annual Report on Form 10-K for 2014 and included in the Carnival Corporation & plc 2015 proxy statement. This report is provided by the following independent directors, who comprise the Compensation Committees:

The Compensation Committee of Carnival Corporation	The Compensation Committee of Carnival plc
Randall J. Weisenburger, Chairman	Randall J. Weisenburger, Chairman
Richard J. Glasier	Richard J. Glasier
Laura Weil	Laura Weil

EXECUTIVE COMPENSATION

Although Carnival Corporation and Carnival plc are two separate entities, our business is run by a single management team. The following table sets forth the annual compensation for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers for the year ended November 30, 2014. Because Mr. Thamm lives in Italy, his compensation was payable in euros. These euro amounts have been converted into U.S. dollars at the average U.S. dollar to euro exchange rate for fiscal 2014 of $1.34:€1.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[2] ($)	All Other Compensation[3] ($)	Total ($)
Arnold W. Donald	2014	1,000,000	—	3,527,992	3,911,400	—	291,120	8,730,512
President & CEO	2013	416,667	1,125,000	5,845,134	—	—	469,549	7,856,350[4]
David Bernstein	2014	675,000	—	3,121,189	1,330,000	—	122,551	5,248,739
CFO	2013	595,000	—	914,458	317,200	—	132,586	1,959,244
	2012	548,333	—	889,983	353,800	—	145,341	1,937,457
Alan Buckelew	2014	825,000	—	3,424,196	1,525,000	—	296,680	6,070,876
Chief Operations Officer								
Gerald R. Cahill	2014	798,250	—	3,645,814	1,630,000	—	64,073	6,138,137
Former President and	2013	798,250	—	1,465,709	566,500	44,449	57,968	2,932,876
CEO of CCL	2012	798,250	—	1,484,982	1,298,418	493,780	64,078	4,139,508
Michael Thamm	2014	938,000	—	3,429,976	1,675,000	—	441,707	6,484,683
CEO of the Costa Group	2013	924,000	—	627,830	594,000	—	318,523	2,464,353

(1) No stock option grants were made in fiscal 2012 through 2014. The amounts included in the "Summary Compensation Table" reflect the grant date fair value, assuming no risk of forfeiture of the grants of Carnival Corporation restricted shares, Carnival Corporation RSUs and Carnival plc RSUs made to the named executive officers in fiscal 2014, calculated in accordance with ASC 718. The valuation of share-based grants is discussed in footnotes 2 and 12 to the financial statements in the Carnival Corporation & plc joint Annual Report on Form 10-K for the year ended November 30, 2014. The amounts reflect the grant date fair value (102% of target) of the annual PBS grants made in April 2014, calculated in accordance with ASC 718. The grant date fair value of the annual PBS grants assuming maximum performance (being 200% of target) is $2,855,987 for Mr. Donald, $866,993 for Mr. Bernstein, $1,172,987 for Mr. Buckelew, $956,220 for Mr. Cahill and $977,686 for Mr. Thamm. In December 2013, Messrs. Bernstein, Buckelew, Cahill and Thamm also received a special PBS grant so the amount for these named executive officers also reflects the grant date fair value (182% of target) of the special PBS grant. The special PBS grant is capped at a maximum value (being 800% of target) of $8,000,000 for Messrs. Bernstein, Buckelew, Cahill and Mr. Thamm. For the proceeds actually received by the listed officers upon exercise of options granted in prior years or the vesting of restricted shares or RSUs, see the "Option Exercises and Stock Vested for Fiscal 2014" table. For the grant date fair value of equity grants made to the named executive officers as compensation for fiscal 2014, which grants were made in January 2015, see the "Equity Grants Made During Fiscal 2015 as Compensation for Fiscal 2014" table.

(2) Represents the actuarial increase during the applicable fiscal year in the pension value for the plans in which each named executive officer participates. Carnival Corporation & plc does not pay above-market rates under its nonqualified deferred compensation plans. A description of these benefits is set forth in the "Pension Benefits in Fiscal 2014" and "Nonqualified Deferred Compensation Benefits in Fiscal 2014" tables. As disclosed in the footnotes and narrative to the "Pension Benefits in Fiscal 2014" table, the value of a portion of Mr. Cahill's benefits are distributed to him in the fiscal year following their accrual. As a result, this amount in this column already reflects the distribution of the prior year's accrual.

(3) See the "All Other Compensation Table" for additional information.

(4) Mr. Donald served as President and CEO for a portion of fiscal 2013, from July to November 2014.

The amounts set forth in the column entitled Stock Awards in the "Summary Compensation Table" do not represent the equity-based compensation granted to the named executive officers as compensation for fiscal

2014. As required by SEC rules and as described in note 1 to the "Summary Compensation Table," the amounts reported in this column only reflect the grants made during fiscal 2014. The amounts reported in this column do not include value associated with grants made in January 2015 that are described in the Compensation Discussion and Analysis. The equity grants made to the named executive officers in January 2015 as compensation for fiscal 2014 are as follows:

Equity Grants Made During Fiscal 2015 as Compensation for Fiscal 2014

Name	Grant Date Fair Value of Stock Awards[1] ($)	Option Awards ($)
Arnold W. Donald	2,099,992	0
David Bernstein	799,984	0
Alan Buckelew	999,957	0
Gerald R. Cahill	1,099,989	0
Michael Thamm	770,621	0

(1) The amounts are the full value of the TBS grants on January 12, 2015, the date the grants were made. The value for Carnival plc shares has been converted from sterling into U.S. dollars based on the January 12, 2015 exchange rate of $1.52:£1. The full grant date fair value for a grant is the amount that Carnival Corporation & plc will expense in its financial statements over the grant's vesting period or until the retirement eligibility date, if such date is earlier than the vesting date, when vesting is not contingent upon any future performance. The full grant date fair value may not correspond to the actual value that will be realized by the named executive officers.

All Other Compensation Table

Each component of the All Other Compensation column in the "Summary Compensation Table" is as follows:

Item	Arnold W. Donald ($)	David Bernstein ($)	Alan Buckelew ($)	Gerald R. Cahill ($)	Michael Thamm ($)
Compensation in lieu of Savings Plan profit sharing contribution	—	45,610	—	—	—
Private medical/health insurance costs and premiums[1]	36,103	46,739	37,642	28,536	—
Automobile lease or allowance	24,000	11,400	12,363	18,000	35,384
Personal use of Aircraft[2]	194,283	—	—	—	—
Other personal air travel[3]	8,604	3,909	13,942	9,944	—
Living accommodations and maintenance	—	—	—	—	179,030
Driver and Security	3,095	—	—	—	100,605
Relocation expenses	—	—	100,000	—	126,688
Vacation Payout from Subsidiary			125,187		
Other[3]	25,035	14,893	7,546	7,593	—
Total	**291,120**	**122,551**	**296,680**	**64,073**	**441,707**

(1) Certain of our named executive officers are eligible to participate in an executive health insurance program, which includes a fully insured plan and a secondary insured plan. Amounts reported represent the cost of the premiums paid on a named executive officer's behalf under these plans plus the additional costs of medical services rendered during the fiscal year. Named executive officers participating in this plan generally have until March 31, 2015 to submit their 2014 claims for reimbursement, and as a result, these amounts may increase. The maximum amount that may be reimbursed in any year under the secondary plan is $20,000.

(2) Represents the aggregate incremental cost to Carnival Corporation & plc for travel on the Aircraft not related to company business. The aggregate incremental cost for the use of the Aircraft for personal travel is calculated by multiplying the hourly variable cost rate for the Aircraft used by the hours used. The hourly variable cost rate primarily includes fuel, airport handling and other fees, aircraft repairs and maintenance, crew expenses and catering. The variable cost rate is recomputed annually to reflect changes in costs. Fixed costs which do not change based on usage, such as pilots' salaries, Aircraft depreciation and overhead costs, are excluded.

(3) Includes the total amount of other benefits provided, none of which individually exceeded $10,000 for the named executive officer. These other benefits include: accidental death or dismemberment insurance premiums, long-term disability insurance premiums, life and auto insurance premiums, automobile repairs and expenses, health or other club membership, spousal meals, second office expenses, tax planning and return preparation fees, the opportunity to travel on Carnival Corporation & plc cruise lines for reduced fares, the cost of tickets purchased by Carnival Corporation & plc used by the named executive officers or their guests on non-business occasions, employer contributions to a defined contribution plan and gross-ups for a portion of Mr. Buckelew's income taxes for his club membership.

Additional information with respect to Carnival plc's compensation and reimbursement practices during fiscal 2014 for non-executive directors is included in Part II of the Carnival plc Directors' Remuneration Report, which is attached as Annex B to this proxy statement.

Grants of Plan-Based Awards in Fiscal 2014

Equity grants and non-equity awards made to the named executive officers during fiscal 2014 are as follows:

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1] ($)			Estimated Possible Payouts Under Equity Incentive Plan Awards[2] (#)			All Other Stock Awards: Number of Shares of Stock or Units[3] (#)	Grant Date Fair Value of Stock Awards[4] ($)
Name	Grant Date	Threshold	Target	Maximum	Threshold	Target	Maximum		
Arnold W. Donald		1,325,000	2,650,000	5,300,000					
	1/14/2014							50,578	2,099,999
	4/16/2014				19,157	38,314	76,628		1,427,993
David Bernstein		450,000	900,000	1,800,000					
	12/27/2013				5,696	28,481	142,405		2,067,715
	1/14/2014							14,932	619,977
	4/16/2014				5,816	11,631	23,262		433,497
Alan Buckelew		550,000	1,100,000	2,200,000					
	12/27/2013				5,696	28,481	142,405		2,067,715
	1/14/2014							18,545	769,988
	4/16/2014				7,868	15,736	31,472		586,493
Gerald R. Cahill		566,500	1,133,000	2,266,000					
	12/27/2013				5,696	28,481	142,405		2,067,715
	1/14/2014							26,493	1,099,989
	4/16/2014				6,414	12,828	25,656		478,110
Michael Thamm		603,000	1,206,000	2,412,000					
	12/27/2013				5,518	27,591	137,955		2,056,370
	1/14/2014							20,870	884,763[5]
	4/16/2014				6,508	13,015	26,030		488,843[6]

(1) Represents the potential value of the payout of the annual cash bonuses under the management incentive plan applicable for each named executive officer for fiscal 2014 performance. The Non-Equity Incentive Plan awards for Messrs. Donald, Bernstein and Buckelew were made under the Corporate Plan. The Non-Equity Incentive Plan awards for Messrs. Cahill and Thamm were made under the Brand Management Plan. The actual amount of a named executive officer's annual cash bonus paid in fiscal 2015 for fiscal 2014 performance is shown in the "Summary Compensation Table" under the "Non-Equity Incentive Plan Compensation" column. For a more detailed description of the potential payout under each plan, see the description in the Compensation Discussion and Analysis under the section "2014 Annual Cash Bonuses."

(2) Represents the potential number of shares under the annual PBS grants and the special PBS grant made to Messrs. Bernstein, Buckelew, Cahill and Thamm. For a more detailed description of the potential payout under these PBS grants, see the description in the Compensation Discussion and Analysis under the sections "Annual PBS Grants" and "Special PBS Grant Made to Messrs. Bernstein, Buckelew, Cahill and Thamm."

(3) Represents the number of restricted shares of Carnival Corporation common stock underlying the TBS grants made to the named executive officers in fiscal 2014 granted under the Carnival Corporation 2011 Stock Plan, with the exception of Mr. Thamm who received Carnival plc RSUs under the Carnival plc 2005 Employee Share Plan.

(4) Represents the full grant date fair values of the stock grants made in fiscal 2014, which were determined based on the assumptions set forth in footnotes 2 and 12 to the financial statements in the Carnival Corporation & plc joint Annual Report on Form 10-K for the year ended November 30, 2014 (disregarding estimated forfeitures). The full grant date fair value for a grant is the amount that Carnival Corporation & plc will expense in its financial statements over the grant's vesting schedule or until the retirement eligibility date, if such date is earlier than the vesting date, when vesting is not contingent upon future performance. The full grant date fair value may not correspond to the actual value that will be realized by the named executive officers.

(5) The value for Carnival plc shares has been converted from sterling into U.S. dollars based on the January 14, 2014 exchange rate of $1.64:£1.

(6) The value for Carnival plc shares has been converted from sterling into U.S. dollars based on the April 16, 2014 exchange rate of $1.67:£1.

Narrative Disclosure to the "Summary Compensation Table" and the "Grants of Plan-Based Awards in Fiscal 2014" Table

Employment Agreements

Employment Agreement with Arnold W. Donald. Mr. Donald entered into an employment agreement in October 2013, setting forth the contractual and economic terms of his post as the President and Chief Executive Officer of Carnival Corporation & plc. The employment agreement provides for a term of three years. Mr. Donald's base salary for fiscal 2014 is $1,000,000, which is subject to increase or decrease by the boards of directors. Mr. Donald's annual performance-based bonus will be determined pursuant to the Corporate Plan.

For more detailed information regarding Mr. Donald's employment agreement, please refer to the Compensation Discussion and Analysis and the exhibit index to the Carnival Corporation & plc 2014 joint Annual Report on Form 10-K.

Employment Agreement with Michael Thamm. Mr. Thamm entered into an agreement in June 2012, which was amended in January 2013 and November 2014, setting forth the contractual and economic terms of his post as the Chief Executive Officer of the Costa Group. Mr. Thamm's annual base salary compensation for fiscal 2014 is €700,000. Pursuant to the agreement, Mr. Thamm's annual performance-based bonus is determined pursuant to the Brand Management Plan.

In the event the agreement is terminated, in consideration for non-competition and non-solicitation obligations, Mr. Thamm will receive an amount equal to his annual base salary and target bonus, payable in quarterly installments.

Annual Cash Bonus Plans

Annual cash bonuses for the named executive officers are determined based on the Corporate Plan and the Brand Management Plan. For more detailed information regarding these plans, please refer to the Compensation Discussion and Analysis and the exhibit index to the Carnival Corporation & plc 2014 joint Annual Report on Form 10-K.

Equity-Based Compensation

In January 2014, the Compensation Committees made the annual TBS grants in the form of restricted shares or RSUs to the named executive officers employed at that time that cliff vest after three years, in conformity with the UK Corporate Governance Code. The closing price of Carnival Corporation common stock and Carnival plc ordinary shares on January 14, 2014, the grant date, was $41.52 and £25.85, respectively.

The restricted shares have the same rights with respect to dividends and other distributions as all other outstanding shares of Carnival Corporation common stock. RSUs do not receive dividends or have voting rights. Each RSU is credited with dividend equivalents equal to the value of cash and stock dividends paid on Carnival Corporation common stock or Carnival plc ordinary shares. The cash and stock dividend equivalents will be distributed upon the settlement of the RSUs upon vesting.

In accordance with the Compensation Committees' focus on long-term shareholder return, the Compensation Committees also approved the 2014 annual PBS grants on April 16, 2014 for Messrs. Donald, Bernstein, Buckelew, Cahill and Thamm and other key executives within Carnival Corporation & plc. The grants vest zero to 200% of target based and the initial vesting calculation is determined based on the extent to which Carnival Corporation & plc's annual earnings before income and taxes, as adjusted for certain fuel price changes, for each of the three fiscal years in the 2014-2016 performance cycle exceeds specified performance goals and the extent to which the ROIC exceeds the specified performance goal over the three-year performance period. The vesting percentage is then modified up or down by up to 25% at the end of the three year-performance cycle for Carnival Corporation's TSR rank relative to the Peer Group. The maximum payout is 200% of target.

In order to establish additional alignment between compensation opportunities for the named executive officers and shareholder outcomes over the next four years, the Compensation Committees granted special PBS grants on December 27, 2013 to Messrs. Bernstein, Buckelew, Cahill and Thamm with a target value of $1,000,000 (being €730,000 for Mr. Thamm). The special PBS grant is entirely performance-based and the ultimate value is based on the compound annual growth rate ("CAGR") of Carnival Corporation's TSR over the three-year period ending December 27, 2016.

The special PBS grant includes an absolute TSR condition which requires Carnival Corporation's TSR to increase as follows:

TSR growth over 3 years	Less than 5% per year	Between 5% and 17% per year	17% per year or greater
Vesting	0%	At 5%, 0.2x the shares initially granted will vest increasing by 0.2x for each additional 0.5% increase in TSR so the multiple becomes 5x at 17%	5x the initial number of shares awarded subject to a cap that the number of shares be reduced to such shares as have a value equal to $8 million if, at the end of the performance period, they would be then be worth more than $8 million

While dividends are taken into account in assessing the TSR calculation, the shares which vest do not accrue any dividends over the performance period. TSR is calculated using the 90-day average stock price as of December 27, 2013 and the 90-day average stock price as of December 27, 2016. At the end of the performance period, 50% of the earned shares will immediately vest and the other 50% will vest 12 months later, if the executive continues to be employed by us.

In the event of departure before the end of the performance period, the special PBS grant will generally lapse, except in certain situations identified in the special PBS grant agreement in which case the shares shall vest in respect of the target level (subject to pro-rating for the period actually worked). In the event of a change in control, the shares shall vest according to the performance condition pro-rated through the change in control date.

For further information regarding forfeiture and treatment upon termination or change of control, refer to the section entitled "Potential Payments Upon Termination or Change of Control" below.

Outstanding Equity Awards at Fiscal 2014 Year-End

Information with respect to outstanding Carnival Corporation options, restricted shares and RSUs granted by Carnival Corporation & plc to and held by the named executive officers as of November 30, 2014, except for the options and RSUs issued to Mr. Thamm, which related to Carnival plc ordinary shares, is as follows:

	Option Awards				Stock Awards			
Name	No. of Securities Underlying Unexercised Options (#) Exercisable	No. of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price[1] ($)	Option Expiration Date	No. of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested[2] ($)	Equity Incentive Plan Awards: No. of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Arnold W. Donald	5,000	0	46.61	10/18/2015	3,840[3]	169,574	43,613	1,925,950[4]
	5,000	0	47.83	10/16/2016	3,611[5]	159,462	93,457	13,206,596[6]
					50,578[7]	2,233,524	38,314	3,383,892[8]
TOTAL	**10,000**	**0**			**58,029**		**175,384**	
David Bernstein	0	0			17,845[9]	788,035	8,640	0
					16,467[10]	727,183	8,551	377,612[4]
					14,932[7]	659,397	28,481	2,515,442[11]
							11,631	1,027,250[8]
TOTAL	**0**	**0**			**49,244**		**57,303**	
Alan Buckelew	17,151	0	54.12	2/28/2015	12,723[9]	561,848	4,800	0
					10,226[10]	451,580	4,138	182,734[4]
					9,273[7]	409,496	28,481	2,515,442[11]
							15,736	1,389,804[8]
TOTAL	**17,151**	**0**			**32,222**		**53,155**	
Gerald Cahill	0	0			18,176[9]	802,652	7,392	0
					14,608[10]	645,089	6,372	281,388[4]
					13,247[7]	584,988	28,481	2,515,442[11]
							12,828	1,132,969[8]
TOTAL	**0**	**0**			**46,031**		**55,073**	
Michael Thamm	5,700	0	46.64	2/28/2015	6,256[9]	275,214	7,241	0
					6,516[12]	286,652	12,312	541,630[4]
					4,824[10]	212,217	27,591	2,427,567[11]
					20,870[7]	918,113	13,015	1,145,112[8]
TOTAL	**5,700**	**0**			**38,466**		**60,159**	

(1) Options issued to Mr. Thamm are in Carnival plc shares, which are priced in British Pounds Sterling. These options have been converted based on the November 28,2014 exchange rate of $1.56:£1.

(2) Market value of the stock awards is based on the closing price of Carnival Corporation common stock on November 28, 2014 of $44.16, except for the Carnival plc RSUs granted to Mr. Thamm under the Carnival plc 2005 Employee Share Plan, which are based on closing price of Carnival plc shares on November 28, 2014 of £28.20, which has been converted into $43.99 based on the November 28, 2014 exchange rate of $1.56:£1.

(3) Restrictions lapse on April 11, 2015.

(4) Market value is based on maximum performance assuming 100% payout on the July 2013 and October 2013 PBS grants as at November 28, 2014. These grants vest zero to 150% of target based upon the extent to which annual EBIT, as adjusted for certain fuel price changes and fuel expense in emission control areas, for each of the three fiscal years in the 2013-2015 performance cycle exceeds specified performance goals, as modified up or down by up to 25% at the end of the three-year performance cycle for Carnival Corporation & plc's total shareholder return rank relative to the Peer Group. If the TSR modifier increase applies, the maximum payout would be 187.5% of target.

(5) Restrictions lapse on May 22, 2016.

(6) Market value is based on target performance assuming 320% payout on the special PBS grant to Mr. Donald as at November 28, 2014. This equity incentive award is based on Compound Annual Growth Rate ("CAGR") of Carnival Corporation's total shareholder return over the three-year period ending October 14, 2016. Mr. Donald may receive a number of shares valued at up to eight times the initial target value of the grant based on the CAGR growth of the closing price of a share of Carnival Corporation common stock on the date of grant compared to the 90-day average price of a share of Carnival Corporation common stock as at the end of the three-year period. Market value is based on threshold performance assuming 20% payout. Equity incentive awards are subject to certain EPS targets measured over a three-year period ending November 30, 2014. The named executive officers may receive zero to 200% of the stated number of shares depending on whether and to what extent the EPS targets have been met.

(7) Restrictions lapse on January 14, 2017.

(8) Market value is based on maximum performance assuming 200% payout on the April 2014 PBS grant as at November 28, 2014. These grants vest zero to 200% of target based upon the extent to which annual EBIT, as adjusted for certain fuel price changes for each of the three fiscal years in the 2014-2016 performance cycle and ROIC for the three-year performance cycle exceeds specified performance goals, as modified up or down by up to 25% at the end of the three-year performance cycle for the Carnival Corporation & plc's total shareholder return rank relative to the Peer Group. If the TSR modifier increase applies, the maximum payout would be 200% of target.

(9) Restrictions lapse on February 15, 2015.

(10) Restrictions lapse on January 15, 2016.

(11) Market value is based on threshold performance assuming 200% payout on the special PBS grant to these NEOs as at November 28, 2014. This equity incentive award is based on CAGR of Carnival Corporation's total shareholder return over the three-year period ending December 27, 2016. The NEOs may receive a number of shares valued at up to eight times the initial target value of the grant based on the CAGR growth of the 90-day average price of a share of Carnival Corporation common stock as of the date of grant compared to the 90-day average price of a share of Carnival Corporation common stock as at the end of the three-year period.

(12) Restrictions lapse on October 8, 2015.

Option Exercises and Stock Vested for Fiscal 2014

The following table provides information for the named executive officers on (1) option exercises during fiscal 2014, including the number of shares acquired on exercise and the value realized, and (2) the number of shares acquired upon the vesting of restricted shares and RSUs and the value realized, each before the payment of any applicable withholding tax and broker commissions.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise[1] ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[1] ($)
Arnold W. Donald	0	0	3,188	116,442
David Bernstein	0	0	11,673	479,819
Alan Buckelew	0	0	16,189	668,509
Gerald R. Cahill	0	0	25,135	1,037,545
Michael Thamm	0	0	4,346	183,852

(1) The value realized on exercise represents the difference between the exercise price of the options and the fair market value of Carnival Corporation shares at exercise. The fair market value of Carnival Corporation shares realized on exercise or vesting has been determined using the average of the highest and lowest sale prices reported as having occurred on the New York Stock Exchange on the date of exercise in the case of options or the vesting date in the case of stock. The fair market value of Carnival plc shares realized on vesting has been determined using the average of the highest and lowest sale prices reported as having occurred on the London Stock Exchange on the date of vesting. The value for Carnival plc shares has been converted from sterling into U.S. dollars based on the January 21, 2014 exchange rate of $1.64:£1.

Pension Benefits in Fiscal 2014

The following table provides information regarding defined benefit retirement plan benefits for each of the named executive officers. Mr. Buckelew participates in the Princess SERP and Mr. Cahill participates in the Retirement Plan.

Name	Plan Name	Number of Years Credited Service[1] (#)	Present Value of Accumulated Benefit[2] ($)	Payments During Last Fiscal Year[3] ($)
Arnold W. Donald	None	—	—	—
David Bernstein	None	—	—	—
Alan Buckelew	Princess SERP	15	6,120,504	—
Gerald R. Cahill	Retirement Plan	20	4,472,440	355,116
Michael Thamm	None	—	—	—

(1) Credited service for benefit calculation purposes under the Princess SERP and the Retirement Plan is limited to 15 and 30 years, respectively.

(2) The present value of benefits was calculated based on the interest rate assumptions disclosed in note 12 to the financial statements in the Carnival Corporation & plc joint Annual Report on Form 10-K for the year ended November 30, 2014, which was used to calculate the fiscal 2014 year-end liabilities for each of the plans. For the Princess SERP and the Retirement Plan, benefits are assumed payable as lump sums at the later of age 65 or current age. For the Princess SERP, 2017 lump sums were calculated using a 4.49% interest rate and the RP-2000 mortality table projected to 2017. The future payments are then discounted to current age using an interest rate of 1.60%. For the Retirement Plan, lump sums were calculated using an interest rate of 4.25% and the 1994 Group Annuity Reserving Table. They were then discounted to the current age using an interest rate of 1.66%. Due to taxation issues created by the adoption of Section 457A, benefits accrued as of December 31, 2008 under both the Retirement Plan and the Princess SERP will be paid as lump sums at the earlier of retirement or December 31, 2017.

(3) The benefits accrued after December 31, 2008 are being paid annually as a lump sum pursuant to an amendment to the Retirement Plan adopted in light of Section 457A. Mr. Buckelew has not accrued or received (and is not entitled to accrue) any additional benefits under the Princess SERP after December 31, 2008.

Carnival Corporation & plc operate various group pension programs for its executives in which the named executive officers also participate. Under the Carnival plc pension plans, in line with UK best practice, pension benefits are based solely on base salary and no other elements of compensation are taken into account when determining pension benefits. Under the Carnival Corporation pension programs, base salaries and annual cash bonuses are used to determine pension benefits.

Mr. Buckelew participates in the Princess SERP. The Princess SERP is unfunded and is not qualified for U.S. tax purposes. The Princess SERP provides a benefit equal to 65% of the highest base salary earned by Mr. Buckelew during any consecutive 60-month period offset by the actuarial equivalent of any benefits accrued as of December 31, 2008 under any other retirement plan maintained by Princess Cruise Lines, Ltd., or any affiliate (or predecessor) and Social Security benefits. Mr. Buckelew is vested in his benefit in accordance with the terms of the Princess SERP. As a result of the adoption of Section 457A, Mr. Buckelew's benefits under the Princess SERP were frozen as of December 31, 2008 and Mr. Buckelew is not entitled to accrue any additional benefits under the Princess SERP after that date. Benefits under the Princess SERP are generally paid in the form of a monthly annuity commencing on the later of (i) the first day of the first month following the participant's separation from service or (ii) the participant's earliest commencement date, which is a date elected in advance by the participant that must be no earlier than the date the participant turns age 55 and no later than the date the participant turns 65. However, as a result of the adoption of Section 457A, any benefits accrued under the Princess SERP that remain unpaid as of December 31, 2017 will be paid in a single lump sum payment on December 31, 2017.

Mr. Cahill participates in the Retirement Plan: The Retirement Plan is unfunded and is not qualified for U.S. tax purposes. Benefits under the Retirement Plan are calculated based on age, length of service with Carnival Corporation and the average of a participant's five highest consecutive years of compensation out of the last ten years of service. The benefit formula provides an annual benefit accrual equal to 1% of the participant's earnings for the year up to "covered compensation" plus 1.6% of earnings for the year in excess of covered compensation

then multiplied by the participant's years of service up to a maximum of 30 years of credited service. "Covered compensation" may vary over the years based in part on changes in the Social Security taxable wage base. Covered compensation in fiscal 2014 for Mr. Cahill was $77,508. The elements of compensation to determine his benefit is his base salary and annual cash bonus. Mr. Cahill is vested in his benefit in accordance with the terms of the Retirement Plan. As a result of the adoption of Section 457A, benefits under the Retirement Plan will be paid as elected by the participant as a lump sum or monthly payments on or prior to the earlier of separation from employment, retirement or December 31, 2017. Annual accruals are paid in a lump sum each March up through 2017. During fiscal 2014, Mr. Cahill received the present value of his 2013 annual accruals of $355,116 as a lump sum. The normal form of payment is a continuous and certain annuity for five years. Benefits payable in other forms are actuarially equivalent. At December 1, 2014, the accrued annual benefit for fiscal 2014 payable as a five-year certain and continuous annuity under the Retirement Plan to Mr. Cahill is $332,135 for benefits earned before December 31, 2008 and $30,220 for benefits earned during fiscal 2014.

The Retirement Plan provides a reduced early retirement benefit at age 55 after completion of 15 years of service. The normal retirement age under the Retirement Plan is age 65. Benefits under the Retirement Plan are reduced by 6% for each year (½% for each month) that the participant retires before age 65. Mr. Cahill is currently eligible for early retirement under the Retirement Plan.

Messrs. Donald, Bernstein and Thamm do not participate in any defined benefit pension plans sponsored by Carnival Corporation or Carnival plc. Messrs. Donald and Bernstein are not eligible to participate in the Retirement Plan because it was closed to participation prior to their commencement of employment.

Nonqualified Deferred Compensation in Fiscal 2014

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Arnold W. Donald	0	0	0	0	0
David Bernstein	0	0	11,556	0	195,240
Alan Buckelew	0	0	0	0	0
Gerald R. Cahill	0	0	714,089	0	10,793,341
Michael Thamm	0	0	0	0	0

Carnival Corporation has established the Savings Plan, which is a nonqualified defined contribution plan for U.S. tax purposes. Until December 31, 2008, Messrs. Cahill and Bernstein could defer salary and/or bonus amounts into the Savings Plan. As described in the section of the Compensation Discussion and Analysis entitled "Impact of Regulatory Requirements on Compensation," effective January 1, 2009, they could no longer defer any salary or bonus amounts into the Savings Plan. No company contributions were made on behalf of Mr. Cahill since he participated in the Retirement Plan. Although the Savings Plan is unfunded, Carnival Corporation has established a "rabbi trust" that holds any executive deferrals and company contributions to the Savings Plan.

Benefits are paid based on the participant's form and timing elections made in accordance with applicable Section 409A Treasury Regulations. Benefits are based on the participant's deferrals of cash compensation and associated earnings and losses based on the investment allocation selected by the participant. The investment options available to participants in the Savings Plan are identical to those available to participants in the 401(k) Plan, except for the Standard & Poor's index fund and money market investment options. A participant may change his or her investment allocation at any time.

Because Mr. Bernstein is not a participant in the Retirement Plan, which was closed to participation prior to his commencement of employment, for every dollar Mr. Bernstein deferred into the Savings Plan prior to January 1, 2009, Carnival Corporation matched 50% up to the lower of (i) 50% of the U.S. Internal Revenue Service qualified plan limitation or (ii) 6% of his eligible pay. "Eligible pay" includes regular pay (before any pre-tax contributions from his pay and taxes) and bonus. Carnival Corporation may also make profit sharing contributions into the Savings Plan based upon his eligible pay and years of service according to the following schedule:

Years of Service	Award (% of Eligible Pay)
Less than 2	0%
2-5	1%
6-9	2%
10-13	3%
14-16	5%
17-19	7%
20-22	9%
23-25	12%
26 and over	15%

Following the promulgation of Section 457A, salary and bonus deferrals into the Savings Plan are no longer permitted. As a result, Messrs. Donald, Bernstein and Buckelew and all other Savings Plan participants and those who are deemed highly compensated employees under IRS regulations are paid the equivalent of their annual matching award (less any amount actually contributed by Carnival Corporation to the 401(k) Plan on their behalf as a matching contribution) and profit sharing contribution as additional cash compensation. The effect of this provision will result in no additional benefit for Messrs. Donald and Bernstein and will not result in a material incremental cost to Carnival Corporation.

As of November 30, 2014, Messrs. Donald, Bernstein and Buckelew had 2, 17 and 37 years of service.

Additional information with respect to pension plan arrangements for Carnival plc for the year ended November 30, 2014 is included in Part I of the Carnival plc Directors' Remuneration Report included in this proxy statement as the Compensation Discussion and Analysis and Part II of the Carnival plc Directors' Remuneration Report, which is attached as Annex B to this proxy statement.

Potential Payments Upon Termination or Change of Control

Each of our named executive officers may be eligible to receive certain payments and benefits in connection with termination of employment under various circumstances. The potential benefits payable to our named executive officers in the event of termination of employment under various scenarios on November 30, 2014 are described below.

In addition to benefits described below, the named executive officers will be eligible to receive any benefits accrued under Carnival Corporation & plc broad-based benefit plans, such as distributions under life insurance and disability benefits and accrued vacation pay, in accordance with those plans and policies. These benefits are generally available to all employees. Our named executive officers will also be eligible to receive any account balances at the fiscal 2014 year-end under our nonqualified deferred compensation plans and programs as set forth in the "Nonqualified Deferred Compensation in Fiscal 2014" table in accordance with their payout election. Our named executive officers will also be eligible to receive any vested benefits under our pension programs upon termination of employment in accordance with those plans and policies. These benefits are described in the "Pension Benefits in Fiscal 2014" table and the description that follows that table. There are no special or enhanced executive benefits under our pension and nonqualified deferred compensation plans and programs, and all of our named executive officers are fully vested in those benefits.

Cash Severance Benefits

It is the policy of the Compensation Committees for executive officers to have notice periods of not more than 12 months in duration. The Compensation Committees may make an exception to this practice where they believe doing so would be in the best interests of Carnival Corporation and Carnival plc and their shareholders. The Compensation Committees will continue to consider the individual circumstances of each case taking account of best practice in the UK and the U.S. and the expected cost to Carnival Corporation & plc of any termination of an executive's employment arrangements.

Accordingly, Messrs. Bernstein, Buckelew and Cahill have no employment agreements and no entitlement to severance except for possible retention of unvested options and restricted share grants depending on the circumstances of their separation of employment discussed below.

Messrs. Donald and Thamm are the only named executive officers with employment agreements providing cash severance and other benefits. The table below details the various payments associated with certain termination events. Payment outcomes associated with the treatment of equity is detailed below in the section entitled "Potential Value of Equity Grants upon Termination of Employment or Change of Control."

Post-Employment Cash Compensation Obligations to Mr. Donald

Upon termination of Mr. Donald's employment during the three-year term, Mr. Donald shall be entitled to certain payments. If Mr. Donald's employment is terminated by Carnival Corporation & plc for cause (as defined in Mr. Donald's employment agreement) or by Mr. Donald other than for good reason (as defined in the employment agreement), Carnival Corporation & plc shall pay Mr. Donald all amounts earned or accrued through the termination date. If Mr. Donald's employment with Carnival Corporation & plc is terminated by reason of his death or disability, Carnival Corporation & plc shall provide Mr. Donald with benefits or payments under any applicable disability or life insurance benefit plans, programs or arrangements maintained by Carnival Corporation & plc, which benefits shall be provided and amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. If Mr. Donald's employment by Carnival Corporation & plc shall be terminated by Carnival Corporation & plc other than for cause, death or disability, or by Mr. Donald for good reason, then Mr. Donald shall be entitled to (i) severance pay equal to one times his base salary and target bonus for the year of termination; and (ii) continued medical and dental coverage for up to 18 months. If Mr. Donald is terminated after a qualifying change in control event, he be entitled to the same benefits described in the preceding sentence, except that he would be eligible to receive cash severance in an amount equal to two times (rather than one times) the sum of his base salary and target bonus for the year of termination. In the event any benefit payments to which Mr. Donald is entitled to upon a change in control are subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986, Carnival Corporation & plc shall not reimburse Mr. Donald for any such taxes; instead, such benefits shall be either paid to Mr. Donald or reduced to avoid such excise taxes.

Post-Employment Compensation Obligations to Mr. Thamm

Mr. Thamm is eligible to receive 12 months of base salary plus his target bonus if his employment is terminated as compensation for his non-competition and non-solicitation obligations. If Mr. Thamm's employment had terminated on November 30, 2014, he would have received a payment equal to one year's base salary of $938,000 plus a bonus equal to his target bonus of $1,206,000. These amounts would be payable in euros. His potential compensation has been converted into U.S. dollars at the average exchange rate of the dollar for fiscal 2014 of $1.34: €1.

Cash and Benefit Payments

The following table and footnotes quantify the cash compensation or value of benefits that Messrs. Donald and Thamm, the only named executive officers with employment agreements, would receive upon various scenarios

for termination of employment or a change in control. The amounts shown assume the event that triggered the treatment occurred on November 30, 2014. The table does not include amounts they would be entitled to without regard to the circumstances of termination, such as accrued compensation.

Estimated Cash and Benefit Payments Upon Termination of Employment or Change of Control

Name	Benefit	Termination without Cause ($)	Voluntary Termination (without Good Reason) ($)	Voluntary Termination (with Good Reason) ($)	Death or Disability ($)	Change of Control ($)
Arnold W. Donald	Separation Payment	3,650,000	0	3,650,000	0	7,300,000
	Post-Employment Benefits[1]	82,244	0	82,244	0	109,659
	TOTAL	**3,732,244**		**3,732,244**		**7,409,659**
Michael Thamm	Non-Competition Compensation	2,144,000	2,144,000	2,144,000	2,144,000	2,144,000
	TOTAL	**2,144,000**	**2,144,000**	**2,144,000**	**2,144,000**	**2,144,000**

(1) Includes medical, dental, group life, accidental death or dismemberment, and long-term disability insurance premiums.

Equity-Based Compensation

Vesting of options, restricted shares and RSUs upon termination of a named executive officer's employment is dependent upon the reasons the named executive officer's employment is terminated, the terms of the respective equity plan and the associated equity grant agreement. Equity grants made to Messrs. Donald, Bernstein, Buckelew, Cahill and Thamm are subject to the same terms as all other participants generally, except as described below.

Carnival Corporation 2011 Stock Plan

All named executive officers except Mr. Thamm receive equity grants under the Carnival Corporation 2011 Stock Plan. The terms of the Carnival Corporation 2011 Stock Plan and the equity grant agreements applicable to participants generally provide that upon termination for death or disability, all unvested equity grants will immediately vest. Upon retirement, TBS grants continue to vest according to their terms as though employment had not ended; provided, however, that as each participant reaches retirement age, 50% of the grant will immediately vest, if such participant becomes subject to tax withholding at that time. Retirement is defined as voluntary termination of an employee being at least 60 years of age with 15 years of service or at least 65 years of age with five years of service. Upon involuntary termination within 12 months of a change of control, all options become immediately exercisable and the restricted period on all restricted shares and RSUs immediately expires. Change of control means the occurrence of any of the following (i) the acquisition by any individual, entity or group of beneficial ownership of 50% or more of either (A) the then outstanding shares of common stock of Carnival Corporation or (B) the combined voting power of the then outstanding voting securities of Carnival Corporation and Carnival plc entitled to vote generally in the election of directors, except that this provision does not apply to affiliated companies or the Arison family, (ii) incumbent directors cease to constitute at least a majority of the boards of directors, (iii) the dissolution or liquidation of Carnival Corporation, (iv) the sale, transfer or other disposition of all or substantially all of the business or assets of Carnival Corporation, or (v) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving Carnival Corporation that requires the approval of the shareholders, whether for such transaction or the issuance of securities in the transaction.

All of the equity grant made to participants, including the named executive officers, contain claw back and forfeiture provisions in the event of a violation of confidentiality and non-compete provisions (which restrict them from competing with Carnival Corporation & plc for the remainder of the award's vesting period) or fraud or conduct contributing to any financial restatements or irregularities.

Carnival Corporation 2002 Stock Plan

All named executive officers except Messrs. Donald and Thamm received equity grants under the Carnival Corporation 2002 Stock Plan. All restricted share and RSU awards made to the named executive officers under the Carnival Corporation 2002 Stock Plan have been settled. Mr. Buckelew continues to hold fully vested stock options that will expire on February 27, 2015. For further details please see the "Outstanding Equity Awards at Fiscal 2014 Year-End" table.

Carnival Corporation 2001 Outside Director Stock Plan

Mr. Donald is the only named executive officer that holds outstanding options under the Carnival Corporation 2001 Outside Director Stock Plan by virtue of his prior status as a non-executive director. All the options held by Mr. Donald are fully vested.

Individual Arrangements Related to Equity Grants under the Carnival Corporation 2002 Stock Plan and Carnival Corporation 2011 Stock Plan

Arnold W. Donald, David Bernstein, Alan Buckelew and Gerald R. Cahill. The terms of Messrs. Donald, Bernstein, Buckelew and Mr. Cahill's restricted stock agreements provide that if their employment is terminated without cause or they voluntarily terminate due to a diagnosis of terminal medical condition, the restricted shares will continue to vest according to their original vesting schedule. For the purposes of the agreement, "cause" is defined as any action or inaction which constitutes fraud, embezzlement, misappropriation, dishonesty, breach of trust, a felony or moral turpitude, as determined by the boards of directors.

Special RSU Grant. Pursuant to the terms of his employment agreement, Mr. Donald received a one-time special PBS grant. The other named executive officers received a special PBS grant in December 2013. The terms of the special PBS grant provide that if the executive's employment is terminated without cause (or by Mr. Donald for good reason), he will vest in the target number of special PBS grant on a pro-rata basis as of the date of termination. In addition, in the event of a change in control, the special PBS grant would be pro-rated as of the date of the change in control.

Carnival plc Executive Share Option Plan

Mr. Thamm is the only named executive officer that holds outstanding options under this plan. All the options held by Mr. Thamm are fully vested and are scheduled to expire in February and April 2015. Mr. Thamm receives the same treatment as other Carnival Executive Share Option Plan participants generally. Under the terms of the plan and Mr. Thamm's equity agreements, upon termination for cause or voluntary termination, all options will be forfeited. Upon change of control or termination of employment for retirement, injury, disability, ill health or termination by Carnival plc without cause, all options will remain exercisable. Change of control is defined to mean (i) a person, alone or in concert with others making a general offer to acquire the whole of the share capital of Carnival plc, (ii) a person becoming bound or entitled to give notice under sections 428 to 430F of the Companies Act 1985 to acquire shares, (iii) a court directing that a meeting of the holders of shares be convened pursuant to section 425 of the Companies Act 1985 for the purposes of considering a scheme of arrangement of Carnival plc or its amalgamation with any other company or companies and the scheme of arrangement being approved by the shareholders' meeting or sanctioned by the court, or (iv) notice being duly given of a resolution for the voluntary winding-up of Carnival plc. Cause is not specifically defined in this plan.

Carnival plc 2005 Employee Share Plan

Mr. Thamm is the only named executive officer who receives grants under the Carnival plc 2005 Employee Share Plan. Mr. Thamm receives the same treatment under the Carnival plc 2005 Employee Share Plan as other participants generally for grants made through fiscal 2011, except as described in the section entitled "Individual Arrangements Related to Equity Grants under the Carnival plc Equity Plans." All grants vest upon termination of

employment for death or disability. Upon retirement, all TBS grants will continue to vest according to their terms as if the employment had not been terminated. For equity grants made prior to December 2008, retirement is defined as voluntary termination of an employee being at least 55 years of age with 15 years of service or at least 65 years of age with five years of service. In December 2008, the Compensation Committees amended the definition of retirement to increase the retirement age to 60 years of age with 15 years of service. Upon a change of control, all grants will vest. Change of control is defined to mean the occurrence of any of the following (i) a person (either alone or together with any person acting in concert with him) obtaining control of Carnival plc as a result of a general offer or otherwise for the whole of the share capital of Carnival plc (other than those shares which are already owned by him and/or any person acting in concert with him), (ii) the acquisition by any individual, entity or group of beneficial ownership of 50% or more of either (A) the then outstanding shares of Carnival plc or (B) the combined voting power of the then outstanding voting securities of Carnival plc entitled to vote generally in the election of directors, except that this provision does not apply to affiliated companies or members of the Arison family, (iii) incumbent directors cease to constitute at least a majority of the boards of directors, (iv) a person becoming bound or entitled to give notice under sections 428 to 430F of the Companies Act 1985 to acquire shares, (v) a court directing that a meeting of the holders of shares be convened pursuant to section 425 of the Companies Act 1985 for the purposes of considering a scheme of arrangement of Carnival plc or its amalgamation with any other company or companies and the scheme of arrangement being approved by the shareholders' meeting or sanctioned by the court, (vi) notice being duly given of a resolution for the voluntary winding-up of Carnival plc, (vii) the sale, transfer or other disposition of all or substantially all of the business or assets of Carnival plc, or (viii) the completion of a reorganization, recapitalization, merger, consolidation, share exchange or similar form of corporate transaction involving Carnival plc that requires the approval of the shareholders, whether for such transaction or the issuance of securities in the transaction.

All of the equity grants made to the named executive officers in February 2008 and thereafter contain confidentiality and non-compete provisions that restrict them from competing with Carnival plc. If they breach either of these provisions, they will forfeit the right to receive all unvested and unexercised equity grants.

Individual Arrangements Related to Equity Grants under the Carnival plc Equity Plans

Michael Thamm. The terms of Mr. Thamm's RSU agreement for RSUs granted in October 2012 and thereafter provide that if his employment is terminated without cause or he voluntarily terminates due to diagnosis of a terminal medical condition, the RSU grant will continue to vest according to its original vesting schedule.

Potential Value of Equity Grants Upon Termination of Employment or Change of Control

The following chart shows the value of all outstanding option, restricted share and RSU grants that would have become vested, or that could have continued to vest, subject to any non-compete and confidentiality requirement, for termination of employment or upon a change of control as of November 30, 2014. All option grants are fully vested. No termination of employment is required to trigger acceleration upon a change of control, except for grants made under the Carnival Corporation 2011 Stock Plan. For this purpose, options were valued as the difference between the closing price of Carnival Corporation common stock or Carnival plc ordinary shares, as applicable, as of that date and the applicable exercise price of the options. Restricted shares and RSUs were valued based on the closing price of Carnival Corporation common stock or Carnival plc ordinary shares, as applicable, as of that date. The value for Carnival Corporation common shares is based on $44.16, which is the closing price reported as having occurred on the New York Stock Exchange on November 28, 2014 and the value for Carnival plc ordinary shares is based on $43.99, which is the closing price reported as having occurred on the London Stock Exchange on November 28, 2014 of £28.20, which has been converted at November 28, 2014 exchange rate of $1.56:£1. The value of options includes only those options with an exercise price above these closing prices. As described above, certain options, restricted shares or RSUs do not vest upon termination of employment, but continue to vest over time according to the terms of the relevant equity plan, or Executive Long-Term Compensation, employment, service or equity agreements. The true value of these equity grants for future vesting periods is subject to market fluctuations occurring over time.

Estimated Potential Value of Equity Grants

Name	Termination without Cause ($)	Voluntary Termination (without Good Reason) ($)	Voluntary Termination (with Good Reason) ($)	Retirement ($)	Death or Disability ($)	Voluntary Termination upon Diagnosis of Terminal Medical Condition ($)	Change of Control ($)
Arnold W. Donald	2,562,561	329,036	4,133,974	329,036	5,956,936	2,562,561	10,307,518
David Bernstein	2,174,615				2,984,240	2,174,615	4,323,573
Alan Buckelew	1,422,924	1,422,924		1,422,924	2,163,131	1,422,924	3,558,280
Gerald R. Cahill	2,032,729	2,032,729		2,032,729	2,795,906	2,032,729	4,138,322
Michael Thamm	1,417,240				2,617,414	1,417,240	4,020,896
Total	**9,610,069**	**3,784,689**	**4,113,974**	**3,784,689**	**16,517,627**	**9,610,069**	**26,348,589**

INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

Audit and Non-Audit Fees

PricewaterhouseCoopers LLP were the auditors of Carnival Corporation & plc during fiscal 2014 and fiscal 2013. Aggregate fees for professional services rendered to Carnival Corporation & plc by PricewaterhouseCoopers LLP for the years ended November 30, 2014 and 2013 were as follows (in millions):

	2014	2013
Audit Fees	$5.3	$5.6
Audit-Related Fees	0.0(1)	0.0(1)
Tax Fees	0.0(1)	0.0(1)
All Other Fees	2.6	0.1
Total	$7.9	$5.7

(1) Less than $50,000

Audit Fees for 2014 and 2013 were for professional services rendered for the integrated audits of the Carnival Corporation & plc consolidated financial statements and systems of internal control over financial reporting, quarterly reviews of our joint Quarterly Reports on Form 10-Q, the audits of the Carnival plc consolidated IFRS financial statements, consents, registration statements, statutory audits of various international subsidiaries and other agreed-upon procedures.

Audit-Related Fees for 2014 were for the review of our sustainability report and for 2013 were for services performed on one of our pension plans.

Tax fees for 2014 and 2013 were for international tax research.

All Other Fees for 2014 and 2013 were principally for digital advertising and consulting services as a result of PricewaterhouseCoopers LLP's acquisition of an existing service provider.

All of the services described above were approved by the Audit Committees, and in doing so, the Audit Committees did not rely on the *de minimis* exception set forth in Rule 2-01(c)(7)(i)(C) under Regulation S-X.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Certified Public Accounting Firm

In December 2003, the Audit Committees adopted Key Policies and Procedures which address, among other matters, pre-approval of audit and permissible non-audit services provided by the independent registered certified public accounting firm. The Key Policies and Procedures require that all services to be provided by the independent registered certified public accounting firm must be approved by the Audit Committees prior to the performance of such services. The Audit Committees consider whether the services requested are consistent with the rules of the SEC on auditor independence.

REPORT OF THE AUDIT COMMITTEES

Carnival Corporation and Carnival plc are two separate legal entities and, therefore, each has a separate board of directors, each of which in turn has its own Audit Committee. In accordance with their charter, each Audit Committee assists the relevant board of directors in carrying out its oversight of:

- the integrity of the relevant financial statements;
- Carnival Corporation and Carnival plc's compliance with legal and regulatory requirements, other than requirements related to HESS;
- the auditors' qualifications and independence;
- the performance of Carnival Corporation & plc's internal audit functions and independent auditors; and
- relevant elements of Carnival Corporation and Carnival plc's risk management programs.

Both Audit Committees are subject to the audit committee independence requirements under the corporate governance standards of the New York Stock Exchange and relevant SEC rules, and the Audit Committee of Carnival plc is also subject to the requirements of the UK Corporate Governance Code. The two Audit Committees have identical members and each currently consists of four independent (as defined by the listing standards of the New York Stock Exchange, SEC rules and the UK Corporate Governance Code), non-executive directors. The Carnival Corporation board of directors has determined that Richard J. Glasier is both "independent" and an "audit committee financial expert," as defined by SEC rules and New York Stock Exchange listing standards. In addition, the Carnival plc board of directors has determined that Mr. Glasier has "recent and relevant financial experience" for purposes of the UK Corporate Governance Code.

Management has primary responsibility for Carnival Corporation & plc's financial reporting process, including its system of internal control, and for the preparation of consolidated financial statements. Carnival Corporation & plc's independent auditor is responsible for performing an independent audit of those financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. The Audit Committees are responsible for monitoring and overseeing the financial reporting process and the preparation of consolidated financial statements and for supervising the relationship between Carnival Corporation & plc and its independent auditor, as well as reviewing the group's systems of internal controls and compliance with the group Code of Business Conduct and Ethics. The Audit Committees have met and held discussions with management of Carnival Corporation & plc and the independent auditor. In this context, management represented to the Audit Committees that Carnival Corporation & plc's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles.

The Audit Committees (i) reviewed and discussed Carnival Corporation & plc's audited consolidated financial statements for the year ended November 30, 2014 with Carnival Corporation & plc's management and with Carnival Corporation & plc's independent auditor; (ii) discussed with Carnival Corporation & plc's independent auditor the matters required to be discussed under applicable standards of the Public Company Accounting Oversight Board; and (iii) received the written disclosures and the letter from Carnival Corporation & plc's independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committees concerning independence and discussed with Carnival Corporation & plc's independent auditor the independent auditors' independence. The Audit Committees also considered whether the provision to the relevant entity by the independent auditor of non-audit services was compatible with maintaining the independence of the independent auditor. Based on the reviews and discussions described above, the Audit Committees recommended to the boards of directors that the audited consolidated financial statements of Carnival Corporation & plc be included in Carnival Corporation & plc's Annual Report on Form 10-K for the year ended November 30, 2014 for filing with the SEC.

The Audit Committee of Carnival Corporation	**The Audit Committee of Carnival plc**
Richard J. Glasier, Chairman	Richard J. Glasier, Chairman
Stuart Subotnick	Stuart Subotnick
Laura Weil	Laura Weil
Randall J. Weisenburger	Randall J. Weisenburger

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review and Approval of Transactions with Related Persons

Consistent with our written policies and procedures, it is our practice to review all relationships and transactions in which Carnival Corporation & plc and our directors, nominees and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our Legal and Global Accounting and Reporting Services Departments are primarily responsible for the development and implementation of processes and controls to obtain information from the directors, nominees and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions in which the amount involved exceeds $120,000 in which Carnival Corporation & plc was or is to be a participant and a related person had or will have a direct or indirect material interest are disclosed in our proxy statement. In addition, in accordance with our Schedule of Matters Reserved to the Boards and their Committees for their Decision, the boards review and approve or ratify any related person transaction involving (1) a director regardless of the amount and (2) a non-director executive officer with an aggregate value in excess of $50,000.

In the course of its review and approval or ratification of a related person transaction, the boards may consider the following factors:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;
- the importance of the transaction to Carnival Corporation & plc;
- whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and
- any other matters the boards deem appropriate.

Any member of the boards who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the board that considers the transaction.

Transactions with Related Persons

Transactions with Micky Arison. Micky Arison, our Chairman, is also the Chairman, President and the indirect sole shareholder of FBA II, Inc., the sole general partner of Miami Heat Limited Partnership ("MHLP"), the owner of the Miami Heat, a professional basketball team. He is also the indirect sole shareholder of Basketball Properties, Inc., the sole general partner of Basketball Properties, Ltd. ("BPL"), the manager and operator of the American Airlines Arena. Pursuant to a three-year advertising and promotion agreement between Carnival Cruise Lines, MHLP and BPL, Carnival Cruise Lines paid approximately $491,700 during fiscal 2014. Carnival Cruise Lines also paid approximately $29,500 for in-game promotions to publicize Carnival Cruise Lines during Miami Heat games.

Registration Rights. Pursuant to a letter agreement (the "Trust Registration Rights Agreement") dated July 11, 1989, Carnival Corporation granted to the Ted Arison Irrevocable Trust (the "Irrevocable Trust") and the Arison Children's Irrevocable Trust (the "Children's Trust," and together with the Irrevocable Trust, the "Trusts") certain registration rights with respect to certain shares of Carnival Corporation common stock held for investment by the Trusts (the "Shares"). The beneficiaries of the Trusts included the children of Ted Arison,

including Micky Arison, our Chairman, and Shari Arison. Effective December 26, 1991, the Children's Trust was divided into three separate continued trusts, including continued trusts for Micky Arison, Shari Arison and Michael Arison.

Under the Trust Registration Rights Agreement, Carnival Corporation has granted the Trusts demand and piggyback registration rights. Carnival Corporation is not required to effect any demand registration unless all of the Shares owned by either of the Trusts are included in the demand. Carnival Corporation has agreed to bear all expenses relating to such demand and piggyback registrations, except for fees and disbursements of counsel for the Trusts, selling costs, underwriting discounts and applicable filing fees.

Under a registration rights agreement dated June 14, 1991, as amended by an amendment dated July 31, 1991 and a succession agreement dated May 28, 2002 (together, the "Arison Registration Rights Agreement"), Carnival Corporation granted certain registration rights to Ted Arison with respect to certain shares of common stock beneficially owned by him (the "Arison Shares") in consideration for $10,000. The registration rights were held by the Estate of Ted Arison. The Estate of Ted Arison subsequently transferred the Arison Shares to the Nickel 1997 Irrevocable Trust (formerly known as The 1997 Irrevocable Trust of Micky Arison), the Artsfare 1992 Irrevocable Trust (formerly known as the Ted Arison 1992 Irrevocable Trust for Lin No. 2) and the Eternity Four Trust (formerly known as the Ted Arison 1994 Irrevocable Trust for Shari No. 1) (collectively, the "Family Trusts"). The Arison Registration Rights Agreement provides the Family Trusts and certain transferees with demand and piggyback registration rights. Carnival Corporation has agreed to bear all expenses relating to such demand and piggyback registrations, except for fees and disbursements of counsel for the Family Trusts, selling costs, underwriting discounts and applicable filing fees.

The boards have reviewed and approved or ratified these transactions.

Annex A

CARNIVAL PLC DIRECTORS' REPORT

Directors' Report

Carnival plc and Carnival Corporation are separate legal entities (together referred to in this report as "Carnival Corporation & plc") and each company has its own board of directors and committees of the board. However, as is required by the agreements governing the dual listed company ("DLC") arrangement, there is a single senior management team and the boards of directors and members of the committees of the boards are identical. The Directors' Report has been prepared and presented in accordance with and in reliance upon UK company law and, accordingly, the liabilities of the directors in connection with the Directors' Report shall be subject to the limitations and restrictions provided by such law.

In accordance with the UK Financial Conduct Authority's Listing Rules, the information to be included in the Annual Report and Accounts, where applicable, under Listing Rule 9.8.4, is set out in this Directors Report, with the exception of the details regarding interest capitalized, which is set out in the Carnival plc consolidated IFRS financial statements, and the details of long-term incentive schemes, which is set out in the Directors' Remuneration Report.

Future developments of the business of Carnival Corporation & plc can be found in the Strategic Report that accompanies the Carnival plc consolidated IFRS financial statements.

Post balance sheet event disclosure

In December 2014, Carnival plc entered into a bareboat charter/sale agreement under which the 1,492-passenger capacity *Costa Celebration* (formerly *Grand Celebration*) was chartered to an unrelated entity in December 2014 through December 2024. Under this agreement, ownership of *Costa Celebration* will be transferred to the buyer in December 2024.

Dividends

During the year ended November 30, 2014, Carnival plc paid four regular quarterly dividends totaling $1.00 per ordinary share (2013—$1.50). In January 2015, the boards of directors declared a quarterly dividend of $0.25 per share. For this quarterly dividend, the boards of directors approved a record date of February 20, 2015, and a payment date of March 13, 2015.

Although dividends are declared in U.S. dollars, they are paid in sterling to the holders of ordinary shares in Carnival plc unless they elect to receive their dividends in U.S. dollars. Dividends payable in sterling are converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end.

Holders of the Carnival plc's American Depositary Shares are paid their dividend in U.S. dollars.

Since January 2004, Bedell Trustees Limited, as trustee of the P&O Princess Cruises Employee Benefit Trust, holds shares to satisfy awards granted under the Carnival plc 2005 Employee Share Plan. The trustee has waived its right to all dividends payable by Carnival plc. Dividends paid during fiscal 2014 over which rights were waived amounted to $119,628.

Share capital and control

Changes in the share capital of Carnival plc during fiscal 2014 are given in note 16 to the Carnival plc consolidated IFRS financial statements.

The share capital of Carnival plc at the date of this report includes two allotted and issued subscriber shares of £1 each, 50,000 allotted but unissued redeemable preference shares of £1 each, one allotted and issued special voting share of £1 and 216,116,473 allotted and issued ordinary shares of $1.66 each. The subscriber shares carry no voting rights and no right to receive any dividend or any amount paid on a return of capital. The redeemable preference shares carry no voting rights, but are entitled to payment of a cumulative preferential fixed dividend of 8 percent per annum on the amount paid up on each such share, which is in issue. On a return of capital on a winding up or otherwise, the redeemable preference shares rank behind the ordinary shares but ahead of any other class of shares, and are entitled to receive payment of the amount paid up or credited as paid up on each such share. Redeemable preference shares which are fully paid may be redeemed at any time at the election of the holder or of the company, in which case the amount payable on redemption is the amount credited as paid up on each share which is redeemed, together with all arrears and accruals of the preferential dividend.

Details of options over ordinary shares and restricted stock units granted to employees are given in note 20 to the Carnival plc consolidated IFRS financial statements.

The Articles of Association of Carnival plc contain provisions which, in certain circumstances, would have the effect of preventing a shareholder (or a group of shareholders acting in concert) from holding or exercising the voting rights attributable to shares in Carnival plc which are acquired by them. These provisions would have effect if a shareholder (or a group of shareholders acting in concert) were to acquire ordinary shares in Carnival plc with the result that the total voting rights exercisable by that shareholder or group of shareholders on matters put to a vote as joint electorate actions under the DLC arrangement would exceed 30 percent of the total voting rights exercisable in respect of any joint electorate action. They would also have effect if a shareholder (or group of shareholders acting in concert) already holding between 30 percent and 50 percent of the total voting rights exercisable in respect of any joint electorate action were to acquire shares in Carnival plc and thereby increase the percentage of voting rights so held. In each such case, the percentage of voting rights held is determined after taking into account voting rights attributable to shares of Carnival Corporation common stock held by such shareholder (or group of shareholders) and also taking into account the effect of the equalization ratio which gives effect to common voting by the shareholders of Carnival plc and Carnival Corporation on joint electorate actions under the DLC arrangement.

Under the relevant provisions of the Articles of Association of Carnival plc (articles 277 to 287) shares which are acquired by a person and which trigger the thresholds referred to in the foregoing paragraph may be sold at the direction of the board, and the proceeds remitted to the acquiring shareholder, net of any costs incurred by Carnival plc. Pending such sale any dividends paid in respect of such shares would be paid to a charitable trust, and the trustee of such trust would be entitled to exercise the voting rights attaching to the shares.

The restrictions summarized in the preceding paragraphs would not apply in the case of an acquisition of shares that is made in conjunction with a takeover offer for Carnival plc, which is announced in accordance with the City Code on Takeovers and Mergers, for so long as that offer has not lapsed or been withdrawn. However, if such a takeover offer is not made, or lapses or is withdrawn, the restrictions will apply in respect of any acquired shares.

The foregoing is a summary only of the relevant provisions of the Articles of Association of Carnival plc, and for a complete understanding of their effect, shareholders are recommended to refer to the Articles of Association themselves. A copy of the Articles of Association of Carnival plc is available at Carnival plc's Web site at www.carnivalplc.com or upon request from the Company Secretary, 3655 N.W. 87th Avenue, Miami, Florida 33178, United States of America.

There is one significant agreement to which Carnival plc is a party, which may be altered or terminated in the event of a change of control. This is the Amendment and Restatement Agreement dated June 16, 2014 in respect of the Facilities Agreement dated May 18, 2011, by and among Carnival Corporation, Carnival plc, Bank of America Merrill Lynch International Limited, and various other lenders, which provides for $1.7 billion,

€500 million and £150 million revolving credit facilities and which may, under certain circumstances, be cancelled upon a change of control of Carnival plc, other than a change which results in control of Carnival plc being vested in Carnival Corporation or in certain members of the Arison family or trusts related to them.

Articles of Association

The Articles of Association of Carnival plc may be amended by the passing of a special resolution of the shareholders. In common with many other corporate actions that might be undertaken by Carnival plc, such a resolution would be proposed as a joint electorate action on which the shareholders of Carnival plc and of Carnival Corporation effectively vote as a single unified body, as contemplated by the DLC arrangement.

Purchase of own shares

The boards of directors have authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions (the "Repurchase Program"). At February 20, 2015, the availability under the Repurchase Program was $975 million. The Repurchase Program does not have an expiration date and may be discontinued by the boards of directors at any time.

In addition to the Repurchase Program, the boards of directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described in our Form 10-K.

Shareholder approval is not required to buy back shares of Carnival Corporation, but is required under the Companies Act 2006 to buy back shares of Carnival plc. At the annual general meetings held on April 17, 2014, the authority for Carnival plc to buy back its own shares was approved. This authority enabled Carnival plc to buy back up to 21,569,788 ordinary shares of Carnival plc (being approximately 10 percent of Carnival plc's ordinary shares in issue). Under the Repurchase Program, no Carnival plc ordinary shares have been purchased through February 20, 2015. Carnival Corporation & plc treats any such repurchases made by Carnival Corporation or Carnival Investments Limited under the Repurchase Program and the Stock Swap Programs as if they were made by Carnival plc under the Carnival plc buy back authority. That approval expires on the earlier of (i) the conclusion of Carnival plc's 2015 annual general meeting or (ii) October 16, 2015.

Directors

Howard S. Frank was not nominated to stand for re-election as a director at the April 2014 annual general meeting. As a result, his term ended on April 17, 2014.

The names of the other persons who served as directors of Carnival Corporation and Carnival plc during fiscal 2014 and biographical notes about each of the directors are contained in the proxy statement to which this report is annexed. Details of the directors' membership on board committees are set out in the Carnival plc Corporate Governance Report attached as Annex C to the proxy statement.

As of the date of this report, 22% of the members of the boards are women (being two of nine members). The boards have expressed their intent to fill future board vacancies with female candidates, where skill set and relevant experience for the particular vacancy can be met to achieve a target of 25% female by the end of 2015. This is consistent with the aspirational target for FTSE 100 boards recommended in the Davies Review published in the UK in February 2011, entitled "Women on Boards."

Upon becoming a member of the board of directors of Carnival plc, each new director participates in an induction process, which includes a meeting with all of the current directors, provision of an induction pack, site visits and meetings with senior and operational management teams. The directors update their skills, knowledge and familiarity with Carnival plc by attending appropriate external seminars and training courses, meeting with senior management and visiting regional and divisional operating offices.

The appointment and replacement of directors of Carnival plc is governed by the provisions of the Articles of Association of Carnival plc and also by the provisions of the Equalization and Governance Agreement entered into on April 17, 2003 on the establishment of the DLC arrangement. The Articles of Association and the Equalization and Governance Agreement require that the boards of directors of Carnival plc and Carnival Corporation be comprised of exactly the same individuals.

The business of Carnival plc is managed by the board of directors, which may exercise all the powers of Carnival plc, including without limitation the power to dispose of all or any part of the company's assets, to borrow money, to mortgage or pledge any of its assets and to issue debentures and other securities.

Details of the directors' remuneration and their interests in the shares of Carnival Corporation and Carnival plc are set out in Part II of the Carnival plc Directors' Remuneration Report attached as Annex B to the proxy statement.

Substantial shareholdings

As of November 30, 2014, Carnival plc has been notified of material interests of 3 percent or more in Carnival plc's total voting rights as follows:

	Number of shares	Percentage of voting rights
AXA, S.A.	10,627,433(1)	5.8%
Barclays plc	6,454,915(2)	3.5%
Black Rock Inc.	10,985,862(3)	6.0%
Legal & General Group plc	7,077,019(4)	3.8%
Lloyds TSB	6,322,667	3.4%
Schroders plc	9,758,601(5)	5.3%
The Capital Group Companies Inc.	9,068,579(6)	4.9%
Thornburg Investment Management, Inc.	8,893,465(7)	4.8%

(1) AXA, S.A. and its group of companies have an interest in these shares.
(2) Affiliates of Barclays plc have an interest in these shares.
(3) Affiliates of Black Rock Inc. have an interest in these shares.
(4) Legal & General Group plc and its subsidiaries have an interest in these shares.
(5) Schroders plc and its affiliates have an interest in these shares.
(6) Affiliates of The Capital Group Companies Inc. have an interest in these shares.
(7) Thornburg Investment Management holds these shares as discretionary investment manager.

Carnival plc has been notified of the following changes between December 1, 2014 and January 20, 2015:

	Number of shares	Percentage of voting rights
BlackRock, Inc.	15,651,916(1)	8.5%
The Capital Group Companies Inc.	7,084,542(2)	3.8%

(1) Affiliates of Black Rock Inc. have an interest in these shares.
(2) Affiliates of The Capital Group Companies Inc. have an interest in these shares.

Carnival Corporation and Carnival Investments Limited are the holders of an aggregate of 31,964,084 Carnival plc ordinary shares as at the date of this report. These shares carry no voting rights or rights on liquidation unless Carnival Corporation owns over 90 percent of all the Carnival plc shares. Accordingly, the details of voting rights given in the preceding table take account of the absence of voting rights carried by these shares.

Except for the above, no person has disclosed relevant information to Carnival plc pursuant to rule 5 of the Disclosure and Transparency Rules.

Corporate governance and directors' remuneration

A report on corporate governance and compliance with the UK Corporate Governance Code is contained in the Carnival plc Corporate Governance Report attached as Annex C to the proxy statement. Part I of the Carnival plc Directors' Remuneration Report is included in the proxy statement and Part II of the Carnival plc Directors' Remuneration Report is attached as Annex B to the proxy statement.

Corporate and social responsibility

Health, environmental, safety, security

The boards of directors of Carnival Corporation & plc established board-level Health, Environmental, Safety & Security ("HESS") Committees comprised of three independent directors. The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor Carnival Corporation & plc's health, environmental, safety, security and sustainability-related policies, programs, initiatives at sea and ashore, and compliance with related legal and regulatory requirements. The HESS Committees and our management team review all significant risks or exposures and associated mitigating actions. Each of the Chief Executive Officers of our brands attends the meetings of the HESS Committees.

Carnival Corporation & plc recognizes its responsibility to provide industry leadership and to conduct our business as a responsible global citizen. Our corporate leadership is manifested in our Code of Business Conduct and Ethics, which requires that every employee and member of the boards use sound judgment, maintain high ethical standards and demonstrate honesty in all business dealings. As a responsible global citizen, we are committed to achieving and maintaining the highest standards of professional and ethical conduct.

In addition, Carnival Corporation & plc's HESS policy describes our commitments to:

- Protecting the health, safety and security of our passengers, guests, employees and all others working on behalf of Carnival Corporation & plc, thereby promoting an organization that is free of injuries, illness and loss;
- Protecting the environment, including the marine environment in which our vessels sail and the communities in which we operate, minimizing adverse environmental consequences and using resources efficiently and sustainably;
- Fully complying with or exceeding all legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business activities; and
- Assigning health, environment, safety, security and sustainability matters the same priority as other critical business matters.

The HESS Policy is published on the Carnival Corporation & plc Web site at www.carnivalcorp.com or www.carnivalplc.com.

The boards recognize that Carnival Corporation & plc needs to ensure that there is a consistent standard of operation throughout its fleet in keeping with its leading position in the cruise industry. In this regard, the Carnival Corporation & plc Maritime Policy Department is headed by a Chief Maritime Officer, with a full-time professional and administrative staff, and is responsible for providing a common, integrated approach to management of HESS matters and for reporting to the HESS Committees on such matters. The Chief Maritime Officer reports to the Chief Operations Officer and to the Chairman of the HESS Committees.

The principal activities of the Maritime Policy Department include establishing HESS Policy, standards and procedures, and measuring and reporting on HESS-related performance.

The Carnival Corporation & plc Risk Advisory & Assurance Services ("RAAS") Department is headed by the Chief Audit Executive, who reports directly to the Chief Operations Officer and to the Chairman of the HESS Committees. The RAAS Department conducts annual HESS audits of each brand's head office and of each ship in our fleet. These audits are in addition to the audits performed by external third-party certification and regulatory auditors.

Each RAAS Department HESS audit is organized and planned to:

- Verify compliance with applicable rules, corporate standards, brand policies and procedures, regulations, codes, and guidance directly involved in the safe conduct of ship operations; and
- Verify the effectiveness and efficiency of the shipboard and shore-side HESS management systems.

Carnival Corporation & plc has long been committed to operating responsibly. We believe that sustainability is about preserving our environment, respecting our employees and the communities where we do business and returning value to our shareholders. We voluntarily publish sustainability reports at both the corporate and brand levels that address governance, commitments, stakeholder engagement, environmental, labor, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which can be viewed at www.carnivalcorp.com and www.carnivalplc.com, are developed in accordance with the Sustainability Reporting Guidelines established by the Global Reporting Initiative, the global standard for reporting on environmental, social and governance policies, practices and performance. This reporting augments the annual environmental management reporting initiative that we began in 2005.

The International Organization for Standardization ("ISO"), an international standard-setting body, produces worldwide industrial and commercial standards. ISO 14001, the environmental management standard that was developed to help organizations manage the environmental impacts of their processes, products and services, presents a structured approach to setting environmental objectives and targets. It provides a framework for any organization to apply these broad conceptual tools to their own processes. The environmental management systems of all of our cruise brands and ships are certified in accordance with ISO 14001. As part of their respective ISO 14001 Environmental Management Systems, each of our cruise brands establishes annual objectives, targets and plans to improve their environmental performance.

Carnival Corporation & plc also voluntarily set a target to reduce the intensity of carbon dioxide emissions from shipboard operations by 20 percent by 2015, from our 2005 baseline, as measured in grams of CO_2e per ALB km. In 2014, we achieved our 2015 target one year prior to our target date. We are currently developing new goals aimed at protecting the environment and further reducing our fuel consumption.

Additional information regarding greenhouse gas emissions can be found in the Strategic Report that accompanies the Carnival plc consolidated IFRS financial statements.

Further details of matters related to health, environmental, safety, security and sustainability reporting and community relations at Carnival Corporation & plc are available in the Sustainability section of the Carnival Corporation & plc Web site at www.carnivalcorp.com or www.carnivalplc.com.

Employees

Carnival Corporation & plc own and operate a portfolio of cruise brands in North America, Europe, Australia and Asia comprised of Carnival Cruise Lines, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK). Our corporate office and individual brands employ a variety of methods, such as intranet sites, management briefings, newsletters and reward programs to encourage employee involvement and to keep employees informed of the performance, development and progress of Carnival Corporation & plc.

Senior employees within Carnival Corporation & plc are eligible to participate in either the Carnival plc 2014 Employee Share Plan or the Carnival Corporation 2011 Stock Plan, further details of which are provided in Carnival plc's Directors' Remuneration Report attached as Annex B to the proxy statement. These plans reinforce the philosophy of encouraging senior employees to contribute directly to the achievement of Carnival Corporation & plc's goals and of rewarding individual and collective success.

It is the policy of Carnival Corporation & plc that disabled persons should receive full and fair consideration for all job vacancies for which they are suitable applicants. Training and career development is encouraged for all employees. It is the policy of Carnival Corporation & plc to seek to retain employees who become disabled while in its service whenever possible and to provide specialist training, where appropriate.

Information regarding gender mix can be found in the Strategic Report that accompanies the Carnival plc consolidated IFRS financial statements.

Political contributions

Carnival plc did not make any political contributions to any European Union ("EU") political organization during the year ended November 30, 2014 (2013—nil). Carnival plc's subsidiaries made political contributions to organizations outside the EU of $0.2 million (2013—$0.3 million).

Directors' statement as to disclosure of information to auditors

Each director is satisfied that, as far as he or she is aware, the auditors are aware of all information relevant to the audit of Carnival plc's consolidated IFRS financial statements for the year ended November 30, 2014 and that he or she has taken all steps that ought to have been taken by him or her as a director in order to make the auditors aware of any relevant audit information and to establish that Carnival plc's auditors are aware of that information.

Corporate governance statement

The corporate governance statement, prepared in accordance with rule 7.2 of the UK Listing Authority's Disclosure and Transparency Rules, can be found in the Carnival plc Corporate Governance Report attached as Annex C to the proxy statement. The Carnival plc Corporate Governance Report forms part of this Carnival plc Directors' Report and is incorporated into it by this reference.

Letters to shareholders

The Chief Executive Officer's Letter to Shareholders, which can be found in the Carnival plc Strategic Report, forms part of this Carnival plc Directors' Report and is incorporated into it by this reference.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the 2015 annual general meeting.

By order of the board





Arnaldo Perez
Company Secretary
February 20, 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the Carnival plc Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Carnival plc and the Carnival plc group and of the Statements of Income of the Carnival plc group for that period.

In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the group and parent company financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain Carnival plc's transactions and disclose with reasonable accuracy at any time the financial position of Carnival plc and the Carnival plc group and to enable them to ensure that the financial statements and the Carnival plc Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Carnival plc consolidated IFRS financial statements, Article 4 of the IAS Regulation.

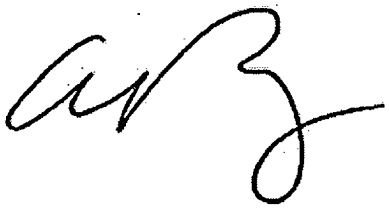
They are also responsible for safeguarding the assets of Carnival plc and the Carnival plc group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are listed in the proxy statement, confirms that, to the best of his or her knowledge:

- the Carnival plc group financial statements, which have been prepared in accordance with IFRSs give a true and fair view of the assets, liabilities, financial position and net income of the Carnival plc group;
- the Carnival plc Directors' Report contained in Annex A to the proxy statement and the Carnival plc Strategic Report that accompanies the Carnival plc consolidated IFRS financial statements includes a fair view of the development and performance of the Carnival plc group, together with a description of the principal risks and uncertainties that it faces; and

The directors consider that the Annual Reports and Accounts taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders of Carnival plc to assess Carnival plc's performance, business model and strategy.

By order of the board





Arnaldo Perez
Company Secretary
February 20, 2015

Carnival plc
Incorporated and registered in England and Wales under number 4039524

Annex B

CARNIVAL PLC DIRECTORS' REMUNERATION REPORT
PART II

Certain information required to be included in the Carnival plc Directors' Remuneration Report is set forth in Part I (which is also known as the Compensation Discussion and Analysis) and in the Executive Compensation section of the Notice of Annual Meetings and Proxy Statement to which this report is annexed (the "Proxy"). The Compensation Discussion and Analysis and the relevant parts of the Proxy should be read in conjunction with this Part II.

As explained in Part I, Parts I and II of this report form part of the Annual Report of Carnival plc for the year ended November 30, 2014. Carnival plc and Carnival Corporation are separate legal entities (together referred to in this report as "Carnival Corporation & plc") and each company has its own board of directors and Compensation Committee. However, as required by the agreements governing the dual listed company ("DLC") arrangement, there is a single management team and the boards of directors and members of the committees of the boards are identical. Accordingly, consistent with prior years, we have included remuneration paid by Carnival Corporation and Carnival plc in the Carnival plc Directors' Remuneration Report. The directors are primarily paid by Carnival Corporation as part of the DLC arrangement.

Both Parts I and II of this report are in compliance with Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the "LMCG Regulations") and the 2012 UK Corporate Governance Code, the UK Companies Act 2006 and the Listing Rules of the UK Listing Authority.

1. Statement by Randall J. Weisenburger, Chairman of the Compensation Committees

The major decisions on directors' remuneration and the changes on directors' remuneration during the year (and the context for these decisions and changes) are summarized in the Executive Summary section in Part I of this report.

2. Implementation Section (not audited)

2.1 Implementation of Approved Policy

The Directors' Remuneration Policy was approved by the Carnival Corporation and Carnival plc shareholders at the annual general meeting held on April 17, 2014. This policy will be operated by Carnival Corporation & plc until a new policy is submitted for approval, which is expected to be proposed no later than at the 2017 annual general meeting. The Directors' Remuneration Policy is included within Annex B of the 2014 Notice of Annual Meeting and Proxy Statement, which is available on our Web site at www.carnivalcorp.com or www.carnivalplc.com.

The Compensation Committees have regard to the UK's Corporate Governance Code, as revised, and are satisfied that the Directors' Remuneration Policy supports the long-term success of Carnival Corporation & plc and includes due regard to managing risk within the group.

During the year, the following actions were taken or envisaged for fiscal 2015 when implementing the Directors' Remuneration Policy:

Executive Directors

Base salary	**Annual salaries (not audited)** Annual salary levels as at December 1, 2014 were: • Mr. Donald – $1,000,000 • Mr. Arison – $1,000,000 No increase was made to Mr. Donald's salary for fiscal 2014. As reported last year, Mr. Arison received a base salary increase of 10.3% given his role as executive chairman, however, he no longer participates in annual cash bonus or long-term equity-based compensation programs. Details of the companies considered as comparators for the market competitive reviews described above are set out in Part I.
Annual Bonus	**Fiscal 2014 Annual Bonus (audited)** Details of the performance measures and targets for Mr. Donald's bonus in respect of fiscal 2014 are included in Part I. As in previous years, the selected performance measure was Corporation Operating Income and application of this measure in accordance with the policy described above focuses Mr. Donald on achieving appropriate performance results as reflected by income from the operations of Carnival Corporation & plc as well as other relevant measures. Mr. Arison does not participate in our performance-based annual cash bonus program. Annual cash bonus for executive directors who served throughout fiscal 2014 were as follows: • Mr. Arison – Nil • Mr. Donald – $3,911,400 representing a bonus outcome of 147.6% of target This outcome did not involve the exercise of any discretionary adjustments (up or down) to the individual annual cash bonus amounts. Additionally, Mr. Donald is eligible, depending on service, to participate in an all-employee profit sharing arrangement as further detailed in the section on pensions below. **Fiscal 2015 Annual Bonus—Performance measures and targets (not audited)** For fiscal 2015, the key performance measure will be Corporation Operating Income, which was also the key performance measure for fiscal 2014. Full details of the process for setting the Corporation Operating Income Target for fiscal 2015 and of how achievement of Corporation Operating Income in relation to that target can produce bonus outcomes is set out in Part I. The definitions remain largely unchanged except, recognizing the increased volatility in fuel prices and currency exchange rates, the Compensation Committees decided to eliminate the impact of fuel price and currency in order to permit consistency of treatment across the leadership team and ensure that the annual bonus focuses on controllable profit. The Corporation Operating Income Target for fiscal 2015 will be disclosed in next year's report, as it is commercially sensitive in relation to disclosing it at this time.

	For fiscal 2015, Mr. Donald's target bonus remains unchanged at $2,650,000 (with the maximum possible bonus being 200% of this level). Mr. Arison does not participate in our performance-based annual cash bonus program. As reported in Part I, the annual bonus program now includes clawback features that will require participants to reimburse us for all or a portion of payments received under the program in the case of a participant's wrongdoing that results in a material restatement of our financial statements.
Long-Term Incentive Compensation	**Long-Term Incentive Compensation in Fiscal 2014 (audited)** Descriptions of the share awards made to Mr. Donald during fiscal 2014 and their vesting conditions are set out in Part I. As reported last year, Mr. Arison received a final TBS award of 63,242 shares during fiscal 2014, in respect of his performance in 2013. No PBS awards were made to Mr. Arison in fiscal 2014. The share awards made to Mr. Donald during fiscal 2014 are disclosed in Section 3.2 below, which is audited. The PBS grants made to Mr. Donald in fiscal 2014 vest zero to 200% of target based upon the extent to which (1) EBIT, as adjusted for certain fuel price changes, for each of the three fiscal years in the 2014-2016 performance cycle and (2) ROIC for the single three-year performance cycle, exceed specified performance goals, as modified up or down by up to 25% at the end of the three year performance cycle for Carnival Corporation & plc's TSR rank relative to the Peer Group. Under the terms of the award, the EBIT result is weighted 75% and ROIC result is weighted 25%. If the TSR modifier increase applies, the maximum payout would be 200% of target. These performance measures were approved by the Compensation Committees and chosen as measures as they were regarded by the Compensation Committees as a suitable measure of Carnival Corporation & plc's ability to maintain and grow earnings over time and to further align the financial result with the broader shareholder experience. Carnival Corporation & plc will disclose these targets for the PBS awards at the end of the performance period (as these targets are commercially sensitive until then). **Long-Term Incentive Compensation in Fiscal 2015 (not audited)** Within the policy, the current expectation is to make annual TBS and PBS awards as follows: • Mr. Donald—$2,100,000 in TBS awards and $1,400,000 in PBS awards No TBS or PBS awards will be made to Mr. Arison in fiscal 2015. The monetary amounts referred to above are awarded as a number of shares using the share price at the date of grant. As explained in Part I, grants are calculated by reference to the value of shares to facilitate external comparisons and also comparison to other forms of compensation. PBS awards to be granted in fiscal 2015 will be subject to performance conditions which the Compensation Committees approved as appropriate at the time the grants are made. The precise metrics have not been finalized at the date of this report, but are likely to be based on similar measures as the awards granted in fiscal 2014, which may include EBIT, ROIC and TSR, with the precise performance measures, targets and maximums set shortly prior to the grant of the awards. These targets will be disclosed at the end of the performance period (as these targets are deemed strategic and commercially sensitive until then).

Benefits	**Benefits in Fiscal 2014 (audited)** The detailed benefits provided to Mr. Arison are described in the footnotes to the single figure table in section 4.1 below. The detail of benefits provided to Mr. Donald are set out in the All Other Compensation table in the Executive Compensation section of the Proxy Statement. **Benefits in Fiscal 2015 (unaudited)** Benefits provided in fiscal 2015 are expected to be similar to those provided in fiscal 2014.
Pensions	**Fiscal 2014 Pensions (audited)** Details of the pension arrangements that Mr. Arison participated in fiscal 2014 are set out in Section 3.4 below. No changes to Mr. Arison's arrangements are anticipated for fiscal 2015. Mr. Donald participated in the Carnival Corporation Fun Ship Savings plan, a qualified 401(k) plan (the "401(k) Plan") during fiscal 2014. Under this plan, employee contributions are capped at the U.S. Internal Revenue Service ("IRS") prescribed limits (currently $17,500 per annum or up to $23,000 with catch-up contributions), with an employer matching contribution of up to 50% of this level possible after 12 months of employment), all of which is subject to discrimination testing. Carnival Corporation also operates a profit sharing arrangement under which participants who are deemed highly compensated employees under IRS regulations are paid the equivalent of their annual matching award (less any amount actually contributed by Carnival Corporation to the 401(k) Plan on their behalf as a matching contribution) and profit sharing contribution as additional cash compensation. This is currently set according to a prescribed scale as set out in the section relating to Pension Benefits in the Executive Compensation section of the Proxy. **Fiscal 2015 Pensions (unaudited)** No material changes to the arrangements as applied in fiscal 2014 are envisaged.
Stock Ownership Guidelines	**Stock Ownership Policy (audited)** A description of the stock ownership policy applicable to executive directors is set out in Part I. Mr. Arison and Mr. Donald comply with the applicable levels.

2.2 Non-Executive Directors

Fees	**Fees in Fiscal 2014 (not audited)** During fiscal 2014, non-executive directors were entitled to a $40,000 annual cash retainer plus committee-based fees and attendance fees as set out in "Director Compensation" section of the Proxy. **Restricted Stock Awards in Fiscal 2014 (audited)** Each non-executive director re-elected in April 2014 received share awards worth $120,000. **Fees in Fiscal 2015 (not audited)** The boards approved changes to the non-executive director compensation program in conformity with the remuneration policy, as set out in the "Director Compensation" section of the Proxy.

2.3 Service contracts

Because directors, other than Mr. Donald, do not have formal agreements, it is not feasible to include a table with the unexpired terms. Mr. Donald's terms are summarized in the Proxy. As explained more fully in the Proxy, Mr. Donald would generally receive one times his base salary and target bonus upon termination.

Non-executive directors are appointed under terms set out in a letter of appointment. They do not have service contracts and their appointments can be terminated (by the boards) without any compensation on termination. However, they may retain their share awards (if they have already served for at least one year) and may receive a departing gift of up to $25,000 in value.

3. Implementation Section (not audited)

3.1 Compensation Committees

The current membership of the Compensation Committees consists of three members who are deemed independent by the boards of directors: Randall J. Weisenburger (chairman), Richard J. Glasier and Laura Weil. The members of the Compensation Committees are appointed by the boards based on the recommendations of the Nominating & Governance Committees. Further details regarding the Compensation Committees (including the number of meetings of the Compensation Committees held in fiscal 2014 and the attendance of the members at such meetings) can be found in the Carnival plc Corporate Governance Report attached as Annex C to the Proxy.

Details of the Compensation Committees' process for making compensation determinations, including the advice provided by internal colleagues and external advisers is set out in Part I. As stated in Part I, Frederic W. Cook & Co., Inc. (together with its UK affiliated firm, FIT Remuneration Consultants LLP, which is a member of the Remuneration Consultants Group, the UK professional body and complies with its code of conduct) were appointed by the Compensation Committees as their external advisors. They provide no other services to Carnival Corporation & plc and, accordingly, are considered independent by the Compensation Committees and to provide objective advice.

Fees paid to the Compensation Committees' external advisers in fiscal 2014 were $362,256, such fees being charged on these firms' standard terms of business for advice provided.

3.2 Shareholder voting on remuneration matters

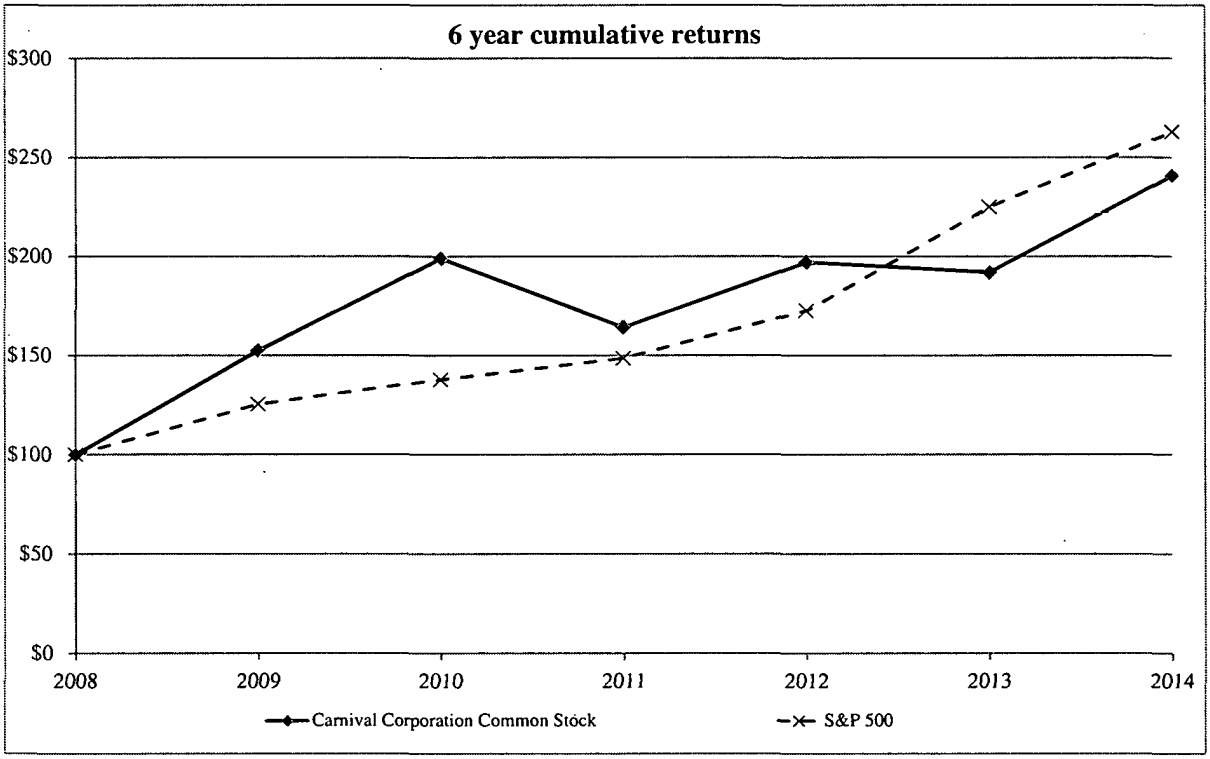
The annual meetings of shareholders of Carnival Corporation and Carnival plc were held on April 17, 2014. The results of this are outlined in the table below.

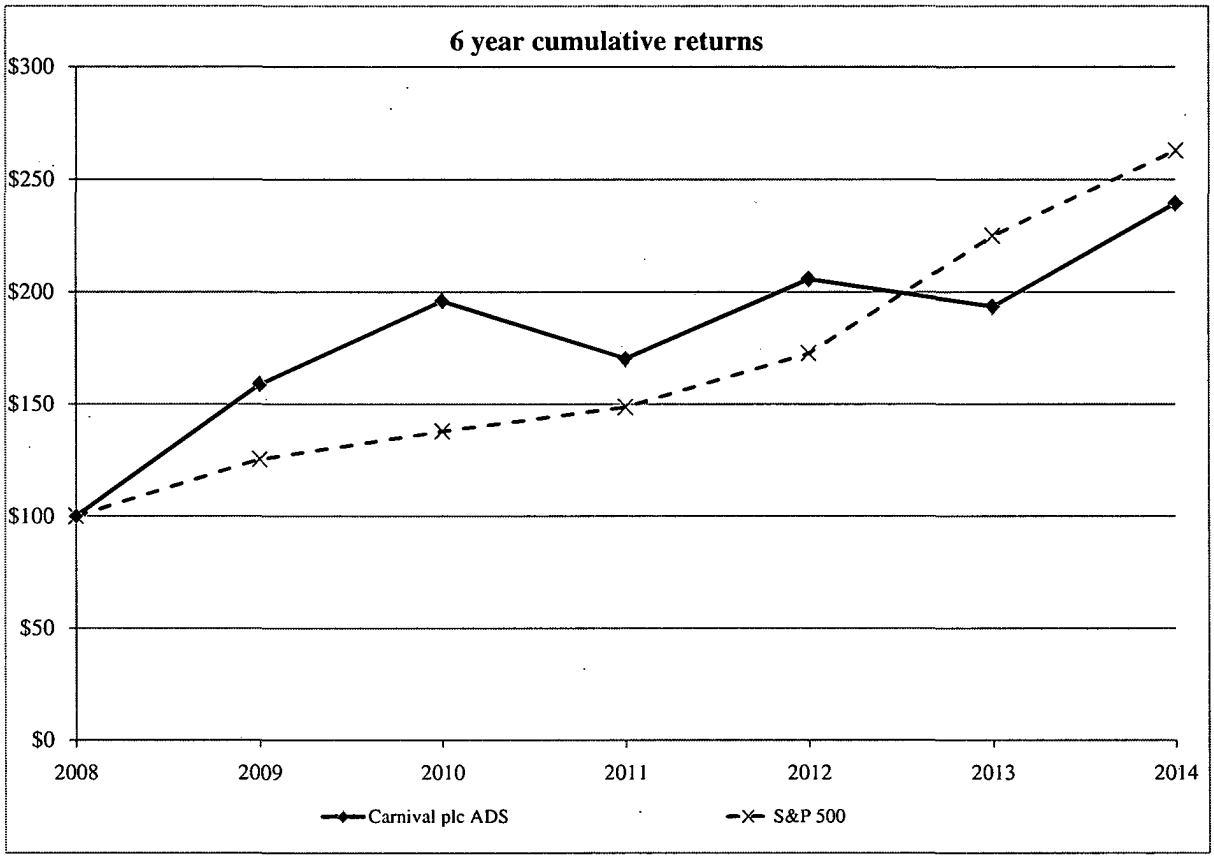
	For No. of votes	%	Against No. of votes	%	Withheld No. of votes	Broker Non-votes No. of votes
To approve the fiscal 2013 compensation of the named executive officers of Carnival Corporation and plc	393,188,762	58.4%	280,584,823	41.6%	2,381,713	17,939,119
To approve the Directors' Remuneration Report (other than the Carnival plc Directors' Remuneration Policy) for the year ended November 30, 2013	405,369,699	58.6%	286,487,497	41.1%	2,237,227	0
To approve the Carnival plc Directors' Remuneration Policy for the year ended November 30, 2013	428,274,528	61.9%	263,568,780	38.1%	2,251,109	0

As described in Part I of this report, the Compensation Committees engaged in outreach efforts with our major shareholders to gather feedback. Based in part on the feedback from these engagements, the Compensation Committees approved multiple changes to the pay practices for 2014 as summarized in Part I. In addition to the above actions, the Compensation Committees noted that some shareholders did not support the retirement arrangements for Mr. Frank. As this was a one-off arrangement in light of his unique contribution over 25 years and the importance of his continuing involvement with a number of key initiatives and the transition of the new leadership team, it is now historic and no change in policy was considered necessary. In addition some UK shareholders commented on the U.S.-centric approach to structuring Mr. Donald's recruitment arrangements. Overall, we consider that most shareholders considered these to be appropriately designed but we recognize that structuring arrangements for a U.S.-based executive in light of U.S. practices does challenge some aspects of UK guidance. The Compensation Committees seek to continue to be as sensitive to these issues as feasible while setting arrangements which are sufficiently competitive as to attract, retain and motivate executives based elsewhere.

3.3 Performance Graph and Table

Graphs representing TSR performance for both Carnival Corporation and Carnival plc have been included in the Carnival Corporation & plc 2014 Annual Report within the section titled "Stock Performance Graphs" on pages 72 and 73, respectively. The LMCG Regulations require similar tables but comparing to only one recognized index. The tables below show a comparison to the S&P 500 index of which Carnival Corporation is a constituent (as a broad index) for a period from December 1, 2008 to November 30, 2014 and have been calculated on a U.S. dollar basis.





The following table sets out, for the Chief Executive Officer, the total remuneration as seen in the single figure table, the bonus paid as a percentage of the maximum opportunity, and the number of shares that have vested against the maximum number of shares that could have been received over a six year period.

		Single figure of total remuneration ($000)	Annual bonus as a % of maximum	PBS award vesting as a % of maximum[1]
2014	Mr.Donald	$7,241	74%	N/A
2013	Mr.Donald[3]	$1,919	N/A[2]	N/A
2013	Mr.Arison[3]	$2,213	0%	0%
2012	Mr.Arison	$6,196	29%	N/A
2011	Mr.Arison	$5,716	35%	N/A
2010	Mr.Arison	$7,590	53%	N/A
2009	Mr.Arison	$9,769	44%	N/A

(1) The reference to long-term incentive vesting only includes PBS awards because TBS awards do not have a variable vesting level.

(2) The annual performance bonus for Mr. Donald is not applicable because for fiscal 2013, he received a fixed bonus amount as provided for in his employment agreement.

(3) The fiscal 2013 figures have been pro-rated for each to reflect the period in office as Chief Executive Officer.

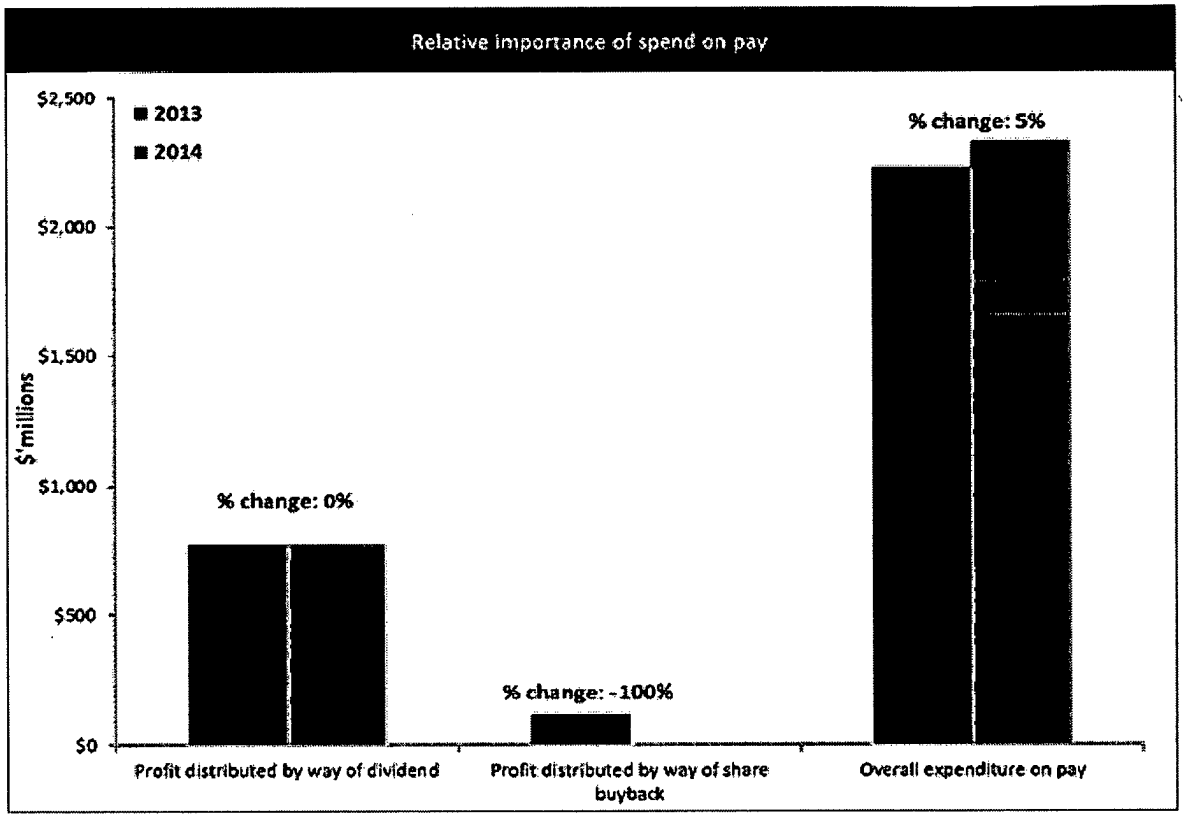
3.4 Percentage Change in pay of Chief Executive Officer Fiscal 2013 to Fiscal 2014

Reflecting developments in reporting, separate percentages are disclosed for each of the prescribed elements in this report compared with the aggregated approach adopted last year. The prescribed pay elements are: salaries, taxable benefits, and annual bonus outcomes. UK staff were selected and retained for the purposes of this comparison as it is a requirement of the LMCG Regulations so the Compensation Committees considered it logical to provide comparison for that jurisdiction. The percentages for UK staff have been calculated using a full time equivalent weighted-average number of UK staff for each year.

	Change in Salary (%)	Change in Benefits (%)	Change in Annual Bonus (%)	Change in Total (%)
CEO	5.7	(51.5)	247.6(1)	94.7(1)
Staff	4.4	18.7	87.3	8.8

(1) Pursuant to the terms of his employment agreement, Mr. Donald received a fixed payment of $1,125,000 for his 2013 bonus to reflect the five months of the year during which he served as President and Chief Executive Officer. Mr. Arison did not receive a bonus for the seven months of the year during which he served as Chief Executive Officer. As a result, the change reflected compares the bonus for 12 months of service with a bonus for 5 months of service. On an annualized basis, the change in annual bonus would be 44.9% and change in total compensation would be 22.5%.

3.5 Relative importance of spend on pay



(1) Profit distributed by way of dividend taken as dividends declared set out in the consolidated statements of shareholders' equity in the Carnival Corporation & plc joint annual report on Form 10-K ("Form 10-K").

(2) Profit distributed by way of share buyback taken as purchases of treasury stock, net of stock swap benefits, in the consolidated statements of shareholders' equity in the Form 10-K.

(3) Overall expenditure on pay has been calculated on a broadly consistent approach to the standard UK approach to calculating this amount and includes all global staff using normal accounting conventions for benefits and includes expected value assumptions in respect of share awards and so is not consistent with methodologies used elsewhere in this Part II.

4. Implementation Section (audited)

4.1 Single figure table

EXECUTIVE DIRECTORS

The compensation of the executive directors of Carnival Corporation and Carnival plc for fiscal 2014 is as follows.

	Salary		Benefits[1]		Annual Bonus[2]		TBS award[3]		PBS award[3][4]		Pension		Total	
$000	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Arnold W. Donald[5]	1,000	417	291	377	3,911	1,125	2,039	—	—	—	—	—	7,241	1,919
Micky Arison	1,000	906	320	385	—	—	2,550	2,503	1,211	—	—	—	5,081	3,794

(1) Details of the matters for Mr. Donald provided within Benefits are disclosed in (and taken from) the All Other Compensation table in the Executive Compensation section of the Proxy. Benefits provided to Mr. Arison include an automobile lease, private medical health insurance costs, accidental death or dismemberment insurance premiums, long-term disability insurance premiums, life and auto insurance premiums, automobile repairs and expenses, driver and security, personal use of the company aircraft and spousal meals. Consistent with past practice, benefits reflect the position under U.S. rules as no UK tax is payable.

(2) Details of the performance measures and targets applicable to the annual bonus for fiscal 2014 are set out in Section 2.1 above and in Part I of this report. No element of the annual bonus is subject to deferral.

(3) TBS and PBS figures are the value of the awards granted during the year using the average share price over the last three months of the fiscal year and include dividends actually received in respect of awards in the year. Dividends are paid on unvested Carnival Corporation TBS and PBS awards as they arise and have been included in these figures.

(4) There is no PBS value for the 2013 column, as there was no vesting of awards in respect of EPS performance measured to fiscal 2013. Mr. Arison received distribution of 60% of his 2012 PBS shares and 50% of his 2013 PBS shares on reaching retirement age pursuant to the terms of the associated PBS agreements.

(5) Mr. Donald became President and Chief Executive Officer on July 3, 2013, before which he was a non-executive director. This table shows his compensation from his employment date. Because his role as a non-executive director during a portion of 2013 is distinct, that compensation is excluded from this table. During fiscal 2013, he received fees of approximately $92,000 and restricted stock of approximately $129,000. He received a fixed bonus of $1,125,000 for fiscal 2013. There is no value for a TBS award in fiscal 2013 because the first such grant made to him in January 2014.

During fiscal 2014, Mr. Donald served as a non-executive director of companies outside the Carnival Corporation & plc group, for which he received fees totalling $200,179, which he retained.

Any termination payments to former directors were fully disclosed in last year's table and no further payments were made in the year.

NON-EXECUTIVE DIRECTORS

The compensation of the non-executive directors of Carnival Corporation and Carnival plc for fiscal 2014 is as follows. The format is different from the preceding table for executive directors as certain aspects (such as bonus and pension) do not apply to non-executive directors.

	Fees		Benefits[1]		Restricted Stock/RSUs[2]		Total	
$000	2014	2013	2014	2013	2014	2013	2014	2013
Sir Jonathon Band	85	87	16	16	129	129	230	232
Howard S. Frank	—	N/A	69	N/A	—	N/A	69	N/A
Richard J. Glasier	143	149	11	3	129	129	283	281
Debra Kelly-Ennis	83	87	9	3	129	126	221	216
Sir John Parker	114	116	4	4	129	129	247	249
Stuart Subotnick	129	144	5	9	129	129	263	282
Laura Weil	113	120	—	—	129	129	242	249
Randall J. Weisenburger	140	119	5	—	129	129	274	248

(1) Details of the matters provided within Benefits are disclosed in and taken from the Director Compensation section of the Proxy. Consistent with past practice, benefits reflect the position under U.S. tax rules.

(2) Restricted stock awards may be structured as restricted stock (in which case dividends are paid as they arise) or restricted stock units (in which case dividends are rolled-up to vesting) at the election of the director. The reported figures are the value of the awards granted during the year using the average share price over the last three months of the fiscal year and include dividends actually received in respect of those awards in the year.

(3) Mr. Frank served as an unpaid non-executive director from December 1, 2013 until April 17, 2014. He served as an executive director during 2013.

The aggregate emoluments (being salary, bonuses, fees and benefits) of all directors during fiscal 2014 was approximately $10.9 million.

During fiscal 2014, Mr. Frank received $575,000 pursuant to his consulting agreement described in last year's report.

4.2 Share Plan awards made to directors in fiscal 2014

The LMCG Regulations require disclosure of awards made in the year plus a table of aggregate outstanding awards, separately detailing awards that vest or are exercised in the year. The latter information is included in section 4.3 below.

Share Plan Awards Made to Directors During Fiscal 2014

Director	Grant Date	Plan[1]	No. of shares	Face value[2] $	Threshold vesting level %	Vesting level % at maximum performance[3]	Anticipated vesting date
Micky Arison	1/14/2014	TBS	63,242	2,625,808	N/A	100%	1/14/2017
Arnold W. Donald	1/14/2014	TBS	50,578	2,099,999	N/A	100%	1/14/2017
	4/16/2014	PBS	38,314	1,399,994	50%	200%	4/16/2017
Howard S Frank[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sir Jonathon Band	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Richard J. Glasier	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Debra Kelly-Ennis	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Sir John Parker	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Stuart Subotnick	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Laura Weil	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017
Randall J. Weisenburger	4/17/2014	Restricted Stock	3,215	119,984	N/A	100%	4/17/2017

(1) The terms of TBS and PBS awarded to executive directors and the terms of restricted shares awarded to non-executive directors and the basis on which these awards are made are summarized in the table above are described in the "Director Compensation" and "Executive Compensation" sections of the Proxy.

(2) Face values for all are calculated using the closing share prices at the relevant grant dates being: $41.52 at January 14, 2014; $36.54 at April 16, 2014; and $37.32 at April 17, 2014.

(3) Only PBS awards have performance measures. These are described in Part I of this report. Consistent with U.S. practice, these have been included at their target values. To comply with the LMCG Regulations, a column for the maximum percentage (before dividend accrual) has been included and the UK face values should be taken as the reported figure multiplied by those percentages. Similarly, the threshold percentages are expressed as a percentage of target rather than maximum. The performance period for the April 2014 PBS grants is fiscal 2014, 2015 and 2016.

(4) Mr. Frank was not nominated for re-election to the boards at the April 2014 annual general meeting. As a result, his term ended on April 17, 2014.

4.3 Directors' Shareholding and Share interests

Details of Carnival Corporation & plc's stock ownership requirements for executive directors are set out in Part I. Mr. Arison and Mr. Donald comply with the policy, which require each of them to own Carnival Corporation or Carnival plc shares with a value equivalent to five times his salary.

The stock ownership policy for non-executive directors was amended in 2014 to provide that all non-executive directors are required to own shares (inclusive of unvested restricted shares, RSUs and shares in a trust beneficially owned by the director) of either Carnival Corporation common stock or Carnival plc ordinary shares with a value equal to four times the cash retainer. New directors must achieve this requirement no later than five years from the date of their initial election to the boards by the shareholders. Each of the non-executive directors has already achieved this board-mandated requirement.

The following table shows the total outstanding (plus those exercised during the year) shares under any incentive plans.

Total Share Plan Interests as at November 30, 2014 (or date of cessation, if earlier)

	Share Options			Shares (including Restricted Stock and RSUs)		
	No. of Securities Underlying Unexercised Options - Exercisable	No. of Securities Underlying Unexercised Options Unexercisable	No. of Shares Acquired on Option Exercise	TBS Awards That Have Not Vested	PBS Awards That Have Not Vested	No. of Shares Acquired on Vesting
Executive Director						
Micky Arison	—	—	—	219,760	23,277	106,106
Arnold W. Donald	10,000	—	—	58,029	175,384	3,188
Non-Executive Director						
Sir Jonathon Band	—	—	—	10,666	N/A	3,188
Howard S. Frank(1)	—	—	—	127,522	26,077	31,534
Richard J. Glasier	20,000	—	—	10,666	N/A	3,188
Debra Kelly-Ennis(2)	—	—	—	10,666	N/A	—
Sir John Parker	—	—	—	10,666	N/A	3,188
Stuart Subotnick	—	—	—	10,666	N/A	3,188
Laura Weil	—	—	—	10,666	N/A	3,188
Randall J. Weisenburger	—	—	—	10,666	N/A	3,188

(1) Mr. Frank was not nominated for re-election to the boards at the April 2014 annual general meeting. As a result, his term ended on April 17, 2014.

(2) Ms. Kelly-Ennis' awards prior to fiscal 2014 are in the form of restricted stock units so the dividends are added to the initial shares granted upon vesting. Other executive directors and non-executive directors (including Ms. Kelly-Ennis for fiscal 2014) received TBS awards in the form of restricted stock so dividends were paid on outstanding awards.

The aggregate gain on the exercise of share options and on other shares that vested during fiscal 2014 were $nil and $6,337,184, respectively. These values are based on the closing prices of Carnival Corporation common stock and Carnival plc ordinary shares on the respective exercise or vesting dates of the shares. All directors receive Carnival Corporation common stock, which are denominated in U.S. dollars.

Details of the directors' interests are as follows*:

Directors	Carnival plc		Carnival Corporation	
	Dec. 1, 2013	Nov. 30, 2014	Dec. 1, 2013**	Nov. 30, 2014**
Micky Arison[1]	—	—	171,809,617	138,271,621
Sir Jonathon Band	—	—	13,771	17,110
Arnold W. Donald	—	—	21,970	74,396[3]
Howard S. Frank	—	—	172,791	172,809[4]
Richard J. Glasier	—	—	22,025	25,281
Debra Kelly-Ennis	—	—	—	—
Sir John Parker	10,004[2]	10,004[2]	26,181	32,747
Stuart Subotnick	—	—	27,362	33,252
Laura Weil	—	—	26,562	30,048
Randall J. Weisenburger	—	—	78,635	83,473

* For consistency with Part I, the above table includes restricted stock (but not RSUs) held.

** As part of the establishment of the DLC arrangement, Carnival plc issued a special voting share to Carnival Corporation, which transferred such share to the trustee of the P&O Princess Special Voting Trust (the "Trust"), a trust established under the laws of the Cayman Islands. Shares of beneficial interest in the Trust were transferred to Carnival Corporation. The trust shares represent a beneficial interest in the Carnival plc special voting share. Immediately following the transfer, Carnival Corporation distributed such trust shares by way of a dividend to holders of shares of common stock of Carnival Corporation. Under a pairing agreement, the trust shares are paired with, and evidenced by, certificates representing shares of Carnival Corporation common stock on a one-for-one basis. In addition, under the pairing agreement, when a share of Carnival Corporation common stock is issued to a person after the implementation of the DLC arrangement, a paired trust share will be issued at the same time to such person. Each share of Carnival Corporation common stock and the paired trust share may not be transferred separately. The Carnival Corporation common stock and the trust shares (including the beneficial interest in the Carnival plc special voting share) are listed and trade together on the New York Stock Exchange under the ticker symbol "CCL." Accordingly, each holder of Carnival Corporation common stock is also deemed to be the beneficial owner of an equivalent number of trust shares.

(1) As of November 30, 2014, includes (i) 3,271,234 shares of common stock held by the Nickel 2003 Revocable Trust, (ii) 95,736,445 shares of common stock held by MA 1994 B Shares, L.P., (iii) 37,580,930 shares of common stock held by the Artsfare 2005 Trust No. 2 by virtue of the authority granted to Mr. Arison under the last will of Ted Arison, (iv) 841,506 shares of common stock held by the NA 2008 Trust and (v) 841,506 shares held by the KA 2008 Trust.

(2) Includes 7,000 shares owned by GHM Trustees Limited, the trustee of Sir John Parker's Fixed Unapproved Restricted Retirement Scheme of which Sir John Parker is a discretionary beneficiary.

(3) Includes 1,807 shares held by The Arnold W. Donald Revocable Trust UAD 5/26/98.

(4) Holdings reflected in this column represent the applicable individual's holdings as of the date of his retirement as a director, April 17, 2014.

The following changes in the above share interests occurred between December 1, 2014 and January 20, 2014:

Directors	Carnival plc		Carnival Corporation	
	Jan. 20, 2015	Dec. 1, 2014	Jan. 20, 2015	Dec. 1, 2014
Sir Jonathon Band	—	—	17,147	17,110
Arnold W. Donald	—	—	119,780	74,396
Richard J. Glasier	—	—	25,299	25,281
Sir John Parker	—	—	32,916	32,747
Stuart Subotnick	—	—	33,405	33,252
Laura Weil	—	—	30,118	30,048
Randall J. Weisenburger	—	—	83,609	83,473

4.4 Total Pension Entitlements

Details of the retirement benefits of current and former directors arising from their participation in defined benefit pension arrangements are as follows:

	Accrued benefit[1] at Nov. 30, 2014 $000	Increase/(decrease) in accrued benefits including inflation $000	Value of increase/(decrease) in accrued benefits net of inflation and directors' contributions $000
Micky Arison	144	(1)	(72)
Arnold Donald	—	—	—

(1) The accrued benefit is that pension which would be paid annually on retirement at the normal retirement age of 65 under the various defined benefit plans described in Part I of the Carnival plc Directors' Remuneration Report in the proxy statement to which this report is annexed based on service to November 30, 2014. Current directors are not entitled to any early retirement benefits.

Mr. Frank remained a member of certain defined benefit arrangements but no accruals were made in respect of his membership in 2014.

4.5 Payments for loss of office

Mr. Frank retired from the Board of Directors at the annual general meeting on April 17, 2014. For his long years of valued service to us he was presented with a leaving gift with a value of $30,000.



Annex C

CARNIVAL PLC CORPORATE GOVERNANCE REPORT

Corporate governance

Carnival Corporation and Carnival plc (together referred to as "Carnival Corporation & plc") operate under a dual listed company arrangement with primary listings in the U.S. and the UK. Accordingly, Carnival Corporation & plc has implemented a single corporate governance framework consistent, to the extent possible, with the governance practices and requirements of both countries. Where there are customs or practices that differ between the two countries, Carnival Corporation & plc has nonetheless sought to be compliant with UK best practices whenever possible. Carnival Corporation & plc believes that its resulting corporate governance framework effectively addresses the corporate governance requirements of both the U.S. and the UK.

Corporate Governance Guidelines

Carnival Corporation & plc has adopted corporate governance guidelines (the "Guidelines") that set forth the general governance principles approved by the boards of directors. These principles are available on Carnival Corporation & plc's Web site and are summarized as follows:

- A majority of the members of each of the boards must be independent in accordance with the corporate governance rules applicable to companies listed on the New York Stock Exchange and the London Stock Exchange.
- The boards will each have at all times an Audit Committee, a Compensation Committee, a Health, Environmental, Safety & Security ("HESS") Committee and a Nominating & Governance Committee (collectively, the "Committees"). All the members of the Committees will be independent directors under the criteria applicable to companies listed on the New York Stock Exchange, the London Stock Exchange and any other applicable regulatory requirements. Each Committee has its own written charter, which principally sets forth the purposes, goals and responsibilities of the Committees.
- The Nominating & Governance Committees will review with the boards, on an annual basis, the requisite skills and characteristics of new board members, as well as the composition of the boards as a whole. The Nominating & Governance Committees will assess and recommend board candidates for appointment as directors.
- The responsibilities of the directors are laid out in the Guidelines and cover matters such as the directors' duties to Carnival Corporation & plc and its shareholders, attendance at meetings and the annual review of Carnival Corporation & plc's long-term strategic plans and the principal issues that Carnival Corporation & plc may face in the future.
- The non-executive directors shall appoint a Senior Independent Director to preside at meetings of the non-executive directors and at board meetings in the absence of the Chairman, and to serve as the principal liaison for non-executive directors.
- Directors have free and full access to officers and employees of Carnival Corporation & plc, to the advice and services of the Company Secretary to the boards and to independent professional advice at the expense of Carnival Corporation & plc.
- The Compensation Committees will recommend the form and amount of director and senior executive compensation in accordance with the policies and principles set forth in its charter and conduct an annual review thereof. In particular, the Compensation Committees will annually review the compensation of the Chief Executive Officer ("CEO") and his performance to enable the CEO to provide strong leadership for Carnival Corporation & plc in the short and long-term.
- The boards and the Nominating & Governance Committees are responsible for CEO succession planning.
- The Nominating & Governance Committees will maintain orientation programs for new directors and continuing education programs for all directors.

- The boards will conduct an annual performance evaluation to determine whether they, their Committees and individual directors are functioning effectively.
- The non-executive directors will meet at least annually under the direction of the Senior Independent Director to conduct an appraisal of the Chairman's performance.
- All shareholders may communicate with the boards by addressing all communications to the Company Secretary, who must forward any item requiring immediate attention to the Senior Independent Director, who must in turn notify the boards of any matters for discussion or action as appropriate.

Carnival Corporation & plc monitors governance developments in the U.S. and the UK to support a vigorous and effective corporate governance framework.

Set out below is a statement of how Carnival Corporation & plc has applied the main principles of the UK Corporate Governance Code (formerly known as the Combined Code) published by the UK Financial Reporting Council in September 2012 (the "Corporate Governance Code") during the year ended November 30, 2014. A copy of the Corporate Governance Code is available on the Web site of the UK Financial Reporting Council at www.frc.org.uk. The requirements of rule 7.2.6R of the UK Listing Authority's Disclosure and Transparency Rules can be found in the Carnival plc Directors' Report in Annex A of the proxy statement.

Board composition

Each of the boards of directors is currently comprised of nine members, of which two are executive directors and seven are non-executive directors. All directors are required to submit themselves for annual re-election. The biographical details of the members of the boards standing for re-election and their qualifications to serve as board and committee members are contained in the proxy statement to which this report is annexed. All directors serving during the year ended November 30, 2014 have been subject to a formal performance evaluation during the year, as described below.

As of the date of this report, 22% of the members of the boards are women (being two of nine members). The boards have expressed their intent to fill future board vacancies with female candidates, where skill set and relevant experience for the particular vacancy can be met to achieve a target of 25% female by the end of 2015. This is consistent with the aspirational target for FTSE 100 boards recommended in the Davies Review published in the UK in February 2011, entitled "Women on Boards."

Board balance and independence

As part of the boards' annual independence assessment, each director was required to complete an independence questionnaire. All questionnaires were reviewed and assessed by full board. Following this review, all of the seven nominees for re-election as non-executive directors are considered by the boards to be independent in accordance with the corporate governance rules of the New York Stock Exchange and the London Stock Exchange. Richard J. Glasier, Sir John Parker and Stuart Subotnick have been non-executive directors for more than nine years from the date of their first election to the board of Carnival Corporation. However, notwithstanding this fact, the boards have determined that each of those directors is independent for the reasons set forth below.

Consistent with U.S. practice, the boards believe that length of tenure should be only one of the factors considered with respect to the independence of directors and, accordingly, that tenure alone should not result in the loss of independence. The boards believe that automatic loss of independence status for directors due to tenure would effectively operate as a term limit for independent directors and result in the loss of the valuable contributions of directors who have been able to develop over time increasing insight into Carnival Corporation & plc and its operations. The boards prefer to rely on rigorous annual evaluations of individual directors to review their objectivity and independence, as well as their overall effectiveness as directors. All directors are also subject to annual re-election by shareholders following individual evaluations and recommendations by the Nominating & Governance Committees.

Directors' indemnities

As at the date of this report, indemnities are in force under which Carnival Corporation & plc have agreed to indemnify the directors of Carnival Corporation & plc, to the extent permitted by law and the Third Amended and Restated Articles of Incorporation of Carnival Corporation and the Articles of Association of Carnival plc, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of Carnival plc.

Board procedures and responsibilities

Meetings of the boards are held on a regular basis to enable the boards to properly discharge their responsibilities. During the year ended November 30, 2014, the board of directors of Carnival plc held a total of six meetings. All board meetings during the year were attended by the full board, with the exception of Stuart Subotnick who attended five of the six meetings. In addition, the non-executive directors meet periodically during the year with the Chairman of the boards with no other executive directors present.

The agenda for each board meeting and meeting schedules are prepared by the Chairman and reviewed and approved by Stuart Subotnick, the Senior Independent Director, to enable the flow of relevant information to the boards. Each board member is entitled to suggest the inclusion of items on the agenda and to raise at any board meetings subjects that are not on the agenda for that meeting.

Non-executive directors are required to allocate sufficient time to meet the expectations of their role. The consent of the Chairman and the Senior Independent Director must be sought before accepting additional directorships that might affect the time a non-executive director of Carnival Corporation & plc is able to devote to that role.

The boards have resolved that executive directors may not serve as a non-executive board member on more than one FTSE 100 or Fortune 100 company nor as the Chairman of such a company.

Board structures and delegation to management

The basic responsibility of the directors is to exercise their business judgment in the way they consider, in good faith, would be most likely to promote the success of Carnival Corporation & plc and for the benefit of the shareholders as a whole. Further details of the responsibilities of the directors are set out in the Guidelines. The boards have a formal schedule of matters specifically reserved to them for decision, which includes the approval of annual, interim and quarterly results and financial statements, dividends, significant changes in accounting policy, material acquisitions and disposals, material agreements, major capital expenditures, annual operating plans, strategic plans, treasury policy, risk management policy, material changes to employee incentive plans as well as approval of share awards or other share-related benefits, and health, environmental, safety, security and sustainability policies.

Details of the Committees of the boards are set out in the section below. In addition, any matters reserved for the boards that arise between formal board meetings that need to be resolved are delegated to an Executive Committee, comprising two executive directors and a non-executive director. Any resolutions made by the Executive Committee are presented for ratification by the board of directors at the next board meeting.

The strategic management and direction of, and significant commercial decisions in relation to, global operations of Carnival Corporation & plc, except to the extent reserved to the full boards under their schedule of reserved matters, is delegated by the boards to boards of subsidiary companies within the group and to management committees of the boards, which in turn delegate to local management as appropriate.

Committees of the boards

The following Committees have operated throughout the year. Each Committee has a written charter, copies of which can be found on Carnival Corporation & plc's Web site at www.carnivalcorp.com or www.carnivalplc.com.

AUDIT COMMITTEES

The Audit Committees of the boards are comprised of the following four independent non-executive directors: Richard J. Glasier (chairman), Stuart Subotnick, Laura Weil and Randall J. Weisenburger. The board of Carnival plc has determined that Richard J. Glasier continues to have "recent and relevant financial experience" for the purposes of the Corporate Governance Code. The qualifications of each member of the Audit Committees are contained in the proxy statement to which this report is annexed.

The Audit Committees are typically scheduled to meet at least 13 times a year and at other times if required, with a minimum of four meetings per year as required by the Audit Committees' charter. The Chief Financial Officer, the Chief Accounting Officer, the General Counsel and the Chief Audit Executive, who is responsible for the internal audit function and enterprise risk management facilitation within Carnival Corporation & plc, and representatives from the external auditors normally attend meetings at the invitation of the Audit Committees. During the year, 13 meetings of the Carnival plc Audit Committee were held, which were attended by all members of the Audit Committees, with the exception of Stuart Subotnick who attended 11 of the 13 meetings and Randall W. Weisenburger who attended 12 of the 13 meetings.

The main role and responsibilities of the Audit Committees are to review the significant risks or exposures of Carnival Corporation & plc (other than health, environmental, safety, security and sustainability matters), the adequacy of internal controls, the quarterly, interim and annual consolidated financial statements, any formal announcements relating to the Carnival Corporation & plc's financial performance, the appointment, replacement, reassignment or dismissal of the Chief Audit Executive, to liaise with, appoint and assess the effectiveness and independence of, the external auditors assisting the boards, if so requested, in ensuring that the annual report and accounts of Carnival plc, taken as a whole, is fair and balanced and understandable and provides the information necessary for shareholders of Carnival plc to assess Carnival plc's performance, business model and strategy and to review compliance with the Carnival Corporation & plc Code of Business Conduct and Ethics. The Audit Committees have established and monitor the procedures for receipt of employee complaints regarding any alleged fraud or violations of law.

In fulfilling their responsibilities during the year, the Audit Committees have, among other things:

- Reviewed the quarterly and annual financial results of Carnival Corporation & plc, including accounting matters and key factors affecting financial results and future forecasts;
- Reviewed financial statements and related disclosures, and other proposed filings with the U.S. Securities and Exchange Commission ("SEC") and draft earnings press releases of Carnival Corporation & plc;
- Reviewed the form and content of the financial statements, including the related disclosures, to be presented to shareholders of Carnival plc at the half year and at the year end;
- Confirmed completion of certification letters, disclosure controls and procedure checklists and loss contingency memos from all reporting units;
- Received briefings on Carnival Corporation & plc's Sarbanes-Oxley 404 compliance program;
- Reviewed reporting from the independent auditors concerning the audit work performed, identified internal control deficiencies and accounting issues, and all relationships between the independent auditors and Carnival Corporation & plc;
- Reviewed and approved fees for audit and non-audit related services provided by Carnival Corporation & plc's independent auditors;
- Received and reviewed various reports from the independent auditors regarding the planning, status, execution and conclusions of their work;
- Received reporting, as well as quarterly briefings from the Risk Advisory & Assurance Services ("RAAS") Department concerning results from their internal auditing work. Reporting included significant findings, any identified internal control deficiencies and management plans for remedial action;

- Reviewed reports of the RAAS Department issued under the Carnival Corporation & plc's enterprise risk management program, as well as the company-wide audit risk assessment, historical audit coverage and audit plan for the upcoming year;
- Reviewed reports of the RAAS Department concerning progress against their audit plan, department staffing and professional qualifications, and the status of management action plans for previously identified action steps;
- Reviewed reports of the Global Information Technology Department regarding data security;
- Reviewed the status of complaints received through Carnival Corporation & plc's third-party administered hotline and other channels; and
- Reviewed and approved certain swap transactions that are exempt from the clearing requirements under the Commodity Exchange Act, as amended, and reviewed our policies governing the use of such swaps.

COMPENSATION COMMITTEES

The Compensation Committees of the boards are comprised of the following three independent non-executive directors: Randall J. Weisenburger (chairman), Richard J. Glasier and Laura Weil.

The Compensation Committees are scheduled to meet at least four times a year and at other times if required. Executive directors are invited to attend for appropriate items, but are excluded when their own performance and remuneration are being discussed and determined. During the year, six meetings of the Carnival plc Compensation Committee were held, which were attended by all members of the Compensation Committees.

The Compensation Committees are responsible for the evaluation and approval of the director and officer compensation plans, policies and programs of Carnival Corporation & plc. They annually review and approve corporate goals and objectives relevant to the CEO's compensation and determine and approve the CEO's compensation. They also annually determine and approve the compensation of all other executive directors and other senior officers and make recommendations to the boards with respect to the compensation of the non-executive directors. The Compensation Committees are empowered to retain compensation consultants of their choice to be used to assist in the evaluation of compensation issues.

HESS COMMITTEES

The HESS Committees of the boards are comprised of the following three independent non-executive directors: Sir John Parker (chairman), Sir Jonathon Band, and Debra Kelly-Ennis.

The HESS Committees are scheduled to meet at least four times per year as required by the HESS Committees' charter, and meet at other times if required. During the year, five meetings of the Carnival plc HESS Committee were held, which were attended by all members of the HESS Committees. The CEO and the chief executive officers of our cruise brands also attend meetings of the HESS Committees.

The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor Carnival Corporation & plc's health, environmental, safety, security and sustainability policies, programs, initiatives at sea and ashore, and compliance with legal and regulatory requirements relating to health, environmental, safety, security and sustainability. The HESS Committees receive quarterly reporting from the Carnival Corporation & plc Maritime Policy Department regarding the status of Carnival Corporation & plc's Environmental Compliance Plan and from the RAAS Department regarding the vessel auditing program, as well as any instances of non-compliance and planned remedial action.

NOMINATING & GOVERNANCE COMMITTEES

The Nominating & Governance Committees of the boards are comprised of the following four independent non-executive directors: Stuart Subotnick (chairman), Richard J. Glasier, Sir John Parker and Randall J. Weisenburger. The qualifications of each member of the Nominating & Governance Committees are contained in the proxy statement to which this report is annexed.

The Nominating & Governance Committees meet periodically as required. During the year, four meetings of the Carnival plc Nominating & Governance Committee were held, which were attended by all members, with the exception of Stuart Subotnick who attended three of the four meetings.

The principal function of the Nominating & Governance Committees is to assess and recommend to the boards candidates for appointment as directors of Carnival Corporation & plc and members of the Committees and to assist the boards with CEO succession planning. Further details on the succession planning process and the Nominating & Governance Committees' approach to diversity are contained in the proxy statement to which this report is annexed under the heading "Board Structure and Committee Meetings," and which is incorporated by reference into this Corporate Governance Report. They are also responsible for establishing procedures to exercise oversight of the evaluation of the boards and management and the maintenance of orientation programs for new directors, continuing education for all directors and for annually reviewing and reassessing the adequacy of the Guidelines and recommending any proposed changes to the boards for approval.

Carnival plc Supplement to the Report of the Audit Committees

Certain information required to be included in the Carnival plc Report of the Audit Committee is set forth in the Report of the Audit Committees that can be found on page 80 of the proxy statement to which this report is annexed, and which is incorporated by reference into this Corporate Governance Report. The principal purpose of this Carnival plc Supplement to the Report of the Audit Committees is to comply with the Corporate Governance Code requirements, which are only applicable to Carnival plc.

Significant accounting judgments

The significant areas considered by the Carnival plc Audit Committee and discussed with the Carnival plc external auditors, PricewaterhouseCoopers LLP ("PwC"), for fiscal 2014 were as follows:

- *Impairment Reviews of Costa Cruises and Cunard Goodwill.* The Audit Committee considered whether the carrying value of Costa Cruises and Cunard goodwill held by Carnival plc should be impaired. The judgment in relation to the impairment assessment largely relates to the assumptions underlying the calculation of the fair value less the cost of selling (market participant) model. The Audit Committee evaluated the key assumptions related to net revenue yields; net cruise costs, including fuel prices; capacity changes; weighted-average cost of capital and long-term growth rates. The Audit Committee performed this evaluation using reports received from management, including the approved plan, outlining the basis for assumptions used. The Audit Committee determined that these key assumptions were reasonable and that the Costa Cruises and Cunard goodwill was not impaired as of July 31, 2014 and that appropriate disclosures have been made in the Carnival plc consolidated IFRS financial statements (see note 11).
- *Impairment Reviews of Certain Costa Cruises, Ibero Cruises and P&O Cruises (UK) Ships.* The Audit Committee considered whether the carrying value of certain ships within these fleets may be impaired. The judgment in relation to impairment largely relates to the assumptions underlying the calculation of the fair value less the cost of selling the ship being tested for impairment, primarily whether the strategic plan for these ships is achievable and the overall macroeconomic assumptions that underpin the valuation process. The Audit Committee evaluated the key assumptions related to net revenue yields; net cruise costs, including fuel prices; life of these ships; estimated sale values; probability of sale occurring; and discount rate. The Audit Committee addressed these matters using reports received

from management outlining the basis for assumptions used. The strategic plan for these ships used in the calculation was reviewed by the Audit Committee. The Audit Committee has determined that the judgments made by management are reasonable and that appropriate disclosures have been made in the Carnival plc consolidated IFRS financial statements (see note 10).

- *The January 2012 ship incident.* The Audit Committee considered whether the exposure to wreck removal costs, environmental site restoration and legal claims and the amounts recoverable under insurance are appropriate. The Audit Committee received briefings of the expected future costs, legal claims received and paid and reports from the insurance companies on the status of payments and claims. The Audit Committee has agreed the approach for the estimation of these costs and recoverable amounts with management and determined that the judgments made by management are reasonable and that appropriate disclosures have been made in the Carnival plc consolidated IFRS financial statements (see note 1).
- *Risks of fraud in relation to revenue recognition.* The Audit Committee considered the presumed risks of fraud as defined by auditing standards and was satisfied that there were no significant issues.

External auditors and audit tendering

The Audit Committees have the responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. PwC was recommended by the Audit Committees for reappointment as auditors of Carnival plc at the annual general meeting held in April 2014, and reappointment was approved by the shareholders. The Audit Committees also reappointed PwC as Carnival Corporation's independent registered certified public accounting firm, as ratified by the shareholders at the April 2014 annual general meeting. In addition, the policy of the Audit Committees is to undertake a formal assessment of the auditor's independence each year, which includes:

- a review of non-audit services provided and related fees;
- discussion with the auditors pertaining to a written report detailing all relationships with Carnival Corporation & plc and any other party that could affect the independence or the objectivity of the auditors; and
- evaluation with the boards and management of the effectiveness of the external audit process.

PwC has served as Carnival Corporation's independent auditor from 1986 to 2002. In 2003, following formation of the DLC arrangement between Carnival Corporation and Carnival plc, the independent audits for the consolidated entity, Carnival Corporation & plc, and Carnival plc were tendered. Deloitte & Touche LLP, KPMG LLP and PwC participated in these tenders. Upon completion of this tender process, the Audit Committees decided to recommend to the shareholders that PwC be appointed as the Carnival Corporation and Carnival plc independent auditors for fiscal 2003, an annual recommendation that has continued through to this date.

The comply-or-explain provision in the Corporate Governance Code on audit tendering continues to apply to Carnival plc this year and Carnival plc has also had to take account of the developments in this area from both the European Union ("EU") and the UK Competition and Markets Authority's ("CMA"), which will affect Carnival plc from 2016 onwards. The EU rules are subject to a detailed implementation process in the UK, as in other member states.

The relevant EU regulation requires mandatory rotation of audit firms every ten years, but member states of the EU may instead allow a tender process as a result of which the incumbent may be reappointed after ten years for an additional ten years, in which case the audit firm must be replaced after 20 years at the latest. The UK Government has indicated that it plans to take up this option to provide for the extension of the maximum duration of the audit engagement to up to 20 years, subject to re-tending at least every ten years (the "Member State Option"). The EU regulation also sets out transitional rules that determine the latest date for the initial

rotation or tender process. PwC has been Carnival plc's auditor since 2003, so the transitional rules state that they may not be reappointed more than nine years after June 2014, effectively meaning that the audit firm must be changed for the fiscal 2024 audit at the latest. In Carnival plc's case, the CMA's transitional rules have the same effect as the EU regulation.

The last audit tender was carried out in 2003. Going forward, Carnival plc will adopt a policy that complies with the Corporate Governance Code and the EU and CMA requirements and, providing that the UK Government takes up the Member State Option, Carnival plc will hold an audit tender at least every ten years and change auditors at least every 20 years. Our reasons for not putting the audits out for tender for fiscal 2015 are as follows:

- The Audit Committees meet regularly with PwC in executive sessions, where management is not present. These executive sessions, which are not required under UK or U.S. regulations, further support PwC's independence from management.
- The Audit Committees' Key Policies and Procedures establish a framework to monitor and maintain PwC's independence. These Key Policies and Procedures require, among other things, pre-approval from the Audit Committees for audit and permissible non-audit services prior to the performance of any such services in accordance with UK and U.S. regulations. The Audit Committees only approve services to be provided by PwC that are consistent with these regulations, which helps to support auditor independence.
- The communication between the Audit Committees and PwC has been timely and informative, which has assisted the Audit Committees in the performance of their oversight responsibilities.
- The Audit Committees and management believe that PwC has performed the audits of Carnival Corporation & plc and Carnival plc with proper professional skepticism and demonstrated the necessary knowledge, experience and skills to meet their audit requirements.
- PwC is one of the largest independent audit firms in the world. In addition, PwC is uniquely qualified because they are the auditors for the three largest public cruise companies in the world, which comprise over 75% of the global cruise industry. As such, it has an exceptional level of understanding of the cruise industry, the significant accounting principles used by it and the economic environment in which it operates.
- Carnival Corporation & plc have periodically undertaken internal surveys to confirm PwC's qualifications and performance, the quality and candor of their communication with the Audit Committees and management and their independence, objectivity and professional skepticism. The results of these surveys have supported the Audit Committees' and management's recommendations to appoint PwC as the independent auditors of Carnival Corporation & plc and Carnival plc.
- PwC's lead audit engagement partner for Carnival Corporation & plc and its engagement partner for Carnival plc are rotated from the engagement at least every five years. The PwC subsidiary engagement partners are rotated from these engagements at least every seven years. The Audit Committees and management believe the partner rotations support an independent auditor view of our operations and provide fresh insights into the audit processes.
- Based on the review and analysis of audit fees of comparable public companies, the Audit Committees and management believe the PwC audit fees are competitive.

The Audit Committees continue to be confident that the effectiveness and independence of the external auditors is not impaired in any way. There are no contractual restrictions on the choice of external auditor and, therefore, a resolution proposing the reappointment of PwC as external auditors will be put to the Carnival plc shareholders at the 2015 annual general meeting.

The fees payable to PwC in respect of the audit and non-audit services provided to Carnival plc during fiscal 2014 were $1.8 million and $0.3 million, respectively. The policy on Audit Committee pre-approval and

permissible non-audit work of the independent auditors, are set out in the proxy statement under the heading "Independent Registered Certified Public Accounting Firm," which is incorporated by reference into this Corporate Governance Report.

On behalf of the Audit Committee

Richard J. Glasier
Chairman of the Audit Committee

Information and professional development

The Company Secretary is required to provide members of the boards with appropriate information in advance of each meeting and directors are required to devote adequate preparation time reviewing this information in advance of each meeting. The Company Secretary is also responsible for advising the boards through the Chairman on all corporate governance matters.

All directors have access to the advice and services of the Company Secretary and are permitted to obtain independent professional advice, at Carnival Corporation & plc's expense, as he or she may deem necessary to discharge his or her responsibilities as a director. A director is required to inform the Senior Independent Director of his or her intention to do so.

Directors are offered the opportunity to attend training programs of their choice. The subject matter and content of such programs are reviewed periodically during the year.

Board performance evaluations

During fiscal 2014, the Nominating & Governance Committees conducted performance evaluations of the boards, the boards' Committees and the members of our boards of directors. The performance review of Micky Arison, in his role as Chairman, was conducted separately by the non-executive directors, led by the Senior Independent Director, Stuart Subotnick, taking into account the view of the other executive director.

As part of the boards' evaluation exercise, each director was required to complete a questionnaire about the performance of the boards and their Committees. All questionnaires were reviewed and assessed by the Nominating & Governance Committees.

In addition, the Nominating & Governance Committees reviewed the individual performance of each director focusing on his or her contribution to Carnival Corporation & plc, and specifically focusing on areas of potential improvement. In making their assessment, the Nominating & Governance Committees reviewed considerations of age, diversity, experience and skills in the context of the needs of the boards, and with the aim of achieving an appropriate balance on the boards.

The Nominating & Governance Committees also discussed and reviewed with non-executive directors any significant time commitments they have with other companies or organizations. In addition, the number of directorships held by non-executive directors was taken into account, in line with Carnival Corporation & plc's policy on limiting multiple appointments.

The Nominating & Governance Committees reported the results of the reviews to the boards, concluding that each director was an effective member of the boards and had sufficient time to carry out properly their respective commitments to the boards, their Committees and all other such duties as were required of them. It is the view of the Nominating & Governance Committees that the boards continued to operate effectively during fiscal 2014.

During fiscal 2014, the Nominating & Governance Committees also reviewed their own performance against their respective charters by completing questionnaires that were provided to the Chairman of the Nominating & Governance Committees. The results of such reviews were discussed among the members and reported to the boards. The boards concluded that the Nominating & Governance Committees continued to function effectively and continued to meet the requirements of their respective charters.

The Corporate Governance Code requires that an externally facilitated evaluation on the board's effectiveness be undertaken at least once every third year. We have considered in detail whether to satisfy this requirement during the year, but could not conclusively determine that it would provide any incremental added value to the traditional evaluation process and how this would deliver significant benefit. We continue to believe that our internal evaluation process is both robust and thorough and, therefore, we have decided not to have an externally facilitated evaluation for this year.

Directors' remuneration

The Carnival plc Directors' Remuneration Report is presented in two parts, with Part I forming part of the proxy statement to which this report is annexed and Part II being attached as Annex B to that proxy statement. A resolution to approve the Directors' Remuneration Report will be proposed at the forthcoming annual general meeting.

Relations with shareholders

The formal channels of communication by which the boards communicate to shareholders the overall performance of Carnival Corporation & plc are the Annual Reports, Carnival plc half yearly financial report, joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q and joint Current Reports on Form 8-K, the proxy statement and press releases.

Senior management and non-executive directors of Carnival Corporation & plc meet periodically with representatives of institutional shareholders to discuss their views and to enable the strategies and objectives of Carnival Corporation & plc to be well understood. Issues discussed with institutional shareholders include executive compensation, performance, business strategies and any corporate governance concerns.

Presentations are made to representatives of the investment community periodically in the U.S., the UK and elsewhere. Results of each fiscal quarter are reviewed with the investment community and others following each quarter on conference calls that are broadcast live over the Internet.

The boards receive periodic briefings from management regarding feedback and information obtained from Carnival Corporation & plc's shareholders and brokers. During fiscal 2014, Carnival Corporation & plc's management and its corporate brokers made presentations to the boards regarding shareholder issues. The boards' members were also provided with copies of reports prepared by key market analysts.

Shareholders will have the opportunity at the forthcoming annual general meeting, notice of which is contained in the proxy statement to which this report is annexed, to put questions to the boards, including the Chairmen of the Committees of the boards.

The boards have implemented procedures to facilitate communications between shareholders or interested parties and the boards. Shareholders or interested parties who wish to communicate with the boards or the Senior Independent Director should address their communications to the attention of the Company Secretary of Carnival Corporation & plc at 3655 N.W. 87th Avenue, Miami, Florida 33178-2428 U.S.A. The Company Secretary maintains a log of all such communications and promptly forwards to the Senior Independent Director, Stuart Subotnick, those which the Company Secretary believes, require immediate attention, and also periodically provides the Senior Independent Director with a summary of all such communications and any responsive action taken. The Senior Independent Director notifies the boards or the Chairman of the relevant Committees of the boards of those matters that he believes are appropriate for further action or discussion.

Annual meetings of shareholders

As we have shareholders in both the UK and the U.S., we rotate the location of the annual meetings between the UK and the U.S. each year in order to accommodate shareholders on both sides of the Atlantic. Last year we held our annual meetings in the United States, and this year we will be holding them in the United Kingdom.

This year the annual meetings will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ, United Kingdom on Tuesday, April 14, 2015. The meetings will commence at 2:00 p.m. (BST), and although technically two separate meetings (the Carnival plc meeting will begin first), shareholders of Carnival Corporation may attend the Carnival plc meeting and vice-versa.

We are also offering an audio webcast of the annual meetings. If you choose to listen to the webcast, go to our Web site, www.carnivalcorp.com or www.carnivalplc.com, shortly before the start of the meetings and follow the instructions provided.

Directors' responsibility for financial statements

The statement of directors' responsibilities in relation to the Carnival plc financial statements follows the Carnival plc Directors' Report in Annex A of the proxy statement.

Going concern

Carnival Corporation & plc's business activities and risk management objectives and policy, together with the factors likely to affect its future development, performance and position are set out in the "Strategic Report" that accompanies the Carnival plc consolidated IFRS financial statements. Within the Carnival Corporation & plc DLC arrangement, understanding the financial position of the Carnival plc group, its cash flows, liquidity position and borrowing facilities can only be achieved by understanding the financial position of the DLC. Details of the DLC's financial position, cash flows, liquidity position and borrowing facilities are set out in the Carnival Corporation & plc 2014 Annual Report that accompanies the Carnival plc consolidated IFRS financial statements, and specifically, in the consolidated balance sheets, consolidated statements of cash flows, note 5 to the consolidated financial statements and within Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

The review of future commitments and funding sources within the MD&A indicates that Carnival Corporation & plc is well positioned to meet its commitments and obligations for at least 12 months from the date of this report. In light of these circumstances, the directors have a reasonable expectation that Carnival Corporation & plc has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Carnival plc consolidated IFRS financial statements.

Internal control and risk management

Internal control and risk management within Carnival Corporation & plc's business units is an ongoing process embedded in each of the operations. It is designed to identify, evaluate and manage the significant risks faced by the units. A system of internal controls designed to be capable of responding quickly to evolving risks in the business has been established, comprising procedures for the prompt reporting of significant and material internal control deficiencies together with the appropriate remedial actions.

Carnival Corporation & plc has adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 1992 guidance for implementing its internal control framework as part of the Sarbanes-Oxley Act Section 404 compliance plan. COSO is considered to be the model internal control framework and references the same internal control objectives and components as are used by the 2005 Turnbull Guidance, which assists UK boards in assessing the effectiveness of a company's risk and control processes under the Corporate Governance Code.

Senior management receives periodic information regarding internal control issues arising at the business units. The primary focus of this aspect of the system is the RAAS Department that is responsible for monitoring the process, ensuring that issues common to more than one business unit are identified and that all relevant matters are brought to the attention of the boards as a whole. In carrying out these functions, the RAAS Department is supported by the Global Accounting and Reporting Services and Corporate Legal Departments, as well as the CEO and the Chief Financial Officer (the "Certifying Officers"). The Certifying Officers are required by rules of the SEC to file written certifications on a quarterly basis certifying, among other items, that they have disclosed to the auditors and the Audit Committees all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Carnival Corporation & plc's ability to record, process, summarize and report financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in Carnival Corporation & plc's internal control over financial reporting.

Under the UK rules, the directors of Carnival Corporation & plc are responsible for the Carnival Corporation & plc system of internal controls and for reviewing its effectiveness but recognize that any such system can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Audit Committees review the adequacy of internal controls within Carnival Corporation & plc on an annual basis in accordance with the framework of internal control as set forth by COSO and mirrored within the 2005 Turnbull Guidance and in accordance with the charter of the Audit Committees.

The system of internal control was in place throughout fiscal 2014 and has continued in place up to the date of approval of this report. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The boards confirm that they have performed their annual review of its effectiveness and that it is in compliance with the 2005 Turnbull Guidance. The boards' review of the system of internal controls has not identified any significant failings or weaknesses, and therefore, no remedial actions are required.

Statement of compliance with the Corporate Governance Code published by the UK Financial Reporting Council in September 2012

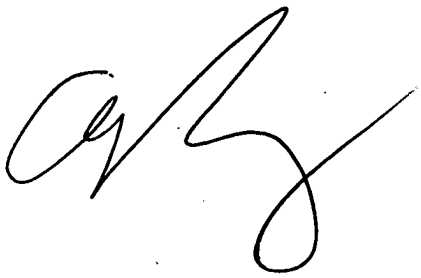
Carnival Corporation & plc has complied with the main principles of the Corporate Governance Code and with its provisions throughout the year ended November 30, 2014, with the following exceptions:

- there was no externally facilitated evaluation of the boards' effectiveness;
- there are no performance conditions attaching to the vesting of the majority of the outstanding equity-based awards;
- until 2006, certain non-executive directors received share options and certain of those options remain outstanding, however, since 2007 all equity-based awards were made in the form of restricted shares or restricted share unit awards;
- annual bonuses of U.S. executive directors form part of their pensionable salary; and
- there was no audit tender during 2014.

The above matters of non-compliance are explained in the Carnival plc Directors' Remuneration Report attached as Annex B to the proxy statement, with the exception of the externally facilitated evaluation and audit tender, which are explained above in this Corporate Governance Report.

By order of the board





Arnaldo Perez
Company Secretary
February 20, 2015