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

FORM 10-K

(Mark One)

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

For the fiscal year ended November 30, 2018 or

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

For the transition period from ______________ to ________________

Commission file number: 001-9610	Commission file number: 001-15136
Carnival Corporation	Carnival plc
(Exact name of registrant as specified in its charter)	(Exact name of registrant as specified in its charter)
Republic of Panama	England and Wales
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
59-1562976	98-0357772
(I.R.S. Employer Identification No.)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428	Carnival House, 100 Harbour Parade, Southampton SO15 1ST, United Kingdom
(Address of principal executive offices and zip code)	(Address of principal executive offices and zip code)
(305) 599-2600	011 44 23 8065 5000
(Registrant's telephone number, including area code)	(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:
Title of each class	Title of each class
Common Stock ($0.01 par value)	Ordinary Shares each represented by American Depositary Shares ($1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust
Name of each exchange on which registered	Name of each exchange on which registered
New York Stock Exchange, Inc.	New York Stock Exchange, Inc.

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

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.
Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $23.8 billion as of the last business day of the registrant's most recently completed second fiscal quarter.	The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $11.5 billion as of the last business day of the registrant's most recently completed second fiscal quarter.
At January 17, 2019, Carnival Corporation had outstanding 526,719,965 shares of its Common Stock, $0.01 par value.	At January 17, 2019, Carnival plc had outstanding 191,875,647 Ordinary Shares $1.66 par value, one Special Voting Share GBP 1.00 par value and 526,719,965 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2018 Annual Report and 2019 joint definitive Proxy Statement are incorporated by reference into Part II and Part III of this report.

CARNIVAL CORPORATION & PLC
FORM 10-K
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

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DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2018 Annual Report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in Exhibit 13 and is incorporated by reference into this joint 2018 Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

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

Item 6. Selected Financial Data.

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

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

Item 8. Financial Statements and Supplementary Data.

Portions of the Registrants' 2019 joint definitive Proxy Statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Item 11. Executive Compensation.

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

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

Item 14. Principal Accountant Fees and Services.

PART I

Item 1. Business.

A. Overview

I. Summary

Carnival Corporation was incorporated in Panama in 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 ("BODs"), but each has retained its separate legal identity. Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as "Carnival Corporation & plc," "our," "us" and "we."

We are the world's largest leisure travel company and among the most profitable and financially strong in the cruise and vacation industries. We are also the largest cruise company, carrying nearly half of global cruise guests, and a leading provider of vacations to all major cruise destinations throughout the world. With operations in North America, Australia, Europe and Asia, we operate a portfolio of leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences on 104 cruise ships to the world's most desirable destinations.

II. Vision, Goals and Related Strategies

Our vision is "Together we deliver unmatched joyful vacation experiences and breakthrough shareholder returns by exceeding guest expectations and leveraging our scale." We believe our portfolio of brands is instrumental to achieving our vision and maintaining our cruise industry leadership positions. Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital, while maintaining our strong investment grade credit ratings and balance sheet. Paramount to the success of our business is our commitment to health, environment, safety, security ("HESS") and sustainability.

To reach our primary financial goals, we continue to implement initiatives to create additional demand for our brands in excess of measured capacity growth, ultimately leading to higher revenue yields. We will continue to identify opportunities to enhance our cruise products and services and optimize our cost structure while preserving the unique identities of our individual brands. We have made significant investments in performing customer segmentation analyses and data analytics to gain insight into our guests' decision-making process and vacation needs enabling us to identify new marketing opportunities and further grow our share of their vacation spend. As we operate in the broader vacation market, we have implemented strategies to grow demand by increasing consumer awareness and consideration for cruise vacations on our portfolio of brands through our ongoing marketing, public relations and guest experience efforts.

We continue to identify and implement 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 and improving our pricing models, as evidenced by our new state-of-the-art revenue management system implemented across six brands in 2018. We also continue with initiatives to better coordinate and optimize our brands' global itinerary strategies, maximizing guest satisfaction and profits. We have invested in new marketing technologies to further engage our guests by bringing to life the cruise experience.

We are building new, innovative, purpose-built ships that are larger, more fuel efficient, have an improved mix of guest accommodations and present a wider range of onboard amenities and features. These ships further enhance the attractiveness of a cruise vacation while achieving greater economies of scale and improving returns on invested capital. As of November 30, 2018, we have a total of 21 cruise ships scheduled to be delivered through 2025. Some of these ships will replace existing capacity as less efficient ships exit our fleet. Since 2006, we have sold 28 ships and our newbuild program has been designed to consider an expected acceleration in our fleet replacement cycle over time. Furthermore, we continue to make substantial investments in our existing ship enhancement programs to improve our onboard product offerings and enrich our guests' vacation experiences.

We continue to grow our presence in established markets and increase our penetration in developing markets, such as Asia. We believe that our most significant long-term growth opportunity in Asia is in China, due to its large and growing middle-class population, expansion of its international tourism and the government's plan to support the cruise industry. During 2019, we expect that 4.0% of our total capacity will be home ported in China.

With 104 ships and 12.4 million guests in 2018, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies as well as accelerating progress on our cross-brand initiatives aimed at cost containment. We have and continue to integrate certain back office functions to achieve the full benefits of our scale. Having global leaders in communications, innovation, maritime, procurement, revenue management and strategy supports collaboration and communication across our brands and helps coordinate our global efforts.

Our ability to generate significant operating cash flow allows us to internally fund our capital improvements, debt maturities and dividend payments. In 2018, we increased our quarterly dividend to $0.50 per share, representing over $1.4 billion in annual dividends, from $0.40 per share in 2017. Since resuming our stock repurchase program in late 2015, we repurchased approximately 87 million shares for $4.6 billion. Over the same time period, we have nearly doubled our quarterly dividend, distributing a total of $3.8 billion in dividends to our shareholders.

Our vision is based on four key pillars:

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

Health, Environment, Safety, Security and Sustainability

Our 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. We continue to focus on further enhancing the safety measures onboard all of our ships. We are dedicated to fully complying with, or exceeding, all legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business.

We are committing resources across the entire corporation to further improve how we operate to protect and preserve our oceans and are implementing fleet-wide changes and enhancements to our environmental processes and procedures. We continue to increase the scope and frequency of our training and invest millions of dollars to upgrade our equipment to new ship standards to ensure compliance with all environmental regulations.

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 best meet their unique needs and desires, improving their overall vacation experiences and building state-of-the-art ships with innovative onboard offerings and providing unequaled service to our guests. We enhance our guest experience by offering high quality destinations around the world including a portfolio of private destinations that are uniquely tailored to our guests' preferences.

Employees

Our goal is to recruit, develop and retain the finest employees. A team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. Understanding the critical skills that are needed for outstanding performance is crucial in order to hire and train our officers, crew and shoreside personnel. We believe in listening to and acting upon our employees' perspectives and ideas and use employee feedback tools to monitor and improve our progress in this area. We are a diverse organization and value and support our talented and diverse employee base. We are committed to employing people from around the world and hiring them based on the quality of their experience, skills, education and character, without regard for their identification with any group or classification of people.

Shareholders and Other Stakeholders

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

Strong relationships with our travel agent partners are especially 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 their feedback and improving our educational programs to assist agents in stimulating cruise demand.

B. Global Cruise Industry

I. Overview

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 and have a more casual ambiance. The premium experience typically includes cruises that last from seven to 14 days and appeal to those who are more affluent. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries. The luxury experience is usually characterized by very high standards of accommodation and service, smaller vessel size and exotic itineraries to ports that are inaccessible to larger ships. We have product and service offerings in each of these three broad classifications.

II. Favorable Characteristics of the Global Cruise Industry

a. 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. 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.

b. Positive Demand Trends

Social media has a powerful impact on consumer behavior. Technology allows people to instantly share travel experiences within their social networks. Seeing others embrace travel and experience the world in new ways inspires people to travel themselves. Consumers are looking to experiences and learning for personal fulfillment. Today's travelers are looking for immersive, meaningful and memorable travel experiences. While it is useful for the cruise industry to consider travel markets across demographic groups, the ability to identify and address target markets based on "psychographics" or attitudes that cut across demographics is even more meaningful. We believe the cruise industry is well positioned to meet travelers' desires and has the ability to tailor experiences for each guest based on their unique wants and needs, which should foster growth for the cruise industry.

From a demographic perspective, two age groups, the Baby Boomers and the Millennial generations, have in recent years experienced trends that positively affect demand for cruising. Cruising benefits from the aging of the Baby Boomer and Millennial generations. In North America alone, the number of Baby Boomers at retirement age increases from 48 million in 2015 to 56 million in 2020 and 74 million by 2030. The Baby Boomer generation likes to pursue an active lifestyle and has the desire and the means to travel and enjoys multi-generational cruising. The Millennial generation has surpassed the size of the Baby Boomer generation and represents the fastest growing demographic segment of the vacation industry. This group expresses a strong desire to travel and share new experiences, a mindset that should continue to foster growth for the industry. A recent study by the American Society of Travel Agents ("ASTA") indicates that the Millennial generation is even more likely to cruise and more likely to enjoy cruises than the Baby Boomer generation.

These changes in consumer behavior and demographics, along with growing populations, increasing wealth in developing countries and increased spending by consumers on experience versus products, will continue to drive demand for travel and the global cruise industry. These groups of consumers are becoming eager to experience the world through travel, which provides significant growth opportunity for the cruise industry within and beyond the established markets.

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 income levels. To encourage first-time and repeat cruisers and better compete with other vacation alternatives the cruise industry has in recent years refocused its marketing efforts, enhanced training of travel agents and collaborated with well-known brands and offers the following:

- Expanded entertainment options and shipboard activities
- Flexible dining options including open-seating dining
- Branded specialty restaurants, bars and cafés
- Enhanced internet and communication capabilities
- Beverage package options
- Money-back guarantees

d. Large Addressable Markets

The global cruise industry is a relatively small part of the wider global vacation industry, which includes a large variety of land-based vacation alternatives. Therefore, we believe there are large, addressable markets with low penetration rates. The penetration rates below were computed based on the 2017 global cruise guests carried from G.P. Wild (International Limited) ("G.P. Wild"), an independent cruise research company, as a percentage of total population:

- 5.1% for Australia and New Zealand
- 3.5% for the United States ("U.S.") and Canada
- 2.9% for the United Kingdom ("UK")
- 2.1% for Germany and Italy

We also believe Asia is a large addressable market, where economic growth has raised discretionary income levels, fueling an increasing demand for travel.

e. Exceptional Value Proposition

We believe the cost of a cruise vacation represents exceptional value in comparison to alternative land-based vacations. Cruising delivers unique benefits, such as transportation to various destinations while also providing accommodations, a 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 home ports, which enables many cruise guests to reduce their overall vacation costs by eliminating or reducing air and other transportation costs.

f. Ship Mobility

The mobility of cruise ships enables cruise companies to move their vessels between regions in order to maximize profitability and to meet changing demand. For example, brands can change itineraries over time in order to cater to our guests' tastes or as general economic or geopolitical conditions warrant. In addition, cruise companies have the flexibility to reposition capacity to areas with growing demand. We believe that this unique ability to move ships provides the cruise industry with a competitive advantage compared to other land-based vacation alternatives.

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

(in thousands)	Average Passenger Capacity (a)		Cruise Guests Carried	
Year	**Global Cruise Industry (b)**	**Carnival Corporation & plc**	**Global Cruise Industry (c)**	**Carnival Corporation & plc**
2016	470	220	25,200	11,500
2017	490	230	26,700	12,100
2018	520	230	28,300	12,400

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.

(b) Amounts were based on internal estimates using public industry data.

(c) The global cruise guests carried for 2016 and 2017 were obtained from G.P. Wild, an independent cruise research company. The estimates for global cruise guests carried for 2018 are internally developed.

The global cruise industry and our compound annual passenger capacity growth rates are estimated to be 6.7% and 5.6%, respectively, from 2018 to 2022. Our estimates of future passenger capacity only include assumptions related to announced ship withdrawals and, accordingly, our estimates likely indicate a higher growth rate than will actually occur.

C. Our Global Cruise Business

I. Segment Information

	November 30, 2018		
	Passenger Capacity	**Percentage of Total Capacity**	**Number of Cruise Ships**
North America and Australia ("NAA") Segment			
Carnival Cruise Line	70,430	30%	26
Princess Cruises	45,240	19	17
Holland America Line	26,480	11	15
P&O Cruises (Australia)	7,790	3	5
Seabourn	2,570	1	5
	152,510	64	68
Europe and Asia (“EA”) Segment			
Costa Cruises ("Costa")	34,620	15	14
AIDA Cruises ("AIDA")	25,290	11	12
P&O Cruises (UK)	17,660	7	7
Cunard	6,830	3	3
	84,400	36	36
	236,910	100%	104

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

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

II. Ships Under Contract for Construction

As of November 30, 2018, we have a total of 21 cruise ships scheduled to be delivered through 2025. Our ship construction contracts are with Fincantieri and MARIOTTI in Italy, Meyer Werft in Germany and Meyer Turku in Finland.

	Scheduled Delivery Date	Passenger Capacity
Carnival Cruise Line		
Carnival Panorama	October 2019	3,990
Mardi Gras	August 2020	5,280
Newbuild	October 2022	5,280
Princess Cruises		
Sky Princess	October 2019	3,660
Enchanted Princess	June 2020	3,660
Newbuild	October 2021	3,660
Newbuild	November 2023	4,310
Newbuild	May 2025	4,310
Holland America Line		
Newbuild	May 2021	2,670
Seabourn		
Newbuild	June 2021	260
Newbuild	May 2022	260
Costa		
Costa Venezia (intended for Asia)	February 2019	4,200
Costa Smeralda	October 2019	5,220
Newbuild (intended for Asia)	September 2020	4,260
Newbuild	May 2021	5,320
AIDA		
AIDAnova	December 2018	5,230
Newbuild	May 2021	5,410
Newbuild	May 2023	5,410
P&O Cruises (UK)		
Iona	May 2020	5,200
Newbuild	May 2022	5,280
Cunard		
Newbuild	April 2022	3,000

III. Cruise Brands

Carnival Cruise Line is "The World's Most Popular Cruise Line®" and provides multi-generational family entertainment at exceptional value to its guests. It is a place where guests can be their most playful selves and choose their fun, a choice that anyone can make at any time which makes that moment better for everyone. Carnival Cruise Line ships are designed to inspire the experience of bringing people together, with limitless opportunities for guests to create their own fun. Carnival Cruise Line ships sail from 17 convenient U.S. home ports, more than any other line. Its cruise ships are within a 5-hour drive for more than half of all Americans and provide opportunities to experience various destinations and itineraries. Carnival Cruise Line annually carries more than 5 million guests, including 800,000 children.

Carnival Cruise Line's *Carnival Horizon* entered service in April 2018. This ship features new enhancements that include Dr. Seuss WaterWorks where Dr. Seuss characters transform the water park experience. *Carnival Horizon* is also home to Guy's Pig & Anchor Bar-B-Que Smokehouse|Brewhouse as well as Bonsai Teppanyaki, the cruise line's teppanyaki dining option where guests can experience Carnival-style fun. *Carnival Panorama* will enter service in December 2019 and will be the first new ship Carnival Cruise Line will home port on the west coast of the United States in 20 years when it arrives in Long Beach, California. *Carnival Panorama* will be followed by two 5,280-passenger capacity ships in 2020 and 2022. Both ships will feature Carnival Corporation's exclusive green cruising design which will be powered by Liquefied Natural Gas ("LNG") and will be the first LNG-powered cruise ships in North America.

Carnival Cruise Line continues to enhance its existing fleet by adding a variety of exciting new features. It is in the final stages of an extensive fleet enhancement program delivering branded accommodations, dining and entertainment options across its fleet and providing guests a high standard of excellence across any ship, any home port and any itinerary. Carnival Cruise Line also completed the fleet wide roll out of its innovative and highly-rated mobile Hub App. The popular Hub App facilitates onboard revenue purchases, like shore excursions and specialty dining, and communications to enable guests to maximize their fun. The app also includes an innovative Chat feature in addition to fast access to everything happening onboard.

Carnival Cruise Line operates three to 24-day voyages and offers year-round sailings from the United States to the Caribbean and the Mexican Riviera and from Australia to the South Pacific and New Zealand, as well as seasonal sailings to Alaska, Hawaii, Canada and Bermuda. In addition, Carnival Cruise Line continues to increase the number of cruises to Cuba.

Princess Cruises is a leading premium cruise line and each moment on Princess Cruises is one of wonderful discovery where guests can relax and explore. The choices are endless - from invigorating activities to more relaxing pursuits - and enable guests to share special moments with family and friends while enjoying unique travel experiences that create inspiring memories.

Princess Cruises' *Sky Princess* will debut in October 2019. The 3,660-passenger capacity ship will feature expansive Sky Suites and signature Princess Cruises elements from the relaxing Sanctuary to the expansive three-deck Piazza-style Atrium. *Enchanted Princess*, a sister ship of *Sky Princess,* will debut in 2020 followed by another ship in 2021. Additionally, Princess Cruises has two 4,310-passenger capacity ships slated to be delivered in 2023 and 2025, which will be their first ships to be powered by LNG.

The Princess Cruises Come Back New™ value proposition features an array of offerings. Designed for fresh cuisine is featured across the variety of dining options, including the award-winning restaurant, SHARE, by international chef and television personality Curtis Stone, as well as other specialty dining restaurants from multiple Michelin star chefs. Interactive onboard activities and shore excursions designed in collaboration with Discovery, Animal Planet, and local experts in key regional destinations provide guests with authentic and exclusive experiences onboard and ashore. In addition, Camp Discovery, the newly-redesigned youth and teen centers onboard select ships, offers the line's youngest guests the opportunity to connect, play and learn. Original productions shows created exclusively for Princess Cruises by Grammy® and Academy® award-winning composer, Stephen Schwartz, include The Secret Silk, Born to Dance, and Magic to Do. With guests' overall wellness in mind, Princess Cruises has collaborated with leading experts in both the science and beauty of sleep to develop the award-winning Princess Luxury Bed, a multi-year project culminating in 2019. Princess Cruises' guest experience platform OceanMedallion™, onboard *Caribbean Princess,* elevates service through enhanced guest experiences before and during cruise vacations. In addition, MedallionNet™ offers fast and reliable Wi-Fi connectivity.

Princess Cruises offers guests the opportunity to cover the globe with sailings to six continents that call at more than 380 destinations including Princess Cays, an exclusive island destination in The Bahamas, offering recently enhanced excursions, retail, bar and marina areas. Princess Cruises offers award-winning itineraries ranging in length from three to 111 days, including world cruises. Princess Cruises sails to nearly every corner of the world, including Alaska, Asia, Australia, the Caribbean, Europe, Mexico, the Panama Canal, South America and more.

Holland America Line®
SAVOR THE JOURNEY

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

Nieuw Statendam, a sister ship of *Koningsdam*, will enter service in December 2018, with another sister ship scheduled for delivery in 2021. *Nieuw Statendam,* a 2,670-passenger capacity ship, features all of the hallmarks of its class including grand, light-filled spaces as well as visual drama and sumptuous interiors inspired by the fluid curves of musical instruments. *Nieuw Statendam* showcases a spectacular two-story World stage theater featuring a 270-degree high definition screen and also features innovative specialty restaurants from Rudi's Sel de Mer to the Grand Dutch Café. Guests can explore and experience America's Test Kitchen's show, hands-on workshops and BBC Earth Experiences presentations. Guests also enjoy authentic music experiences at sea with some of the world's most well-regarded entertainment brands creating exclusive programming for Lincoln Center Stage, B.B. King's Blues Club, Billboard Onboard and the Rolling Stone Rock Room. Holland America Line's partnership with O, The Oprah Magazine, has added inspirational programming, theme cruises and Oprah Winfrey serving as godmother to *Nieuw Statendam.*

Holland America Line has enhanced its onboard products, including locally cultivated items in culinary and retail designed to elevate the guests' experience of the region they are cruising. Explorations Central™ is the immersive onboard programming designed to make guests' destination experience even more engaging and meaningful. Holland America Line's revamped retail experience features custom personalized jewelry by Sophia Fiori, new art collections by emerging artists featuring unique destination centric pieces, a new Fujifilm photo digital creative studio space and an expanded logo-wear collection.

Holland America Line offers cruises to more than 400 ports, including Half Moon Cay, a private island destination in The Bahamas, providing guests with unparalleled natural beauty of a protected preserve, miles of pristine, white-sand beach, where guests can stay busy all day or simply luxuriate in tranquil solitude. From shorter getaways to 113-day itineraries, the cruises visit all seven continents. Holland America Line offers popular sailings to the Caribbean, Alaska, Mexico, Canada & New England, Bermuda, Europe and the Panama Canal as well as more exotic sailings including Antarctica explorations, South America circumnavigations, Cuba cruises, Australia & New Zealand and Asia voyages, and four annual Grand Voyages.

P&O Cruises (Australia) invites guests to embark on a journey to a place that's unlike any other. Each day onboard a P&O Cruises (Australia) cruise packs a new adventure with something for the young and young at heart. Kick off the shoes for a game of barefoot bowls or get the heart racing on the adrenaline-fueled zip line on top deck. When the sun goes down the fun continues across a wide range of entertainment venues featuring live music, top local comedy acts and original stage shows, along with bustling bars and themed parties onboard every cruise. With P&O Cruises (Australia) you can choose to do everything, or nothing at all.

P&O Cruises (Australia)'s *Pacific Adventure* will enter service in October 2020. The 2,640-passenger capacity ship will offer something for everyone, including an expanded range of cabin options such as 5-passenger family cabins, a private onboard beach club and an adults only Oasis pool area spread across multiple decks. *Pacific Adventure* will sail year-round from Sydney to the South Pacific and offer a diverse mix of shorter duration cruises from three to four days and cruises of 13 days and longer. The longer duration itineraries will feature an enrichment program with talks and seminars from notable Australian guest presenters and a gala Masquerade Ball. *Pacific Adventure* will also offer a selection of Main Event cruises taking guests to iconic festivals and events such as the Melbourne Cup horse race.

Proud to be a local favorite, the fleet includes dining options from local, award-winning chefs including Luke Mangan and Johnny Di Francesco. P&O Cruises (Australia) continues to innovate and enhance their onboard product offering. *Pacific Explorer* hosted the inaugural largest comedy festival at sea, The Big Laugh, in August 2018. P&O Cruises (Australia) will also introduce themed 1980's and Country Music festival cruises on select sailings.

P&O Cruises (Australia) offers cruises generally ranging from three to 18 days to destinations around Australia, New Zealand, Asia and the South Pacific.

Seabourn represents the pinnacle of small-ship, ultra-luxury style of travel. Cruising on a Seabourn ship is unlike any other form of travel. The experience is luxurious and elegant, while also relaxed and casual. Guests who sail with Seabourn enjoy impeccable personalized service, immersive destinations and rare exclusive experiences unmatched by any other ship or destination. Seabourn offers the youngest ultra-luxury fleet of intimate all-suite ships.

Seabourn Ovation, sister ship to the renowned *Seabourn Encore,* entered service in May 2018, and is the second ship designed for the line by hospitality design icon, Adam D. Tihany. The ship features all oceanfront suites with private verandas and an al fresco dining venue, Earth & Ocean at the Patio™. Seabourn has two new ultra-luxury expedition ships set to join the fleet in 2021 and 2022. Onboard crew will include expedition teams comprised of experienced wilderness experts, scientists and historians who will provide insights into the history, ecology and culture of the destinations visited.

To enhance the guest experience, Seabourn has entered into several select partnerships to offer a number of innovative programs. These programs include An Evening with Tim Rice, an evening entertainment experience created exclusively for the line; performances by Japanese jazz piano artist, Keiko Matsui; and Unique Spa and Wellness Centers offering holistic health and well-being programs in partnership with Dr. Weil. Exclusive to Seabourn, The Grill by Thomas Keller, reminiscent of the classic American restaurant from the 50's and 60's, is a unique culinary concept focusing on updated versions of iconic dishes. Ventures by Seabourn provides travelers with exciting, adventurous optional activities that are expertly planned, professionally operated and escorted by skilled expert guides. Ventures enables guests to experience nature up close in a way that is unique and exciting.

Seabourn ships sail to all seven continents and take guests to places beyond the reach of larger ships. Seabourn itineraries generally range from seven days to over 100 days, including the Transatlantic crossing. The World of Seabourn includes destinations such as Alaska; Antarctica & Patagonia; Arabia, Africa & India; Asia; Australia & South Pacific; Canada & New England; the Caribbean; Cuba; the Mediterranean; Northern Europe; Pacific Coastal; Panama Canal and South America.

Costa

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

Costa Smeralda, is scheduled to enter the fleet in October 2019 and her sister ship in 2021. Both ships will be fueled by LNG. The ship will feature the triple-deck Colosseo, located in the heart of the ship, showcasing a new story daily on the bright screens and on the dome from dawn to sunset. An onboard museum, Costa Design Museum, will be curated by Matteo Vercelloni and will be dedicated to the excellence of Italian design and feature many of the names that have contributed to the ship's construction and success.

Costa Venezia will join the fleet in February 2019 and is the first Costa ship built for the Chinese market. *Costa Venezia* brings to life the passions of Venetian and Italian culture through such spectacles as the Carnival of Venice and the city's famed gondolas. Guests will also experience the delights of fine Italian dining, luxury Italian shopping and world-class Italian entertainment while enjoying home comforts such as a range of Chinese cuisines and Chinese-style karaoke bars. A sister ship also designed for the Chinese market will be delivered in late 2020.

Costa's guests can experience a variety of activities making vacations onboard its ships even more exclusive and unforgettable, including dining options created by Michelin-starred chef Bruno Barbieri, as well as enriched entertainment including The Voice of the Sea and Peppa Pig-branded kids games and educational activities. Enhancing the authentic Italian experience for the Chinese market, Costa kicked-off its official partnership with Juventus Football Club onboard all ships deployed in China, offering in-depth interactions for fans and activities for guests of all ages. Partnerships have also been developed with Tencent (WeChat) and Alibaba providing local payment methods and other onboard functionalities to Chinese guests.

Costa sails worldwide with cruises generally ranging from four to 20 days and also offers longer exotic sailings up to 30 days as well as world tours. Costa offers a wide range of sailings in the Mediterranean, Northern Europe, the Caribbean, Dubai and UAE, the Indian Ocean, South America, the Transatlantic and the Far East.

AIDA

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

AIDAnova will enter the fleet in December 2018 and her sister ships will join the fleet in 2021 and 2023. This new generation of ship combines innovative design with state-of-the-art technology. Some of the many successful features on *AIDAprima* such as the Brewerie, Theatrium, Beach Club and the Four Elements activity area have been further enhanced. *AIDAnova's* Theatrium features a 360-degree stage with 11 LED walls, seven different laser shows and the LED Tube. AIDA is the first cruise company to launch a new generation of ships fueled entirely by LNG.

Guests onboard the entire AIDA fleet experienced Oktoberfest on the high seas as part of the AIDA Oktoberfest Special 2018. The AIDA Selection, a program where guests can experience exploratory cruises to new regions and exclusive destinations, will welcome *AIDAmira*, previously *Costa neoRiviera*, in 2019 with a new itinerary to South Africa and Namibia. To enhance the digital experience and guest satisfaction, AIDA provides mobile apps to attend to the guests before, during and after the cruise.

The apps include a microblogging service, inspired with user generated content and provide onboard program and restaurant information as well as a chat feature for onboard messaging.

AIDA visits over 230 ports with cruises generally ranging from three to 23 days and also offers a world cruise departing from Hamburg. AIDA sails to many exciting destinations, including North America, Northern Europe, Western Europe, Southeast Asia, the Canary Islands, the Mediterranean, the Caribbean, Baltic Sea, Red Sea, Black Sea and Dubai.

P&O CRUISES

P&O Cruises (UK) is Britain's favorite cruise line, welcoming guests to experience the good life and enjoy a blend of discovery, relaxation and exceptional service catered towards British tastes. P&O Cruises (UK)'s fleet of premium ships combine genuine service, a sense of occasion and attention to detail, ensuring guests have the holiday of a lifetime, every time.

In 2020, P&O Cruises (UK) will launch *Iona*, a new LNG-powered, 5,200-passenger capacity ship, which will be the largest ship built to serve the UK market. *Iona* will feature enhancements to already successful brand signature venues from the existing fleet, as well as features newly developed for *Iona*. These include a breathtaking three deck atrium in the heart of the ship as well as SkyDome, an exclusively designed glass dome by award-winning British engineer Eckersley O'Callaghan. This will be a world's first at sea and offer a unique space for both relaxing in all weathers and providing entertainment, featuring aerial performers and a wealth of live acts. P&O Cruises (UK) will introduce a sister ship in 2022.

P&O Cruises (UK) continues to enhance its entertainment line-up, launching Astonishing on *Azura*, *Britannia* and *Ventura*. This revolutionary guest-interactive magic and illusion show was produced through a partnership with BAFTA-winning presenter Stephen Mulhern, performer Jonathan Wilkes and the mind-blowing trickery of master illusionist Guy Barrett. P&O Cruises (UK) also continued partnering with some of the UK's most popular and recognized entertainers and primetime TV shows.

P&O Cruises (UK) visits over 200 destinations worldwide and offers itineraries generally ranging from two to 17 days and also an annual world cruise. P&O Cruises (UK) sails to Australia & New Zealand, Baltic, the British Isles, Canada, Spain, Portugal & the Canary Islands, the Caribbean, Central America, Dubai & the Arabian Gulf, the Far East & Asia, the Indian Ocean, the Mediterranean, Scandinavia, South America, the South Pacific, the United States and Western Europe.

CUNARD®

Over its 178 year history, the iconic Cunard fleet has perfected the timeless art of luxury ocean travel. While onboard, Cunard guests experience unique signature moments, from Cunard's white gloved afternoon tea service to spectacular gala evening balls to its renowned Insights Speaker program. Guest expectations are exceeded through Cunard's exemplary White Star Service®, a legacy from the White Star Line. From the moment a guest steps onboard, every detail of their cruise is curated to ensure an enjoyable, memorable and luxurious experience. Cunard's flagship, *Queen Mary 2,* is unique in being today's only true ocean liner, regularly carrying guests on the most iconic of voyages, the Transatlantic Crossing between New York and the United Kingdom.

A new 3,000-passenger capacity ship is to join *Queen Mary 2*, *Queen Victoria* and *Queen Elizabeth* as the fourth member of the fleet in 2022. She will be the first new Cunard ship in 12 years, making it the first time since 2000 that Cunard will have four ships in simultaneous service. Sharing the iconic livery and red funnel, guests will experience today's distinct Cunard signatures as well as new brand experiences currently in design.

Cunard offers unparalleled experiences enhanced by recent ship refits. New to *Queen Victoria* are Britannia Club accommodation and dining, where guests can enjoy a spacious balcony stateroom and their own dedicated intimate restaurant.

Queen Mary 2's transformation included a redesign of her Grand Lobby and new furnishings throughout. Enhancements to *Queen Elizabeth* ranged from a redesigned retail operation to refreshed outdoor spaces and a new spa and beauty salon concept.

A Cunard cruise is the ultimate luxury way to travel, with cruises generally ranging from seven to 14 days as well as a series of longer voyages, including Round the World Voyages. Cunard sails to destinations in Africa, Australia & South Pacific, Canada, the Caribbean, the Atlantic Islands, the British Isles, the Canary Islands, Central America, the Far East, the Mediterranean, Northern Europe, South America, the Indian Ocean, the Middle East, Scandinavia & Iceland and the United States.

IV. Principal Source Geographic Areas

	Carnival Corporation & plc Cruise Guests Carried			
(in thousands)	**2018**	**2017**	**2016**	**Brands Mainly Serving**
United States and Canada	6,790	6,440	6,100	Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn and Cunard
Continental Europe	2,340	2,290	2,170	Costa and AIDA
Asia	1,140	1,240	1,130	Princess Cruises and Costa
Australia and New Zealand	1,020	1,060	1,010	Carnival Cruise Line, Princess Cruises and P&O Cruises (Australia)
United Kingdom	810	800	840	P&O Cruises (UK) and Cunard
Other	310	270	270	
Total	**12,410**	**12,100**	**11,520**	

V. Cruise Programs

	Carnival Corporation & plc Percentage of Passenger Capacity by Itinerary		
	2019	**2018**	**2017**
Caribbean	32%	33%	32%
Europe without Mediterranean	14	14	13
Mediterranean	13	13	13
Australia and New Zealand	7	8	8
Alaska	6	6	5
China	4	5	6
Other	25	23	23
	100%	100%	100%

VI. Cruise Pricing and Payment Terms

Each of our cruise brands publishes prices for the upcoming seasons primarily through the internet, although published materials such as brochures and direct mailings are also used. Our brands have multiple pricing levels that vary by source market, category of guest accommodation, ship, season, duration and itinerary. Cruise prices frequently change in a dynamic pricing environment and are impacted by a number of factors, including the number of available cabins for sale in the marketplace and the level of guest demand. Some cruise prices are increased due to higher demand. We offer a variety of special promotions, including early booking, past guest recognition and travel agent programs. We continue to identify and implement 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 and improving our pricing models, as evidenced by our new state-of-the-art revenue management system implemented across six brands in 2018. We also continue with initiatives to better coordinate and optimize our brands' global itinerary strategies, maximizing guest satisfaction and profits. We have invested in new marketing technologies to further engage our guests by bringing to life the cruise experience.

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 marketing our ships to fill them while achieving the highest possible overall 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, a health club, and sun decks
- Child care and supervised youth programs
- Entertainment, such as theatrical and comedy shows, live music and nightclubs
- Visits to multiple destinations

At times, we offer value added packages to induce ticket sales to guests and groups and to encourage advance purchase of certain onboard items. These packages are bundled with cruise tickets and sold to guests for a single price rather than as a separate package and include:

- Alcoholic/non-alcoholic beverage packages
- Shore excursions
- Air packages
- Specialty restaurants
- Internet packages
- Photo packages
- Onboard spending credits
- Gratuities

Our brands' payment terms generally require that a guest pay a deposit to confirm their reservation and then pay the balance due before the departure date. 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.

As a convenience to our guests, we sell air transportation to and from airports near the home ports of our ships. In 2018, approximately 10% of our guests purchased scheduled or chartered air transportation from us. We also offer ground transfers from and to the airport near the ship's home port as part of our transfer programs.

VII. Seasonality

Our passenger ticket revenues are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. 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 Alaska's cruise season.

VIII. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. In 2018, we earned 25% 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
- Internet and communication services
- Full service spas
- Specialty restaurants
- Art sales
- Laundry and dry cleaning services

We enhance our guests' onboard experiences and increase our onboard revenues by offering value added packages and tailoring our onboard offers with our guest preferences. We are also implementing initiatives to strengthen our onboard revenue by improving our onboard retail offerings. 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.

We offer a variety of shore excursions at each ship's ports-of-call that include beach experiences, general sightseeing, cultural tours, adventure outings and local boat rides. 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, chair lifts and surf rider attractions.

Our casinos are all owned and operated directly by us and are equipped according to the unique requirements of our brands and their guests. We offer a wide variety of slot machines and a diverse mix of traditional and specialty table games, as well as other innovative games all 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 several of our brands. The casinos are generally open when our ships are at sea in international waters.

IX. 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. Our goal is to increase the portion of consumer's vacations targeted on cruises and grow "share of suitcase™" for cruising on our brands. We measure and evaluate key drivers of guest loyalty and their satisfaction with our products and services that provide valuable insights about guests' cruise experiences. We closely monitor our net promoter scores, which reflect the likelihood that our guests will recommend our brands' cruise products and services to friends and family. We also regularly initiate customer research studies among guests, travel agent partners, tour operators and others for input on business decisions that enhance our cruise products and services for our guests.

We continue to improve the coordination of our marketing strategies across brands, which enables us to drive demand for cruising while generating significant efficiencies in media costs. We continue 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 and market, as well as refine the booking process, overall onboard experience and post-cruise interactions. Our ability to identify the psychographic segments is a powerful differentiator, which allows us to guide guests to the right experiences with the appropriate brands and build advocates for life. In addition, we have tools and are implementing data analytic solutions that identify new market growth opportunities to expand our customer base.

We have implemented strategies to generate new demand by targeting new cruisers who typically vacation at land-based destinations. Our multiple brand marketing initiatives continue to drive increased consideration with print, TV, digital, social and field marketing elements, keeping a strong commitment and continuous investment to improve the digital journey with the goal of inspiring consumers to purchase a cruise vacation with us. We continue our efforts to expand our original media content portfolio, which features three award winning TV shows and three digital shows, all featured on our own digital channel, OceanView™, as well as our new partnership with Univision, which developed the first OCEAN™ prime-time series. Our programs airing on major networks, cable and digital video on-demand platforms, have reached over 400 million views to date. The shows create compelling experiential content that engages all audiences while inspiring them to travel the world. The expansion of our TV lineup across networks allows us to increase consideration and educate consumers about the cruise experience by showcasing our portfolio of brands in iconic global destinations.

Our brands have comprehensive marketing and advertising programs across diverse mediums to promote their products and services to vacationers and our travel agent partners. Each brand's marketing activities are generally designed to reach a local region in the local language. We continue to expand our marketing efforts to attract new guests online by leveraging the reach and impact of digital marketing and social media. We have also invested in new marketing technologies to deliver more engaging and personalized communications. This helps us cultivate guests as advocates of our brands, ships, itineraries and onboard products and services. We also have blogs hosted by ship captains, cruise and entertainment directors, executive pursers and special guests.

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

X. Sales Relationships

We sell the majority of our cruises through travel agents and tour operators that serve our guests in their local regions. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands. Our travel agents relationships are generally not exclusive and travel agents generally receive a base commission, plus the potential of additional commissions, including complimentary tour conductor cabins, based on the achievement of pre-defined sales volumes.

Travel agent partners are an integral part of our long-term cruise distribution network and are critical to our success. We utilize local sales teams to motivate travel agents to support our products and services with competitive sales and pricing policies and joint marketing and advertising programs. During fiscal 2018, no controlled group of travel agencies accounted for 10% or more of our revenues. We also employ a wide variety of educational programs, including websites, seminars and videos, to train agents on our cruise brands and their products and services.

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

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.

XI. Sustainability

Our reputation and success depend on having sustainable and transparent operations. Our commitment and actions to keep our guests and crew members safe and comfortable, protect the environment, develop and provide opportunities for our workforce, strengthen stakeholder relations and enhance both the communities where we work as well as the port communities that our ships visit are vital to our success as a business enterprise and reflective of our core values. We strive to be a company that people want to work for and to be an exemplary global corporate citizen.

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

In order to support our environmental strategy, our environmental management system is certified in accordance with ISO 14001. We have also developed a set of 2020 sustainability goals reinforcing our commitment to the environment, our guests, our employees and the communities in which we operate. Our ten goals listed below are aimed at reducing our environmental footprint while enhancing the health, safety and security of our guests and crew members and ensuring sustainable business practices across our brands and business partners:

Environmental Goals

- Reduce intensity of carbon dioxide equivalent (“CO_2e”) emissions from operations by 25% by 2020 relative to our 2005 baseline
- Continue to improve the quality of our emissions into the air by developing, deploying and operating advanced air quality systems across our fleet
- Increase usage of ship-to-shore power connection capabilities
- Increase Advanced Waste Water Purification System coverage of our fleet capacity by 10 percentage points by 2020 relative to our 2014 baseline
- Continue to improve our shipboard operations’ water use efficiency by 5% by 2020 relative to our 2010 baseline
- Continue to reduce waste generated by our shipboard operations by 5% by 2020 relative to our 2016 baseline

Health, Safety and Security Goals

- Continue to build on our commitment to protect the health, safety and security of guests, employees and all others working on our behalf

Sustainable Workforce and Community Goals

- Continue to build a diverse and inclusive workforce and provide all employees with a positive work environment and opportunities to build a rewarding career to further drive employee engagement
- Further develop and implement vendor assurance procedures ensuring compliance with Carnival Corporation & plc’s Business Partner Code of Conduct and Ethics
- Continue to work on initiatives and partnerships that support and sponsor a broad range of organizations for the benefit of the communities where we operate

Reflecting on our commitment to sustainability and to play a leading role in matters of environmental protection in the cruise industry, we are expanding our investment in the use of low carbon fuels, in particular, LNG. We have 11 next-generation LNG cruise ships on order, including *AIDAnova,* entering the fleet in December 2018, the first cruise ship in the industry to be powered at sea by LNG. Pioneering a new era in the use of low carbon fuels, these new ships will have the ability to use LNG to generate 100 percent of their power both in port and on the open sea - an innovation that will reduce emissions to help protect the environment.

In addition, we continue our partnership with The Nature Conservancy, one of the world’s leading conservation organizations. They are leveraging our partnership in their efforts to restore coral reefs, protect marine ecosystems and promote natural habitats for marine environments to help reduce the impact of storms and rising sea levels in coastal communities.

XII. Employees

Our shipboard and shoreside employees are sourced from over 100 countries. Excluding employees on leave, we employ an average of 88,000 shipboard employees onboard the 104 ships we operate, which includes crew members and officers. Our shoreside operations have an average of 12,000 full-time and 2,000 part-time/seasonal employees, including seasonal employees of Holland America Princess Alaska Tours which significantly increases its work force during the late spring and summer months in connection with the Alaskan cruise season. We have entered into agreements with unions covering certain employees on our ships and in our shoreside hotel and transportation operations. The percentages of our shipboard and shoreside employees that are represented by collective bargaining agreements are 58% and 23%, respectively. We consider our employee and union relationships to be strong.

We source our shipboard officers primarily from Italy, the UK, the Netherlands, 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.

XIII. 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 provide a diverse range of shoreside and shipboard training for our hotel staff before and after they join our ships to further enhance their skills. Specifically, we provide bar, entertainment, guest service, housekeeping, leadership, management and restaurant training. Depending on the brand, we will also provide our hotel staff with in-depth English, German and Italian language training. All our hotel staff also undergo extensive safety training and, depending on their position, will pursue advanced safety certifications. We partner closely with manning agencies to help provide this training in Manila, Philippines; Jakarta, Indonesia; and Mumbai, India.

Our goal is to be a leader in delivering high quality professional maritime training. In 2016, we expanded our training operations with the opening of the Arison Maritime Center. The centerpiece of the campus is the Center for Simulator Maritime Training ("CSMART"). The CSMART Academy features the most advanced bridge and engine room simulator technology and equipment available with the capacity to provide annual professional training for all our bridge and engineering officers. CSMART participants receive a maritime training experience that fosters critical thinking, problem solving, ethical decision making and skill development. In 2017, CSMART launched an environmental officer training program and began offering additional environmental courses for bridge and engineering officers to further enhance our training on social responsibility and environmental protection. During 2018, we provided training to nearly 6,800 bridge and engineering officers at CSMART.

XIV. 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. Our global information technology model is designed to contribute to exceeding expectations of our guests, crew, shoreside employees and other stakeholders. This model is focused on supporting exceptional guest experiences while increasingly leveraging common technologies to drive process efficiency and effectiveness across our portfolio of brands. In order to achieve our goals, we are focusing on applications, connectivity, cybersecurity, privacy, infrastructure and innovation. In response to the increasing threat of continually evolving cybersecurity risks, we are striving to provide protection of guest, employee, company and other data and develop best practices that focus on people, process and technology to combat threats and malicious activity. In addition, we have established a committee to further our focus on minimization, protection, and proper handling of private data.

All of our brands are actively collaborating on our global information technology solutions, standards and processes across our shoreside and shipboard environment. By aligning technology planning, infrastructure, security, privacy and applications, we continue to maximize the business value of our information technology investments by eliminating redundancies and driving synergies across the brands while identifying and leveraging best practices and establishing common standards.

XV. Innovation

We have successfully delivered innovation to our guests for more than four decades. Our continuous innovation with ship design allows our guests to enjoy carefully crafted experiences while effortlessly en-route to their next port-of-call. Our leading port development has opened new locations and experiences to our guests.

Our innovation pursuit is focused on creating amazing guest experiences and leveraging our enterprise scale. This focus has driven the creation of our newly developed "Experience Platform". The guest centric experience platform leverages multiple proprietary technologies that work together to power guest experiences.

- OceanMedallion™ - a revolutionary wearable device that enables a highly personalized vacation experience that works in conjunction with a portfolio of digital experiences all focused on simplifying guest access to experiences and facilitating a more immersive vacation

- xiOT™ - an invisible network of interactive intelligent sensors and embedded devices mounted throughout the ship, home ports and destinations that uses a guest-centric, Internet of Things approach to enable a seamless guest experience

In 2018, we opened the third of three state-of-the-art Fleet Operations Centers ("FOC") with advanced ship to shore communications technology. We continue to develop, implement and utilize cutting-edge proprietary technology at these centers to enhance our ability to monitor ship nautical and technical performance in real time, including fuel consumption, engine performance and air emissions. The centers allow for improved communications between the ship and shore, and immediate support to our ships for route planning, maritime safety and risk management.

In 2018, we completed the roll-out of our state-of-the-art revenue management system across six brands. Additionally, we introduced several new mobile applications, including Carnival Cruise Line's Hub App, Costa's MyCosta and AIDA's myAIDA. AIDA also completed the fleet-wide roll out of Seamless check-in, enabling an embarkation process of just thirty seconds per guest.

XVI. Supply Chain

We incur expenses for goods and services to deliver exceptional cruise experiences to our guests. In addition, we incur significant capital expenditures for materials to support the refurbishment and enhancements of our vessels as well as to build new ships. We approach our spend strategically and look for suppliers who demonstrate the ability to help us leverage our scale in terms of cost, quality, service and innovation. We are focused on the creation of strategic partnerships and will streamline our supplier base, where it is prudent. Our largest capital investments are for the construction of new ships. We have agreements in place for the construction of 21 cruise ships with four shipyards.

XVII. Insurance

a. General

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

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

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

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

c. Hull and Machinery Insurance

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

d. War Risk Insurance

We 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 three P&I clubs. Under the terms of our war risk insurance coverage, which are typical for war risk policies in the marine industry, insurers can give us seven days' notice that the insurance policies will be 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.

e. Other Insurance

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

XVIII. Port Destinations and Private Islands

In select geographies around the world we operate a portfolio of leading port destinations and private islands to grow demand and create relative scarcity. This enables us to offer exceptional guest experiences by creating a wide variety of high quality destinations around the world that are uniquely tailored to our guests' preferences. In addition, to secure preferential berth access to third party ports, we coordinate across brands to negotiate berthing agreements and to secure preferred access through shared agreements and commitments.

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

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

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

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

National, regional, state and local authorities: We are subject to the decrees, directives, regulations and requirements of the European Union ("EU"), the U.S., U.S. states and hundreds of other international ports that our ships visit every year.

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

As members of the Cruise Line International Association ("CLIA"), 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. Further details on these and other policies can be found on www.cruising.org.

Our BODs have HESS Committees, which were comprised of four independent directors during 2018. The principal function of the HESS Committees is to assist the boards in fulfilling their responsibility to supervise and monitor our health, environment, safety, security and sustainability related policies, programs and initiatives at sea and ashore and compliance with related legal and regulatory requirements. The HESS Committees and our management team review all significant relevant risks or exposures and associated mitigating actions.

We are committed to implementing appropriate measures to manage identified risks effectively. We have a Chief Maritime Officer to oversee our global maritime operations, including maritime quality assurance and policy, maritime affairs, environmental compliance, shipbuilding, ship refits and research and development. To ensure that we are compliant with legal and regulatory requirements and that these areas of our business operate in an efficient manner we:

- Provide regular health, environmental, safety and security support, training, guidance and information to guests, employees and others working on our behalf
- Develop and implement effective and verifiable management systems to fulfill our health, environmental, safety, security and sustainability commitments
- Perform regular shoreside and shipboard audits and take appropriate action when deficiencies are identified
- Report and investigate 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
- Identify the aspects of our business that impact the environment and continue to take appropriate action to minimize that impact

2. Maritime Safety Regulations

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

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

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

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

- Develop 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") for the vessel operator, as well as a Safety Management Certificate ("SMC") for each vessel they operate. These documents are issued by the vessel's Flag State and evidence compliance with the SMS
- Verify or renew DOCs and SMCs periodically in accordance with the ISM Code

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

- Training of our bridge, engineering and environmental officers in maritime related best practices at our new CSMART Academy, the Center for Simulator Maritime Training located within our Arison Maritime Center in Almere, Netherlands
- Further standardization of our detailed bridge and engine resource management procedures on all of our ships

- Expansion of our existing oversight function to monitor bridge and engine room operations through state of the art fleet operations centers in Miami, Seattle and Hamburg
- Identifying and standardizing best-practice policies and procedures in health, environment, safety and security disciplines across the entire organization including on all our ships
- Further enhancement of our processes for auditing our HESS performance throughout our operations

3. Maritime Security Regulations

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

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

4. Maritime Environmental Regulations

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

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

i. International Regulations

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

a. Preventing and Minimizing Pollution

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

As noted above, MARPOL governs the prevention of pollution by oil from operational measures, as well as from accidental discharges. MARPOL requires that discharges of machinery space bilge water pass through pollution prevention equipment that separates oil from the water and monitors the discharged water to ensure that the effluent does not exceed 15 parts per million oil content and we have voluntarily committed to upgrade the oil separation equipment to the latest MARPOL standards onboard all of our ships by early 2019. 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. In addition, we have voluntarily installed redundant systems on all of our ships that monitor processed bilge water through discharge to ensure that it contains no more than 15 parts per million oil content. This system provides additional controls to prevent improper bilge water discharges. MARPOL also requires that our ships have Shipboard Oil Pollution Emergency Plans.

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

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

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

b. Sulfur Emissions

MARPOL also addresses air emissions from vessels in both auxiliary and main propulsion diesel engines on ships and further specifies requirements for Emission Control Areas ("ECAs") with stricter limitations on sulfur emissions in these areas. Since 2015, ships operating in a number of regions throughout the world have been required to use fuel with a sulfur content of no more than 0.1% or 0.5% (depending on the ECA), or to use alternative emission reduction methods, such as advanced air quality systems. Additional local and regional ECAs have come into force since 2015.

The International Maritime Organization's Marine Environment Protection Committee has agreed to implement a global 0.5% sulfur cap for marine fuel beginning in 2020. The EU Parliament and Council have also set a 2020 implementation date for their 0.5% sulfur content fuel requirement (the "EU Sulfur Directive"). The options to comply with both the global 0.5% sulfur cap and the EU Sulfur Directive include the use of low sulfur fuel, installation of advanced air quality systems, or the use of alternative fuels, which may increase our fuel costs.

We have been installing advanced air quality systems on our ships. These efforts are mitigating much of the impact from the ECA requirements. Given the installation schedule, we expect to use a greater percentage of low sulfur fuel in 2020, which may increase our fuel costs.

c. Other Ship Emission Abatement Methods

In the long-term, the cost impacts of meeting progressively lower sulfur emission requirements may be further mitigated by the favorable impact of future changes in the supply and demand balance for marine and other types of fuel, future developments of and investments in improved sulfur emission abatement technologies, the use of alternative lower cost and lower emission fuels and our continued efforts to improve the overall fuel efficiency across our fleet. Since 2007, we have achieved approximately 30% cumulative reduction in unit fuel consumption by focusing on more efficient itineraries, a wide variety of ships' system hardware and software, energy-efficiency upgrades (including hull coatings, air conditioning and engine performance improvement), creating collaborative energy-savings groups across operating lines and ship's staff energy use awareness and training.

As part of our emission abatement program, we have continued our work with several local port authorities to utilize cruise ship shore power connections and have equipped 47 ships with the capability to utilize shore power technology. This technology enables our ships to use power from the local electricity provider rather than running their engines while in port to power their onboard services, thus reducing our ship air emissions.

Similarly, in an effort to extend our commitment to sustainability and to play a leading role in matters of environmental protection in the cruise industry, we are expanding our investment in the use of low carbon fuels, in particular, LNG:

- *AIDAprima* and *AIDAperla* are the first cruise ships in the world that regularly use dual-fuel engines for an energy supply with LNG while in ports on Northern European and other itineraries

- *AIDAnova* will be the first cruise ship in the world with the ability to use LNG to generate 100 percent of its power both in port and on the open sea. We have 11 next generation LNG cruise ships on order, including *AIDAnova*, entering the fleet in December 2018. These innovative ships will reduce exhaust emissions to help protect the environment

d. Greenhouse Gas Emissions ("GHG")

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

In 2016, the IMO approved the implementation of a mandatory data collection system for fuel oil consumption. This amendment will require ships of 5,000 gross tons and above to provide fuel oil consumption data to their respective flag State at the end of each calendar year, formally beginning in 2019. Flag States will then validate the data and transfer it to an IMO database. The IMO will produce an annual report with anonymous data. In early 2018, the IMO also committed to several shipping industry GHG emission reduction goals with 2030 and 2050 target dates.

e. Ballast Water

In 2017, MARPOL began to govern the discharge of ballast water from ships through the MARPOL Ballast Water Management Convention. However, amendments were made to the regulation that effectively extend the implementation date for existing ships by two years. Ballast water is seawater used to stabilize ships at sea and maintain safe operating conditions throughout a voyage. Ballast can carry a multitude of marine species. The Convention is designed to regulate the treatment of ballast water prior to discharging overboard in order to avoid the transfer of marine species to new environments.

ii. <u>U.S. Federal and State Regulations</u>

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

The Oil Pollution Act of 1990 ("OPA 90") established a comprehensive federal liability regime, as well as prevention and response requirements, relating to discharges of oil in U.S. waters. The major requirements include demonstrating financial responsibility up to the liability limits 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. 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") provides 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 EPA's Vessel General Permit ("VGP") for discharges incidental to the normal operations of vessels. The VGP establishes effluent limits for 27 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, the VGP includes requirements for inspections, monitoring, reporting and record-keeping. The United States government recently passed the Vessel Incidental Discharge Act (VIDA), an act that will clarify and streamline discharge requirements for the waste streams covered by the VGP and added a new Clean Water Act Section called "Uniform National Standards for Discharges Incidental to Normal Operation of Vessels." VIDA will eventually eliminate the VGP; however, while the standards and regulations are being developed, the 2013 VGP has been administratively extended. There is uncertainty over what to expect with VIDA, including the limits to which VIDA will apply and the mechanism through which state-specific standards would be implemented.

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

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 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.

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.

The state of Alaska has 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. Environmental regimes in Alaska are more stringent than the U.S. federal requirements with regard to discharges from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters. The state of California also has environmental requirements significantly more stringent than federal requirements for water discharges and air emissions.

iii. <u>EU Regulations</u>

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

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

The EC has also implemented regulations aimed at reducing GHG emissions from maritime shipping through a Monitoring, Reporting and Verification ("MRV") regulation, which began collecting emissions data in 2018 from ships over 5,000 gross tons to monitor and report their carbon emissions on all voyages to, from and between European Union ports.

5. <u>Maritime Health Regulations</u>

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.

6. Maritime Labor Regulations

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

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

b. Consumer Financial Responsibility Regulations

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

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

XX. Taxation

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

a. U.S. Income Tax

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

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

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

1. Application of Section 883 of the Internal Revenue Code

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

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

2. Exemption Under Applicable Income Tax Treaties

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

3. U.S. State Income Tax

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

b. UK and Australian Income Tax

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

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. 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 region are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

c. Italian and German Income Tax

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

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

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

d. Asian Countries Income and Other Taxes

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

e. Other

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

XXI. Trademarks and Other Intellectual Property

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

XXII. Competition

We compete with land-based vacation alternatives throughout the world, such as hotels, resorts (including all-inclusive resorts), theme parks, organized tours, casinos, vacation ownership properties, and other internet-based alternative lodging sites. Based on the most recent G.P. Wild Cruise Industry Statistical Review, we, along with our principal cruise competitors Royal Caribbean Cruises Ltd., Norwegian Cruise Line Holdings, Ltd. and MSC Cruises, carry approximately 84% of all global cruise guests.

D. Website Access to Carnival Corporation & plc SEC Reports

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

E. Industry and Market Data

This document includes market share and industry data and forecasts that we obtained from industry publications, third-party surveys and internal company surveys. Industry publications, including those from CLIA, G.P. Wild, and surveys and forecasts, including those from ASTA, generally state that the information contained therein has been obtained from sources believed to be reliable. CLIA is a non-profit marketing and training organization formed in 1975 to promote cruising and offer support and training for the travel agent community in North America. CLIA participates in the regulatory and policy development process while supporting measures that foster a safe, secure and healthy cruise ship environment. In addition, CLIA facilitates strategic relationships between cruise industry suppliers and organizations, cruise lines, ports and shipyards and provides a forum for interaction with governmental agencies. All CLIA information, obtained from the CLIA website www.cruising.org, relates to the CLIA member cruise lines. In 2018, CLIA represents over 50 cruise brands that operate more than 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 Part I, Item 1A. Risk Factors and Exhibit 13, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Form 10-K.

Item 1A. Risk Factors.

You should carefully consider the specific risk factors set forth below and the other information contained or incorporated by reference in this document, 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 in this item and elsewhere in this document are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

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

a. Adverse world events impacting the ability or desire of people to travel may lead to a decline in demand for cruises

We may be impacted by the public's concerns regarding the safety and security of travel, including government travel advisories and travel restrictions, political instability and civil unrest, and other general concerns. Additionally, we may be impacted by heightened regulations around customs and border control, travel bans to and from certain geographical areas, government policies increasing the difficulty of travel and limitations on issuing international travel visas. We may also be impacted by adverse changes in the perceived or actual economic climate, such as global or regional recessions, higher unemployment and underemployment rates and declines in income levels. In 2019, uncertainties resulting from the UK's expected exit from the European Union may impact our business.

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

Our operations involve the risk of incidents and media coverage thereof. Such incidents include, but are not limited to, the improper operation or maintenance of ships, motorcoaches and trains; guest and crew illnesses; mechanical failures, fires and collisions; repair delays, groundings and navigational errors; oil spills and other maritime and environmental issues as well as other incidents at sea or while in port or on land which may cause guest and crew discomfort, injury, or death. Although our commitment to the safety and comfort of our guests and crew is paramount to the success of our business, our ships have been involved in accidents and other incidents in the past and we may experience similar or other incidents in the future.

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

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

We are subject to numerous international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be, and have previously been, fined or otherwise sanctioned by regulators.

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

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

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

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

We may be impacted by breaches in data security and lapses in data privacy, which occur from time to time. These can vary in scope and intent from economically driven attacks to malicious attacks targeting our key operating systems with the intent to disrupt or compromise our shoreside and shipboard operations. Like many companies, we have been and continue to be subject to unauthorized access or use of digital systems and networks through human error or for purposes of misappropriating assets or obtaining sensitive financial, medical or other personal or business information.

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

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

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

f. Increases in fuel prices and availability of fuel supply may adversely impact our scheduled itineraries and costs

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

Additionally, certain of our ships are designed to use LNG as a fuel source. At this time, the marine LNG distribution infrastructure is in the early stages of development with a limited number of suppliers and purchasing is usually made through long-term contracts. We may experience difficulties in operating and maintaining new LNG-based engine technology.

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

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

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

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

i. Geographic regions in which we try to expand our business may be slow to develop or ultimately not develop how we expect

As we continue to expand our global presence, it requires, among other things, significant levels of management resources, capital and other investments. For example, we may be required to localize our cruise products and services to conform to local cultures, standards, policies and regulations. As a result, it may be more difficult for us to replicate our successful core business models and we may not be able to recover our investments in these markets. In addition, we cannot be certain that these markets, such as China, will ultimately develop as we expect.

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

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, 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," "outlook," and similar expressions of future intent or the negative of such terms.

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

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

Certain of the risks we are exposed to are identified in this Item 1A. "Risk Factors." This item contains important cautionary statements and a discussion of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of November 30, 2018, the Carnival Corporation and Carnival plc headquarters and our larger shoreside locations are as follows:

Location	Square Footage (in thousands)	Own/Lease	Principal Operations
Miami, FL, U.S.A.	463/61	Own/Lease	Carnival Corporation and Carnival Cruise Line
Genoa, Italy	246/66	Own/Lease	Costa and AIDA
Santa Clarita, CA, U.S.A.	311	Lease	Princess Cruises, Holland America Line and Seabourn
Almere, Netherlands	253	Own	Arison Maritime Center
Rostock, Germany	224	Own	Costa and AIDA
Seattle, WA, U.S.A.	175	Lease	Princess Cruises, Holland America Line and Seabourn
Southampton, England	150	Lease	Carnival plc, P&O Cruises (UK) and Cunard
Hamburg, Germany	146	Lease	Costa and AIDA
Sydney, NSW, Australia	37	Lease	Princess Cruises and P&O Cruises (Australia)
Shanghai, China	32	Lease	Costa

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

Item 3. Legal Proceedings.

As previously disclosed, on May 15, 2018, the Marseilles, France Public Prosecutor alleged that Carnival plc and the captain of P&O Cruises' *Azura* breached the French Environmental Code governing the sulfur content of fuel used during the vessel's passage through French territorial waters on March 28 and 29, 2018. On November 26, 2018, the Tribunal de Grande Instance imposed a fine, costs and damages against Carnival plc and the captain for an aggregate of €118,000. We believe that we have a meritorious defense to this claim and are appealing this judgment. We also believe that the ultimate outcome of the proceedings will not have a material impact on our consolidated financial statements.

As previously disclosed, on August 24, 2018, a proposed class-action lawsuit was filed by James Wolfe and others against Carnival Corporation relating to the marketing and sales of Carnival Cruise Line's Vacation Protection product. On January 3, 2019, the United States District Court for the Southern District of Florida granted Carnival Corporation's motion to stay proceedings and compel arbitration. We believe we have meritorious defenses to the claim and that any liability which may arise as a result of this action will not have a material impact on our consolidated financial statements.

As previously disclosed, on August 28, 2018, P&O Cruises (Australia) notified the Maritime Accident Investigation Branch and the Australian Maritime Safety Authority of an inadvertent discharge of liquid food waste mixed into grey water off of *Pacific Explorer* while it was inside the Great Barrier Reef Marine Park on August 26, 2018. We believe the ultimate outcome of any investigation and any penalty will not have a material impact on our consolidated financial statements.

Item 4. Mine Safety Disclosures.

None.

Executive Officers of the Registrants

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

	Age	Years of Service (a)	Title
Micky Arison	69	47	Chairman of the Boards of Directors
David Bernstein	61	20	Chief Financial Officer and Chief Accounting Officer
Arnold W. Donald	64	18	President and Chief Executive Officer and Director
Stein Kruse	60	19	Group Chief Executive Officer of Holland America Group and Carnival UK
Arnaldo Perez	58	26	General Counsel and Secretary
Michael Thamm	55	25	Group Chief Executive Officer of Costa Group and Carnival Asia

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

Business Experience of Executive Officers

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

David Bernstein has been Chief Financial Officer since 2007 and Chief Accounting Officer since 2016. From 2003 to 2007, he was Treasurer.

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

Stein Kruse has been the Group Chief Executive Officer of Holland America Group and Carnival UK since 2017. He was Chief Executive Officer of Holland America Group from 2013 to 2017. From 2004 to 2013, he was President and Chief Executive Officer of Holland America Line.

Arnaldo Perez has been General Counsel and Secretary since 1995.

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

PART II

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

A. Market Information

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

B. Holders

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

C. Dividends

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 American Depository Shares 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, booking trends, 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.

D. Securities Authorized for Issuance under Equity Compensation Plans

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

E. Performance Graph

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

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

I. Repurchase Program

Under a share repurchase program effective 2004, we are authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). Effective April 10 and August 27, 2018, the company approved modifications of the general authorization under the Repurchase Program, which replenished the remaining authorized repurchases at the time of the approvals to $1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During the three months ended November 30, 2018, repurchases of Carnival Corporation common stock pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival Corporation Common Stock Purchased (in millions)	Average Price Paid per Share of Carnival Corporation Common Stock	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (in millions)
September 1, 2018 through September 30, 2018	—	$ —	$ 919
October 1, 2018 through October 31, 2018	—	$ 55.20	$ 767
November 1, 2018 through November 30, 2018	—	$ —	$ 726
	—	$ 55.20	

During the three months ended November 30, 2018, repurchases of Carnival plc ordinary shares pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival plc Purchased (in millions)	Average Price Paid per Share of Carnival plc	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (in millions)
September 1, 2018 through September 30, 2018	1.1	$ 62.13	$ 919
October 1, 2018 through October 31, 2018	2.7	$ 56.69	$ 767
November 1, 2018 through November 30, 2018	0.7	$ 58.08	$ 726
	4.5	$ 58.24	

No shares of Carnival Corporation common stock or Carnival plc ordinary shares were purchased outside of publicly announced plans or programs.

II. Stock Swap Programs

In addition to the Repurchase Program, we have programs that allow us to obtain an economic benefit when either Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares or Carnival plc ordinary shares are trading at a premium to Carnival Corporation common stock (the "Stock Swap Programs"). For example:

- In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to sell shares of Carnival Corporation common stock, at prevailing market prices in ordinary brokers' transactions and repurchase an equivalent number of Carnival plc ordinary shares in the UK market.

- In the event Carnival plc ordinary shares trade at a premium to Carnival Corporation common stock, we may elect to sell ordinary shares of Carnival plc, at prevailing market prices in ordinary brokers' transactions and repurchase an equivalent number of shares of Carnival Corporation common stock in the U.S. market.

Under the Stock Swap Programs effective 2008, the Boards of Directors have made the following authorizations:

- In January 2017, to sell up to 22.0 million of Carnival Corporation common stock in the U.S. market and repurchase up to 22.0 million of Carnival plc ordinary shares in the UK market.

- In 2016, to sell up to 26.9 million of existing shares of Carnival plc in the UK market and repurchase up to 26.9 million shares of Carnival Corporation common stock in the U.S. market.

Any sales of Carnival Corporation shares and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933. During the three months ended November 30, 2018, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap Programs.

III. Carnival plc Shareholder Approvals

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 20.9 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2019 annual general meeting or October 11, 2019.

Item 6. Selected Financial Data.

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

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

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

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

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

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP, dated January 28, 2019, and the Selected Quarterly Financial Data (Unaudited) are shown in Exhibit 13 and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

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

Our President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2018, that they are effective as described above.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 Internal Control – Integrated Framework (the "COSO Framework"). Based on this evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2018.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2018 as stated in their report, which is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

C. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

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

The additional information required by Item 10 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2018 fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Form 10-K.

Item 11. **Executive Compensation.**

The information required by Item 11 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2018 fiscal year.

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

A. Securities Authorized for Issuance under Equity Compensation Plans

I. Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2018.

Plan category	Number of securities to be issued upon exercise of warrants and rights (in millions)	Weighted-average exercise price of outstanding warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1)) (in millions)
	(1)		
Equity compensation plans approved by security holders	2.0 (a)	-	8.6 (b)
Equity compensation plans not approved by security holders	—	-	—
	2.0	-	8.6

(a) Represents 2.0 million of restricted share units outstanding under the Carnival Corporation 2011 Stock Plan.
(b) Includes Carnival Corporation common stock available for issuance as of November 30, 2018 as follows: 2.0 million under the Carnival Corporation Employee Stock Purchase Plan, which includes 43,376 shares subject to purchase during the current purchase period and 6.6 million under the Carnival Corporation 2011 Stock Plan.

II. Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2018.

Plan category	Number of securities to be issued upon exercise of warrants and rights (in millions)	Weighted-average exercise price of outstanding warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1)) (in millions)
	(1)		
Equity compensation plans approved by security holders	0.6 (a)	-	6.9
Equity compensation plans not approved by security holders	—	-	—
	0.6	-	6.9

(a) Represents 0.6 million restricted share units outstanding under the Carnival plc 2014 Employee Share Plan.

The additional information required by Item 12 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2018 fiscal year.

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

The information required by Items 13 and 14 is incorporated herein by reference from the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2018 fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

The financial statements shown in Exhibit 13 are incorporated herein by reference into this Form 10-K.

(2) Financial Statement Schedules

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

(3) Exhibits

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

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
Instruments defining the rights of security holders, including indenture					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 18, 2019 to furnish certain debt instruments to the Securities and Exchange Commission.				X
4.2	Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Cruises Shareholders.	10-Q	4.1	10/15/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	10/15/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Carnival Corporation Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	
4.9	SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C.	8-K	4.3	4/17/03	

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amend- ment to Form F-6	99-a	4/15/03	
4.11	Specimen Carnival plc Ordinary Share Certificate.	S-3	4.1	7/2/09	
Material contracts					
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	9/28/07	
10.2	Amendment and Restatement Agreement dated June 16, 2014 in respect of the Multicurrency Revolving Facilities Agreement dated May 18, 2011, among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Bank of America Merrill Lynch International Limited as facilities agent and a syndicate of financial institutions.	10-Q	10.1	10/3/14	
10.3*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	6/27/08	
10.4*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	6/27/08	
10.5	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison (incorporated by reference to Exhibit 10.2 of Carnival Corporation's Quarterly Report on Form 10-Q for the period ended May 31, 2002).	10-Q	10.2	7/12/02	
10.6*	Amended and Restated Carnival Corporation 2011 Stock Plan.	10-K	10.23	1/30/17	
10.7*	Employment Agreement dated as of October 14, 2013 between Carnival Corporation, Carnival plc and Arnold W. Donald.	10-Q	10.2	10/3/14	
10.8*	Amended and Restated Carnival plc 2014 Employee Share Plan.	10-K	10.39	1/30/17	
10.9*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	7/1/15	
10.10*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival plc 2014 Employee Share Plan.	10-Q	10.2	7/1/15	
10.11*	Carnival Corporation & plc Management Incentive Plan (adopted in 2015).	10-Q	10.3	7/1/15	

INDEX TO EXHIBITS

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

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
10.24*	Form of Management Incentive Plan Tied Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.	10-Q	10.2	3/22/18	
10.25*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.3	3/22/18	
10.26*	Form of Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.	10-Q	10.4	3/22/18	
10.27*	Form of Shareholder Equity Alignment Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	6/25/18	
10.28*	Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.2	6/25/18	
Annual report to security holders					
13	Portions of the 2018 Annual Report.				X
Subsidiaries of the registrants					
21	Subsidiaries of Carnival Corporation and Carnival plc.				X
Consents of experts and counsel					
23	Consent of Independent Registered Public Accounting Firm.				X
Power of attorney					
24	Power of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Arnold W. Donald, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2018 joint Annual Report on Form 10-K and any future amendments on their behalf.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
31.3	Certification of President and Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.4	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 certifications					
32.1**	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2**	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.3**	Certification of President and Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.4**	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
Interactive data file					
101	The consolidated financial statements from Carnival Corporation & plc's Form 10-K for the year ended November 30, 2018, as filed with the SEC on January 28, 2019 formatted in XBRL, are as follows:				
	(i) the Consolidated Statements of Income for the years ended November 30, 2018, 2017 and 2016;				X
	(ii) the Consolidated Statements of Comprehensive Income for the years ended November 30, 2018, 2017 and 2016;				X
	(iii) the Consolidated Balance Sheets at November 30, 2018 and 2017;				X
	(iv) the Consolidated Statements of Cash Flows for the years ended November 30, 2018, 2017 and 2016;				X
	(v) the Consolidated Statements of Shareholders' Equity for the years ended November 30, 2018, 2017 and 2016 and				X
	(vi) the notes to the consolidated financial statements, tagged in summary and detail.				X

*Indicates a management contract or compensation plan or arrangement.
**These items are furnished and not filed.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

CARNIVAL CORPORATION
/s/ Arnold W. Donald
President and Chief Executive Officer and
Director
January 28, 2019

CARNIVAL PLC
/s/ Arnold W. Donald
President and Chief Executive Officer and
Director
January 28, 2019

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

CARNIVAL CORPORATION
/s/ Arnold W. Donald
President and Chief Executive Officer and
Director
January 28, 2019

/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer
January 28, 2019

/s/*Micky Arison
Micky Arison
Chairman of the Board of
Directors
January 28, 2019

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 28, 2019

/s/*Jason Glen Cahilly
Jason Glen Cahilly
Director
January 28, 2019

/s/*Helen Deeble
Helen Deeble
Director
January 28, 2019

CARNIVAL PLC
/s/ Arnold W. Donald
President and Chief Executive Officer and
Director
January 28, 2019

/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer
January 28, 2019

/s/*Micky Arison
Micky Arison
Chairman of the Board of
Directors
January 28, 2019

/s/*Sir Jonathon Band
Sir Jonathon Band
Director
January 28, 2019

/s/*Jason Glen Cahilly
Jason Glen Cahilly
Director
January 28, 2019

/s/*Helen Deeble
Helen Deeble
Director
January 28, 2019

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 28, 2019

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 28, 2019

/s/*Katie Lahey
Katie Lahey
Director
January 28, 2019

/s/*Sir John Parker
Sir John Parker
Director
January 28, 2019

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 28, 2019

/s/*Laura Weil
Laura Weil
Director
January 28, 2019

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 28, 2019

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 28, 2019

/s/*Richard J. Glasier
Richard J. Glasier
Director
January 28, 2019

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 28, 2019

/s/*Katie Lahey
Katie Lahey
Director
January 28, 2019

/s/*Sir John Parker
Sir John Parker
Director
January 28, 2019

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 28, 2019

/s/*Laura Weil
Laura Weil
Director
January 28, 2019

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 28, 2019

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 28, 2019

Exhibit 4.1

January 18, 2019

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Carnival Corporation, Commission File No. 001-9610, and
Carnival plc, Commission File No. 001-15136

Ladies and Gentlemen:

Pursuant to Item 601(b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the “Companies”) hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2018.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez
General Counsel and Secretary

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Exhibit 13

CARNIVAL CORPORATION & PLC
EXHIBIT 13 TO FORM 10-K
FOR THE YEAR ENDED NOVEMBER 30, 2018

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

	Years Ended November 30,		
	2018	2017	2016
Revenues			
Cruise			
Passenger ticket	$ 13,930	$ 12,944	$ 12,090
Onboard and other	4,679	4,330	4,068
Tour and other	272	236	231
	18,881	17,510	16,389
Operating Costs and Expenses			
Cruise			
Commissions, transportation and other	2,590	2,359	2,240
Onboard and other	638	587	553
Payroll and related	2,190	2,107	1,993
Fuel	1,619	1,244	915
Food	1,066	1,031	1,005
Other ship operating	2,807	3,010	2,525
Tour and other	180	163	152
	11,089	10,501	9,383
Selling and administrative	2,450	2,265	2,197
Depreciation and amortization	2,017	1,846	1,738
Goodwill and trademark impairment	—	89	—
	15,556	14,701	13,318
Operating Income	3,325	2,809	3,071
Nonoperating Income (Expense)			
Interest income	14	9	6
Interest expense, net of capitalized interest	(194)	(198)	(223)
Gains (losses) on fuel derivatives, net	59	35	(47)
Other income, net	3	11	21
	(118)	(143)	(243)
Income Before Income Taxes	3,207	2,666	2,828
Income Tax Expense, Net	(54)	(60)	(49)
Net Income	$ 3,152	$ 2,606	$ 2,779
Earnings Per Share			
Basic	$ 4.45	$ 3.61	$ 3.73
Diluted	$ 4.44	$ 3.59	$ 3.72
Dividends Declared Per Share	$ 1.95	$ 1.60	$ 1.35

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,		
	2018	2017	2016
Net Income	$ 3,152	$ 2,606	$ 2,779
Items Included in Other Comprehensive (Loss) Income			
Change in foreign currency translation adjustment	(199)	590	(675)
Other	32	82	(38)
Other Comprehensive (Loss) Income	(167)	672	(713)
Total Comprehensive Income	$ 2,986	$ 3,278	$ 2,066

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, 2018	November 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 982	$ 395
Trade and other receivables, net	358	312
Inventories	450	387
Prepaid expenses and other	436	502
Total current assets	2,225	1,596
Property and Equipment, Net	35,336	34,430
Goodwill	2,925	2,967
Other Intangibles	1,176	1,200
Other Assets	738	585
	$ 42,401	$ 40,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 848	$ 485
Current portion of long-term debt	1,578	1,717
Accounts payable	730	762
Accrued liabilities and other	1,654	1,877
Customer deposits	4,395	3,958
Total current liabilities	9,204	8,800
Long-Term Debt	7,897	6,993
Other Long-Term Liabilities	856	769
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, $0.01 par value; 1,960 shares authorized; 656 shares at 2018 and 655 shares at 2017 issued	7	7
Ordinary shares of Carnival plc, $1.66 par value; 217 shares at 2018 and 2017 issued	358	358
Additional paid-in capital	8,756	8,690
Retained earnings	25,066	23,292
Accumulated other comprehensive loss	(1,949)	(1,782)
Treasury stock, 129 shares at 2018 and 122 shares at 2017 of Carnival Corporation and 48 shares at 2018 and 32 shares at 2017 of Carnival plc, at cost	(7,795)	(6,349)
Total shareholders' equity	24,443	24,216
	$ 42,401	$ 40,778

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,		
	2018	2017	2016
OPERATING ACTIVITIES			
Net income	$ 3,152	$ 2,606	$ 2,779
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	2,017	1,846	1,738
Impairments	16	392	—
(Gains) losses on fuel derivatives, net	(59)	(35)	47
Share-based compensation	65	63	55
Other, net	(6)	51	71
	5,186	4,923	4,690
Changes in operating assets and liabilities			
Receivables	(58)	6	(22)
Inventories	(67)	(49)	1
Prepaid expenses and other	74	(13)	11
Accounts payable	(24)	21	109
Accrued and other liabilities	(100)	73	(21)
Customer deposits	539	361	366
Net cash provided by operating activities	5,549	5,322	5,134
INVESTING ACTIVITIES			
Purchases of property and equipment	(3,749)	(2,944)	(3,062)
Proceeds from sales of ships	389	—	26
Payments of fuel derivative settlements	(39)	(203)	(291)
Other, net	(102)	58	4
Net cash used in investing activities	(3,502)	(3,089)	(3,323)
FINANCING ACTIVITIES			
Proceeds from (repayments of) short-term borrowings, net	417	(29)	447
Principal repayments of long-term debt	(1,556)	(1,227)	(1,278)
Proceeds from issuance of long-term debt	2,542	467	1,542
Dividends paid	(1,355)	(1,087)	(977)
Purchases of treasury stock	(1,468)	(552)	(2,340)
Sales of treasury stock	—	—	40
Other, net	(39)	(24)	(25)
Net cash used in financing activities	(1,460)	(2,452)	(2,591)
Effect of exchange rate changes on cash and cash equivalents	(1)	11	(12)
Net increase (decrease) in cash and cash equivalents	587	(208)	(792)
Cash and cash equivalents at beginning of year	395	603	1,395
Cash and cash equivalents at end of year	$ 982	$ 395	$ 603

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	Treasury stock	Total shareholders' equity
At November 30, 2015	$ 7	$ 358	$ 8,562	$ 20,060	$ (1,741)	$ (3,475)	$ 23,771
Net income	—	—	—	2,779	—	—	2,779
Other comprehensive loss	—	—	—	—	(713)	—	(713)
Cash dividends declared	—	—	—	(996)	—	—	(996)
Purchases and sales under the Stock Swap program, net	—	—	14	—	—	(13)	1
Purchases of treasury stock under the Repurchase Program and other	—	—	56	—	—	(2,301)	(2,245)
At November 30, 2016	7	358	8,632	21,843	(2,454)	(5,789)	22,597
Change in accounting principle (a)	—	—	2	(2)	—	—	—
Net income	—	—	—	2,606	—	—	2,606
Other comprehensive income	—	—	—	—	672	—	672
Cash dividends declared	—	—	—	(1,155)	—	—	(1,155)
Purchases of treasury stock under the Repurchase Program and other	—	—	56	—	—	(560)	(504)
At November 30, 2017	7	358	8,690	23,292	(1,782)	(6,349)	24,216
Net income	—	—	—	3,152	—	—	3,152
Other comprehensive loss	—	—	—	—	(167)	—	(167)
Cash dividends declared	—	—	—	(1,378)	—	—	(1,378)
Purchases of treasury stock under the Repurchase Program and other	—	—	66	—	—	(1,446)	(1,380)
At November 30, 2018	$ 7	$ 358	$ 8,756	$ 25,066	$ (1,949)	$ (7,795)	$ 24,443

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

(a) We elected to early adopt the provisions of ASU 2016-09, *Compensation - Stock Compensation - Improvements to Employee Share-Based Payment Accounting,* on December 1, 2016 using the modified retrospective approach. The impact primarily related to forfeitures.

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – General

Description of Business

Carnival Corporation was incorporated in Panama in 1972 and Carnival plc was incorporated in England and Wales in 2000. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this 2018 Annual Report as "Carnival Corporation & plc," "our," "us" and "we." The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries.

We are the world's largest leisure travel company and among the most profitable and financially strong in the cruise and vacation industries. We are also the largest cruise company, carrying nearly half of global cruise guests, and a leading provider of vacations to all major cruise destinations throughout the world. With operations in North America, Australia, Europe and Asia, we operate a portfolio of leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences on 104 cruise ships to the world's most desirable destinations.

DLC Arrangement

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

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

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

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

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

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements. Actual results may differ from the estimates used in preparing our consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation.

Cash and Cash Equivalents

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

Inventories

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

Property and Equipment

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

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

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

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

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

We review our long-lived assets for impairment whenever events or 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 from the asset's estimated undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level. A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment at least annually and as events or circumstances dictate. All of our goodwill has been allocated to our reporting units. The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. When performing the quantitative test, if the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required. However, if the estimated fair value of the reporting unit is less than the carrying value, goodwill is written down based on the difference between the reporting unit's carrying amount and its fair value, limited to the amount of goodwill allocated to the reporting unit.

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

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

Derivatives and Other Financial Instruments

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

All derivatives are recorded at fair value. If a derivative is designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of accumulated other comprehensive income ("AOCI") until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a non-derivative financial instrument is designated as a hedge of our net investment in a foreign operation, then changes in the 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. Any ineffective portion is immediately recognized in earnings. For derivatives that do not qualify for hedge accounting treatment, the change in fair value is recognized in earnings.

We classify the fair value of all our derivative contracts as either current or long-term, depending on the maturity date of the derivative contract. The cash flows from derivatives treated as 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.

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, 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, 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.

Foreign Currency Translation and Transactions

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

We execute transactions in a number of different currencies. At the date that the transaction is recognized, each asset, liability, revenue, expense, gain or loss arising from the transaction is measured and recorded in the functional currency of the recording entity using the exchange rate in effect at that date. At each balance sheet date, recorded monetary balances denominated in a currency other than the functional currency are adjusted using the exchange rate at the balance sheet date, with gains or losses recorded in other income or other expense, unless such monetary balances have been designated as hedges of net investments in our foreign entities. The net gains or losses resulting from foreign currency transactions were insignificant in 2018, 2017 and 2016. In addition, the unrealized gains or losses on our long-term intercompany receivables and payables which are denominated in a non-functional currency and which are not expected to be repaid in the foreseeable future are recorded as foreign currency translation adjustments included as a component of AOCI.

Revenue and Expense Recognition

Guest cruise deposits 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 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 cancellation. Revenue is recognized net of expected discounts.

Our sale to guests of air and other transportation to and from airports near the home ports of our ships are included in cruise passenger ticket revenues, and the related cost of purchasing these services are included in cruise transportation costs. 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 $615 million in 2018, $579 million in 2017 and $540 million in 2016. The remaining portion of fees, taxes and charges are also included in cruise passenger ticket revenues and 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 agreement.

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

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs, which are expensed upon the first airing of the advertisement. Selling expenses totaled $673 million in 2018, $645 million in 2017 and $630 million in 2016. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and include salaries and related benefits, professional fees and building occupancy costs, which are typically expensed as incurred.

Share-Based Compensation

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

Earnings Per Share

Basic earnings per share is computed by dividing net income 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.

Accounting Pronouncements

The Financial Accounting Standards Board (the "FASB") issued amended guidance, *Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the bifurcation of service costs and other components of net benefit cost. The presentation of the other components of net benefit cost have been recorded in other income. On December 1, 2017, we adopted this guidance using the retrospective transition method for the presentation of the service cost component and other components of net benefit cost. The impact of adopting this guidance was immaterial to our consolidated financial statements, and as such, prior period information was not revised.

The FASB issued guidance, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. When effective, this standard will replace most existing revenue recognition guidance in U.S. GAAP. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not comprehensively addressed in U.S. GAAP. This guidance is required to be adopted by us in the first quarter of 2019. We have elected the modified retrospective adoption method which requires entities to apply the new revenue standard only to the current period consolidated financial statements and record a cumulative-effect adjustment to the December 1, 2018 opening balance of retained earnings, if any. We have completed our preliminary evaluation of changes to our revenues using the five step model supported by the new revenue standard. The impact of the adoption of ASC 606 on our consolidated financial statements relates to the gross presentation of prepaid travel agent commissions, shore excursions and other onboard revenues and costs which were historically presented net. The adoption of this guidance will not have a material impact to the timing of our recognition of revenues and will require additional disclosures.

The FASB issued amended guidance, *Business Combinations - Clarifying the Definition of a Business*, which assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is required to be adopted by us in the first quarter of 2019 on a prospective basis. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued amended guidance, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are aimed at reducing the existing diversity in practice. This guidance is required to be adopted by us in the first quarter of 2019 and must be applied using a retrospective approach for each period presented. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

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

The FASB issued amended guidance, *Service Concession Arrangements,* which clarifies that the grantor in a service arrangement should be considered the customer of the operating entity in all cases. This guidance is required to be adopted by us in the first quarter of 2019 and can be applied using either a retrospective or a modified retrospective approach. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

The FASB issued guidance, *Leases*, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance is required to be adopted by us in the first quarter of 2020 and must be applied using a modified retrospective approach which allows entities to either apply the new lease standard to the beginning of the earliest period presented or only to the current period consolidated financial statement. Early adoption is permitted. The initial adoption of this guidance is expected to increase both our total assets and total liabilities, reflecting the lease rights and obligations arising from our lease arrangements, and will require additional disclosures. We are evaluating certain contractual arrangements to determine if they contain an implicit right to use an asset that would qualify as a leasing arrangement under the new guidance.

The FASB issued guidance, *Derivatives and Hedging*, which targeted improvements to accounting for hedging activities such as hedging strategies, effectiveness assessments, and recognition of derivative gains or losses. This guidance is required to be adopted by us in the first quarter of 2020 and must be applied using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance, *Intangibles - Goodwill and Other - Internal-Use Software,* which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance to determine which implementation costs to capitalize as assets or expense as incurred. The expense related to deferred implementation costs is required to be presented in the same income statement line item as the related hosting fees. Additionally, the payments for deferred implementation costs are required to be presented in the same line item in the statement of cash flows as payments for the related hosting fees. This guidance is required to be adopted by us in the first quarter of 2021 and must be applied using either a prospective or a retrospective approach. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statement.

NOTE 3 – Property and Equipment

	November 30,	
(in millions)	**2018**	**2017**
Ships and ship improvements	$ 46,957	$ 46,744
Ships under construction	2,004	790
Other property and equipment	3,661	3,331
Total property and equipment	52,622	50,865
Less accumulated depreciation	(17,286)	(16,435)
	$ 35,336	$ 34,430

Capitalized interest amounted to $36 million in 2018, $28 million in 2017 and $26 million in 2016.

Sales of Ships

In March 2018, we entered into an agreement to sell an NAA segment 1,260-passenger capacity ship. The ship will be transferred to the buyer in April 2019.

In March 2018, we sold and transferred an EA segment 700-passenger capacity ship.

In April 2018, we sold and transferred an EA segment 1,300-passenger capacity ship.

In June 2018, we sold a NAA segment 840-passenger capacity ship. The ship will be transferred to the buyer in July 2019.

In June 2018, we sold an EA segment 1,880-passenger capacity ship. The ship will be transferred to the buyer in August 2019.

In August 2018, we entered into an agreement to sell an NAA segment 1,680-passenger capacity ship. The ship will be transferred to the buyer in March 2019.

In November 2018, we entered into an agreement to sell an EA segment 2,210-passenger capacity ship. The ship will be transferred to the buyer by the end of 2019.

In November 2018, we entered into an agreement to sell an EA segment 2,110-passenger capacity ship. The ship will be transferred to the buyer at a date still to be determined.

NOTE 4 – Other Assets

We have a minority interest in Grand Bahama Shipyard Ltd. ("Grand Bahama"), a ship repair and maintenance facility. Grand Bahama provided services to us of $89 million in 2018, $97 million in 2017 and $58 million in 2016.

In July 2018, we acquired a minority interest in the White Pass & Yukon Route ("White Pass") division of TWC Enterprises Ltd. that includes White Pass' port, railroad and retail operations in Skagway, Alaska.

In October 2018, we acquired a minority interest in CSSC Carnival Cruise Shipping Limited ("CSSC-Carnival"), a China-based cruise company which will operate its own fleet designed to serve the Chinese market. In November 2018, we entered into an agreement to sell two EA segment ships to CSSC-Carnival.

NOTE 5 – Unsecured Debt

(in millions)	November 30, 2018 Interest Rates	November 30, 2018 Maturities Through	November 30, 2018	November 30, 2017
Long-Term Debt				
Export Credit Facilities				
Fixed rate	2.4% to 5.0%	2030	$ 1,819	$ 860
EUR fixed rate	3.8% to 4.5%	2025	189	229
Floating rate	3.0% to 3.3%	2022	240	307
EUR floating rate	0.0% to 0.7%	2027	1,297	1,596
Bank Loans				
EUR fixed rate	0.5% to 3.9%	2021	257	653
Floating rate	3.2% to 3.6%	2025	495	500
EUR floating rate	0.3% to 0.7%	2023	1,193	355
GBP floating rate	1.3% to 1.7%	2023	848 —	415
Private Placement Notes				
EUR fixed rate	—	—	—	57
Publicly-Traded Notes				
Fixed rate	4.0% to 7.2%	2028	1,217	1,717
EUR fixed rate	1.1% to 1.9%	2022	1,989	2,072
Short-Term Borrowings				
Floating rate commercial paper	—	—	—	420
EUR floating rate commercial paper	(0.2)%	2019	621	65
EUR fixed rate bank loans	(0.2)%	2019	227	—
Total Debt			10,394	9,246
Less: Unamortized debt issuance costs			(71)	(51)
Total Debt, net of unamortized debt issuance costs			10,323	9,195
Less: Short-term borrowings			(848)	(485)
Less: Current portion of long-term debt			(1,578)	(1,717)
Long-Term Debt			$ 7,897	$ 6,993

The debt table does not include the impact of our foreign currency and interest rate swaps. The interest rates on some of our debt, and in the case of our main revolving credit facility, fluctuate based on the applicable rating of senior unsecured long-term securities of Carnival Corporation or Carnival plc. For the twelve months ended November 30, 2018 and 2017, we had borrowings of $2 million and $111 million and repayments of $2 million and $364 million of commercial paper with original maturities greater than three months.

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

Substantially all of our fixed rate debt can 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 to:

- Maintain minimum debt service coverage
- Maintain minimum shareholders' equity
- Limit our debt to capital and debt to equity ratios
- Limit the amounts of our secured assets as well as 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 could become due, and all debt and derivative contracts could be terminated. At November 30, 2018, we were in compliance with all of our debt covenants.

The scheduled annual maturities of our debt were as follows:

(in millions) Fiscal		November 30, 2018
2019	$	2,426
2020		2,143
2021		1,101
2022		1,081
2023		1,776
Thereafter		1,868
	$	10,394

Committed Ship Financings

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

Revolving Credit Facilities

At November 30, 2018, we had $2.9 billion of total revolving credit facilities comprised of a $2.6 billion ($1.9 billion, €500 million and £169 million) multi-currency revolving credit facility that expires in 2021 (the "Facility") and a $300 million revolving credit facility that expires in 2020. A total of $2.3 billion of this capacity was available for drawing, which is net of outstanding commercial paper. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 30 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 on any undrawn portion.

NOTE 6 – Commitments

	Fiscal						
(in millions)	2019	2020	2021	2022	2023	Thereafter	Total
New ship growth capital	$ 4,935	$ 3,849	$ 3,887	$ 3,117	$ 2,110	$ 1,132	$ 19,029
Operating leases	70	48	46	36	35	180	415
Port facilities and other	311	292	249	172	132	1,097	2,253
	$ 5,316	$ 4,189	$ 4,182	$ 3,325	$ 2,277	$ 2,409	$ 21,697

NOTE 7 – Contingencies

Litigation

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

Contingent Obligations – Indemnifications

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

NOTE 8 – Taxation

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

U.S. Income Tax

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

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

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

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

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

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

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

UK and Australian Income Tax

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

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. 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 region 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 re-elected to enter the Italian tonnage tax regime through 2024 and can reapply for an additional ten-year period beginning in early 2025. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

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

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

Asian Countries Income Taxes

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

Other

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

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

Under a share repurchase program effective 2004, we are authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). Effective April 10 and August 27, 2018, the company approved modifications of the general authorization under the Repurchase Program, which replenished the remaining authorized repurchases at the time of the approvals to $1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

	Carnival Corporation		Carnival plc	
(in millions)	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased	Number of Shares Repurchased	Dollar Amount Paid for Shares Repurchased
2018	7.8	$ 476	16.3	$ 985
2017	3.3	$ 223	5.6	$ 335
2016	47.8	$ 2,264	0.7	$ 35

In addition to the Repurchase Program, we have programs that allow us to obtain an economic benefit when either Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares or Carnival plc ordinary shares are trading at a premium to Carnival Corporation common stock (the "Stock Swap Programs").

During 2016, under the Stock Swap Programs, a subsidiary of Carnival Corporation sold 0.9 million of Carnival plc ordinary shares for net proceeds of $40 million. Substantially all of the net proceeds from these sales were used to purchase 0.9 million shares of Carnival Corporation common stock. Carnival Corporation sold these Carnival plc ordinary shares owned by the subsidiary only to the extent it was able to repurchase an equivalent number of shares of Carnival Corporation common stock in the U.S.

During 2018 and 2017, there were no sales or repurchases under the Stock Swap Programs. During 2016, there were no sales of Carnival Corporation common stock or repurchases of Carnival plc ordinary shares under the Stock Swap Programs.

	Accumulated Other Comprehensive Loss	
	November 30,	
(in millions)	2018	2017
Cumulative foreign currency translation adjustments, net	$ (1,875)	$ (1,675)
Unrecognized pension expenses	(56)	(94)
Net losses on cash flow derivative hedges	(19)	(13)
	$ (1,949)	$ (1,782)

During 2018, 2017 and 2016, there were $5 million, $18 million and $7 million of unrecognized pension expenses that were reclassified out of accumulated other comprehensive loss and were included within payroll and related expenses and selling and administrative expenses.

We declared quarterly cash dividends on all of our common stock and ordinary shares as follows:

	Quarters Ended			
(in millions, except per share data)	February 28/29	May 31	August 31	November 30
2018				
Dividends declared per share	$ 0.45	$ 0.50	$ 0.50	$ 0.50
Dividends declared	$ 322	$ 357	$ 350	$ 349
2017				
Dividends declared per share	$ 0.35	$ 0.40	$ 0.40	$ 0.45
Dividends declared	$ 251	$ 291	$ 289	$ 324
2016				
Dividends declared per share	$ 0.30	$ 0.35	$ 0.35	$ 0.35
Dividends declared	$ 225	$ 261	$ 256	$ 254

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, 2018 and 2017, no Carnival Corporation preferred stock had been issued and a nominal amount of Carnival plc preference shares had been issued.

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

Fair Value Measurements

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

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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

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

	November 30, 2018				November 30, 2017			
	Carrying	Fair Value			Carrying	Fair Value		
(in millions)	Value	Level 1	Level 2	Level 3	Value	Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	$ 127	$ —	$ 30	$ 95	$ 126	$ —	$ 49	$ 75
Total	$ 127	$ —	$ 30	$ 95	$ 126	$ —	$ 49	$ 75
Liabilities								
Fixed rate debt (b)	$ 5,699	$ —	$ 5,799	$ —	$ 5,588	$ —	$ 5,892	$ —
Floating rate debt (b)	4,695	—	4,727	—	3,658	—	3,697	—
Total	$ 10,394	$ —	$ 10,526	$ —	$ 9,246	$ —	$ 9,589	$ —

(a) Long-term other assets are comprised of notes receivable. The fair values of our Level 2 notes receivables were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.

(b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

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

	November 30, 2018			November 30, 2017		
(in millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	$ 982	$ —	$ —	$ 395	$ —	$ —
Restricted cash	14	—	—	26	—	—
Marketable securities held in rabbi trusts (a)	9	—	—	97	—	—
Derivative financial instruments	—	—	—	—	15	—
Total	$ 1,005	$ —	$ —	$ 518	$ 15	$ —
Liabilities						
Derivative financial instruments	$ —	$ 29	$ —	$ —	$ 161	$ —
Total	$ —	$ 29	$ —	$ —	$ 161	$ —

(a) The use of marketable securities held in rabbi trusts is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

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

Valuation of Goodwill and Trademarks

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

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During 2017, we made a decision to strategically realign our business in Australia, which includes reducing capacity in P&O Cruises (Australia). We performed discounted cash flow analyses and determined that the estimated fair values of the P&O Cruises (Australia) reporting unit and its trademark no longer exceeded their carrying values. We recognized a goodwill impairment charge of $38 million and a trademark impairment charge of $50 million for the year ended November 30, 2017.

The determination of our reporting unit goodwill and trademark fair values includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- Forecasted operating results, including net revenue yields and net cruise costs including fuel prices
- Capacity changes and the expected rotation of vessels into or out of each of these cruise brands, including decisions about the allocation of new ships amongst brands, the transfer of ships between brands and the timing of ship dispositions
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate
- Capital expenditures, proceeds from forecasted dispositions of ships and terminal values

We believe that we have made reasonable estimates and judgments. Changes in the conditions or circumstances may result in a need to recognize an additional impairment charge.

	Goodwill		
(in millions)	**NAA Segment**	**EA Segment**	**Total**
At November 30, 2016	$ 1,934	$ 976	$ 2,910
Impairment charge	(38)	—	(38)
Foreign currency translation adjustment	2	93	95
At November 30, 2017	1,898	1,069	2,967
Foreign currency translation adjustment	—	(42)	(42)
At November 30, 2018	$ 1,898	$ 1,027	$ 2,925

	Trademarks		
(in millions)	**NAA Segment**	**EA Segment**	**Total**
At November 30, 2016	$ 975	$ 231	$ 1,206
Impairment charge	(50)	—	(50)
Foreign currency translation adjustment	3	20	23
At November 30, 2017	928	251	1,179
Foreign currency translation adjustment	—	(10)	(10)
At November 30, 2018	$ 927	$ 242	$ 1,169

Impairments of Ships

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. Primarily as a result of our decision during 2017 to strategically realign our business in Australia, which includes reducing capacity in P&O Cruises (Australia), we performed undiscounted cash flow analyses on certain ships as of July 31, 2017. Based on these undiscounted cash flow analyses, we determined that some of these ships had net carrying values that exceeded their estimated undiscounted future cash flows. We estimated the July 31, 2017 fair values of these ships based on their discounted cash flows and comparable market transactions. We then compared these estimated fair values to the net carrying values and, as a result, we recognized $162 million and $142 million of ship impairment charges in the NAA and EA segments, respectively, for the year end November 30, 2017. The impairment is included in other ship operating expenses in our consolidated statements of income.

The principal assumptions used in our analyses consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, estimated ship sale proceeds, and changes in strategy, including decisions about the transfer of ships between brands. All principal assumptions are considered Level 3 inputs.

Derivative Instruments and Hedging Activities

		November 30,	
(in millions)	**Balance Sheet Location**	**2018**	**2017**
Derivative assets			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Prepaid expenses and other	$ —	$ 3
Foreign currency zero cost collars (b)	Prepaid expenses and other	—	12
Total derivative assets		$ —	$ 15
Derivative liabilities			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Accrued liabilities and other	$ 5	$ 13
	Other long-term liabilities	—	17
Interest rate swaps (c)	Accrued liabilities and other	8	10
	Other long-term liabilities	11	17
		23	57
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	6	95
	Other long-term liabilities	—	9
		6	104
Total derivative liabilities		$ 29	$ 161

(a) At November 30, 2018 and 2017, we had cross currency swaps totaling $156 million and $324 million, respectively, that are designated as hedges of our net investments in foreign operations with a euro-denominated functional currency. At November 30, 2018, this cross currency swap settles through September 2019.

(b) At November 30, 2017, 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.

(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. These interest rate swap agreements effectively changed $385 million at November 30, 2018 and $479 million at November 30, 2017 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At November 30, 2018, these interest rate swaps settle through March 2025.

(d) At November 30, 2017, 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.

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

	November 30, 2018				
(in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ —	$ —	$ —	$ —	$ —
Liabilities	$ 29	$ —	$ 29	$ —	$ 29

	November 30, 2017				
(in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ 15	$ —	$ 15	$ (8)	$ 7
Liabilities	$ 161	$ —	$ 161	$ (8)	$ 153

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

	November 30,		
(in millions)	2018	2017	2016
Cross currency swaps - net investment hedges	$ 18	$ (31)	$ (33)
Foreign currency zero cost collars – cash flow hedges	$ (12)	$ 45	$ (8)
Interest rate swaps – cash flow hedges	$ 6	$ 8	$ 8

At November 30, 2018 and 2017, 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.

Financial Risk

Fuel Price Risks

We manage our exposure to fuel price risk by managing our consumption of fuel. Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We manage fuel consumption through ship maintenance practices, modifying our itineraries and implementing innovative technologies. We are also adding new, more fuel efficient ships to our fleet and are strategically disposing of smaller, less fuel efficient ships.

	November 30,		
(in millions)	2018	2017	2016
Unrealized gains on fuel derivatives, net	$ 94	$ 227	$ 236
Realized losses on fuel derivatives, net	(35)	(192)	(283)
Gains (losses) on fuel derivatives, net	$ 59	$ 35	$ (47)

Foreign Currency Exchange Rate Risks

Overall Strategy

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

Operational Currency Risks

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

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies. Our investments in foreign operations are of a long-term nature. We have $5.9 billion and $848 million of euro- and sterling-denominated debt, respectively, including the effect of cross currency swaps, which provides an economic offset for our operations with euro and sterling functional currency. We also partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations' functional currencies.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts to manage foreign currency exchange rate risk for some of our ship construction payments. At November 30, 2018 we had no outstanding foreign currency derivative contracts used to manage shipyard payments.

At November 30, 2018, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments to non-euro functional currency brands, which represent a total unhedged commitment of $10.1 billion for newbuilds scheduled to be delivered from 2019 through 2025.

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

Interest Rate Risks

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

Concentrations of Credit Risk

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

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

We believe the risk of nonperformance by any of our significant counterparties is remote. At November 30, 2018, our exposures under foreign currency contracts and interest rate swap agreements were not material. We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe, which includes charter-hire agreements in Asia and credit and debit card providers to which we extend credit in the normal course of our business. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. Concentrations of credit risk associated with these trade receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. We have not experienced significant credit losses on our trade receivables, charter-hire agreements and contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 11 – Segment Information

Beginning in the first quarter of 2018, we revised our operating segments due to changes in our internal reporting as a result of the recent strategic realignment of our business in Australia. The presentation of prior period segment information has been revised to reflect this change. Our operating segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. Our four reportable segments are comprised of (1) NAA cruise operations, (2) EA cruise operations, (3) Cruise Support and (4) Tour and Other.

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

	As of and for the years ended November 30,						
(in millions)	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
2018							
NAA	$ 12,236	$ 7,180	$ 1,403	$ 1,264	$ 2,389	$ 2,614	$ 25,613
EA	6,243	3,676	751	611	1,205	945	13,825
Cruise Support	129	53	268	103	(296)	38	2,303
Tour and Other	272	180	28	39	26	152	660
	$ 18,881	$ 11,089	$ 2,450	$ 2,017	$ 3,325	$ 3,749	$ 42,401
2017							
NAA	$ 11,442	$ 6,704	$ 1,337	$ 1,195	$ 2,117 (a)	$ 1,715	$ 24,430
EA	5,703	3,568	667	561	907	793	14,149
Cruise Support	129	66	246	53	(235)	431	1,739
Tour and Other	236	163	15	37	20	5	459
	$ 17,510	$ 10,501	$ 2,265	$ 1,846	$ 2,809	$ 2,944	$ 40,778
2016							
NAA	$ 10,563	$ 5,961	$ 1,273	$ 1,117	$ 2,211	$ 2,114	$ 24,066
EA	5,464	3,203	638	538	1,086	622	12,844
Cruise Support	131	67	278	42	(256)	310	1,513
Tour and Other	231	152	8	41	30	16	458
	$ 16,389	$ 9,383	$ 2,197	$ 1,738	$ 3,071	$ 3,062	$ 38,881

(a) Includes $89 million of impairment charges related to NAA's goodwill and trademarks.

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

	Years Ended November 30,		
(in millions)	2018	2017	2016
North America	$ 10,066	$ 9,195	$ 8,327
Europe	5,957	5,414	5,254
Australia and Asia	2,530	2,604	2,506
Other	327	297	302
	$ 18,881	$ 17,510	$ 16,389

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

NOTE 12 – Compensation Plans

Equity Plans

We issue our share-based compensation awards, which at November 30, 2018 included time-based share awards (restricted stock awards and restricted stock units), performance-based share awards and market-based share awards (collectively "equity awards"), under the Carnival Corporation and Carnival plc stock plans. Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by the Compensation Committee which is made up of independent directors who determine which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. We had an aggregate of 13.5 million shares available for future grant at November 30, 2018. We fulfill our equity award obligations using shares purchased in the open market or with unissued shares or treasury shares. Our equity awards generally vest over a three-year period, subject to earlier vesting under certain conditions.

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2015	3,609,395	$ 42.84
Granted	1,451,917	$ 53.98
Vested	(1,454,381)	$ 38.18
Forfeited	(193,806)	$ 47.76
Outstanding at November 30, 2016	3,413,125	$ 48.03
Granted	1,116,314	$ 54.79
Vested	(1,466,690)	$ 38.95
Forfeited	(112,781)	$ 51.72
Outstanding at November 30, 2017	2,949,968	$ 51.82
Granted	951,906	$ 66.68
Vested	(1,419,218)	$ 45.45
Forfeited	(202,139)	$ 56.57
Outstanding at November 30, 2018	2,280,517	$ 61.57

As of November 30, 2018, there was $65 million of total unrecognized compensation cost related to equity awards, which is expected to be recognized over a weighted-average period of 1.4 years.

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. The remaining defined benefit plans are primarily unfunded. In determining all of our plans' benefit obligations at November 30, 2018 and 2017, we assumed a weighted-average discount rate of 3.4% for 2018 and 2.7% for 2017.

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"), which is divided into two sections, the "New Section" and the "Old Section" and the British Merchant Navy Ratings Pension Fund (registration number 10005646) ("MNRPF"). Collectively, we refer to these as "the multiemployer plans." The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. 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 future benefit accrual. The MNOPF Old Section is fully funded.

We expense our portion of the MNOPF New Section deficit as amounts are invoiced by, and become due and payable to, the trustees. We accrue and expense our portion of the MNRPF deficit based on our estimated probable obligation from the most recent actuarial review. Total expense for all defined benefit pension plans, including the multiemployer plans, was $36 million in 2018, $53 million in 2017 and $27 million in 2016.

Based on the most recent valuation at March 31, 2015 of the MNOPF New Section, it was determined that this plan was 90% funded. In 2018, 2017 and 2016, our contributions to the MNOPF New Section did not exceed 5% of total contributions to the fund. Based on the most recent valuation at March 31, 2017 of the MNRPF, it was determined that this plan was 84% funded. In 2018, 2017 and 2016 our contributions to the MNRPF did not exceed 5% of total contributions to the fund. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future; however, such amounts are not expected to be material to our consolidated financial statements.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was $39 million in 2018, $37 million in 2017 and $30 million in 2016.

NOTE 13 – Earnings Per Share

	Years Ended November 30,		
(in millions, except per share data)	**2018**	**2017**	**2016**
Net income for basic and diluted earnings per share	$ 3,152	$ 2,606	$ 2,779
Weighted-average shares outstanding	709	722	745
Dilutive effect of equity plans	2	3	2
Diluted weighted-average shares outstanding	710	725	747
Basic earnings per share	$ 4.45	$ 3.61	$ 3.73
Diluted earnings per share	$ 4.44	$ 3.59	$ 3.72

NOTE 14 – Supplemental Cash Flow Information

Cash paid for interest, net of capitalized interest, was $182 million in 2018, $191 million in 2017 and $211 million in 2016. In addition, cash paid for income taxes, net of recoveries, was $58 million in 2018, $43 million in 2017 and $48 million in 2016.

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") as of November 30, 2018 and 2017, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended November 30, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of November 30, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2018 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, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 28, 2019

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

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, 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," "outlook," and similar expressions of future intent or the negative of such terms.

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

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

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. 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:

- Adverse world events impacting the ability or desire of people to travel may lead to a decline in demand for cruises
- Incidents concerning our ships, guests or the cruise vacation industry as well as adverse weather conditions and other natural disasters may impact the satisfaction of our guests and crew and lead to reputational damage
- Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection and tax may lead to litigation, enforcement actions, fines, penalties, and reputational damage
- Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and lead to reputational damage
- Ability to recruit, develop and retain qualified shipboard personnel who live away from home for extended periods of time may adversely impact our business operations, guest services and satisfaction
- Increases in fuel prices and availability of fuel supply may adversely impact our scheduled itineraries and costs
- Fluctuations in foreign currency exchange rates may adversely impact our financial results
- Overcapacity and competition in the cruise and land-based vacation industry may lead to a decline in our cruise sales and pricing
- Geographic regions in which we try to expand our business may be slow to develop or ultimately not develop how we expect
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests

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

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

2018 Executive Overview

2018 marked another strong financial performance, achieving double-digit ROIC and the highest full year earnings in the company's history.

Key information for 2018 compared to the prior year (see "Key Performance Non-GAAP Financial Indicators" for definitions and reconciliations):

- Net income increased 21% to $3.2 billion from $2.6 billion in 2017 and diluted earnings per share increased to $4.44 from $3.59 in 2017.
- Adjusted net income increased 9.3% to $3.0 billion from $2.8 billion in 2017 and adjusted diluted earnings per share increased to $4.26 from $3.82 in 2017. Adjusted net income excludes for the full year 2018 unrealized gains and losses on fuel derivatives and other net gains, totaling $123 million in net gains and for the full year 2017 unrealized gains and losses on fuel derivatives of $227 million in net gains and impairments and other net charges of $390 million.
- Revenues increased $1.4 billion to $18.9 billion from $17.5 billion in 2017.
- Gross cruise revenues increased 7.7% to $18.6 billion from $17.3 billion in 2017. In constant currency, net cruise revenues increased 5.7% to $15.1 billion from $14.3 billion in 2017.
- Gross revenue yields increased 5.7%. In constant currency, net revenue yields increased 3.7%, comprised of a 3.2% increase in net passenger ticket revenue yields and a 5.1% increase in net onboard and other revenue yields.
- Gross cruise costs including fuel per ALBD increased 3.9%. Net cruise costs excluding fuel per ALBD in constant currency increased 1.6%.
- Changes in fuel prices (including realized fuel derivatives) and currency exchange rates decreased earnings by $0.21 per share.

We achieved double-digit ROIC and the highest full year earnings in our company's history, our fifth consecutive year of adjusted earnings growth and third consecutive record year. Our 120,000 team members went above and beyond to deliver a more than doubling in ROIC and near tripling of adjusted earnings per share, in just five years, by executing on our strategy to create demand in excess of measured capacity growth while leveraging our industry leading scale, despite numerous headwinds. Their efforts, combined with the strong support of our valued travel agent partners, enabled our record breaking results.

While the journey over the last five years to sustained double-digit ROIC was built on the foundation of exceeding guest expectations every single day, we had many other contributions that helped pave the way.

- Our proactive public relations effort to increase understanding and reduce misconceptions has clearly had a positive impact. The absolute number of positive media mentions are multiples of what they were five years ago and our brands consistently capture over 75 percent of all positive media in our industry.

- Our brands marketing efforts have shared the spotlight with many well-known personalities who brought with them a greater audience of potential new-to-cruise to our respective brands, including Oprah Winfrey for Holland America Line, Shaquille O'Neal for Carnival Cruise Line, Shakira for Costa, and Her Majesty the Queen for P&O Cruises (UK).

- Our brands were featured on television programs all around the world including The New Celebrity Apprentice, The Ellen DeGeneres Show, ITV reality show, The Cruise, in its 6th season in the UK, and Ant & Dec, also in the UK. We created our own original content TV programs which have already reached more than 400 million views airing on major U.S. networks. Our proprietary shows, which include the Voyager with Josh Garcia, Ocean Treks with Jeff Corwin, Vacation Creation, and La Gran Sorpresa, are among the most popular travel series on TV.

- With our history making voyage to Cuba in 2016, we became the first U.S. cruise operator in over 40 years to bring U.S. cruise guests directly from the U.S. to Cuba, and opened up an exciting new destination option for guests of Carnival Cruise Line, Holland America Line and Seabourn. Our cruise brands continue to further the guest experience through new destinations like Cuba and Amber Cove and new terminals like Barcelona and Dubai.

Our ongoing fleet replenishment efforts are central to our strategy to create demand in excess of measured capacity growth. Over the last five years, we welcomed 12 state-of-the-art, larger, more efficient vessels and exited nine less efficient ships from our fleet, building a more return resilient fleet. We leveraged our scale to reduce costs, achieving cumulative savings of over $350 million in just five years.

We also created many innovations and made other investments along the way.

- OceanMedallion debuted onboard *Caribbean Princess* and has received 36 billion favorable media impressions. We have been recognized globally for our innovation efforts, including being recognized by Fast Company as one of the Top Ten Most Innovative Companies in the travel category.

- Our state-of-the-art revenue management tool has been deployed across half the company to facilitate further yield growth.

- Across many of our brands, we are in the process of rolling out new technology both onboard and shoreside. This includes enhanced targeted marketing, improved CRM capabilities, new mobile apps and redesigned websites, which collectively contribute to an enhanced guest experience, added empowerment to our travel agent partners, increased revenues and reduced cost of sales.

- We underwent multibillion dollar fleet wide reinvestment efforts, including Funship 2.0 for Carnival Cruise Line and Signature of Excellence for Holland America Line.

- We signed a historic joint venture agreement with CSSC, China State Shipbuilding Corporation, forming a local cruise operating company and forging a significant long-term relationship to help build the cruise industry in China.

Over the past five years, we also had many notable achievements in our sustainability efforts including the opening of our significantly expanded Arison Maritime Center in the Netherlands, delivering state of the art maritime training through cutting-edge bridge and engine room simulators and curriculum. We also opened three state-of-the-art Fleet Operations Centers around the globe to provide real time support, ship to shore. On the environmental front, we exceeded our target unit fuel consumption reduction of 25 percent, three years ahead of schedule. We are fully committed to continuous improvement in health, environment, safety and security.

Our strong and growing cash from operations, which reached $5.5 billion in 2018, allows us to internally fund our capital improvements, debt maturities and dividend payments. In addition, we have $11.5 billion of committed export credit facilities available at attractive rates to fund the vast majority of our new ship growth capital.

Going forward, our fleet replenishment efforts are purposely designed to achieve greater economies. Over the next five years, we expect net capacity growth of approximately five percent compounded annually. The higher rate of capacity growth will enable us to better contain costs, leaving us less reliant on revenue yield growth to produce double-digit earnings growth over time. This, in combination with our strategy of creating demand in excess of measured capacity growth, will allow us to continue to grow our earnings and to deliver sustainable and growing double-digit ROIC over time.

New Accounting Pronouncements

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

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships, including ship improvements and ships under construction, which represent 78% of our total assets at November 30, 2018. 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 2018, 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 we believe add value to our ships and have a useful life greater than one year and depreciate those improvements over its estimated remaining useful life. The costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred. When we record the retirement of a ship component 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 of this into consideration, we have estimated our new ships' useful lives at 30 years.

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

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. 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 2018 ship depreciation expense would have increased by approximately $42 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 2018 ship depreciation expense would have increased by approximately $213 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 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. We applied our methods consistently 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 reporting units.

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 have identifiable cash flows independent of the cash flows of other assets and liabilities. Refer to our consolidated financial statements for additional discussion of ship impairment reviews.

The determination of ship 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, including their estimated residual values, will have economic benefit to us.

As of July 31, 2018, we performed our annual goodwill and trademark impairment reviews. Refer to our consolidated financial statements for additional discussion of our goodwill and trademark impairment reviews.

The determination of our reporting unit goodwill and trademark fair values includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- Forecasted operating results, including net revenue yields and net cruise costs including fuel prices
- Capacity changes and the expected rotation of vessels into or out of each of these cruise brands, including decisions about the allocation of new ships amongst brands, the transfer of ships between brands and the timing of ship dispositions
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate
- Capital expenditures, proceeds from forecasted dispositions of ships and terminal values

We believe that we have made reasonable estimates and judgments. Changes in the conditions or circumstances may result in a need to recognize an additional 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 and our charter-hire and other counterparty credit exposures, by financial and other institutions with which we conduct significant business. Our credit exposure also includes contingent obligations related to our guests' cash payments received directly by travel agents and tour operators in Australia and Europe. In most of Europe, we are obligated to honor our guests' cruise payments made 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 more likely than not ("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 where appropriate. 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. 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.

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

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. We also collect fees, taxes and other charges from our guests

- The cruise ticket price typically includes the following:

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

- Sales of goods and services not included in the cruise ticket price are generally the following:

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

  These goods and services are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee.

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, cost of air and other transportation and credit and debit card 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 packages, communication costs, costs of cruise vacation protection programs, costs of pre- and post-cruise land packages and credit and debit card fees

- Fuel costs, which include fuel delivery costs

- Payroll and related costs, which represent all costs related to our shipboard personnel, including bridge and engineering officers and crew 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

- 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

Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires.

Statistical Information

	Years Ended November 30,		
	2018	2017	2016
ALBDs (in thousands) (a) (b)	83,872	82,303	80,002
Occupancy percentage (c)	106.9%	105.9%	105.9%
Passengers carried (in thousands)	12,407	12,130	11,520
Fuel consumption in metric tons (in thousands)	3,296	3,286	3,233
Fuel consumption in metric tons per thousand ALBDs	39.3	39.9	40.4
Fuel cost per metric ton consumed	$ 491	$ 378	$ 283
Currencies (USD to 1)			
AUD	$ 0.75	$ 0.77	$ 0.74
CAD	$ 0.78	$ 0.77	$ 0.75
EUR	$ 1.18	$ 1.12	$ 1.11
GBP	$ 1.34	$ 1.28	$ 1.37
RMB	$ 0.15	$ 0.15	$ 0.15

(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 2018 compared to 2017, we had a 1.9% capacity increase in ALBDs comprised of a 2.9% capacity increase in our NAA segment and a 0.2% capacity increase in our EA segment.

Our NAA segment's capacity increase was caused by:

- Partial period impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017
- Partial period impact from one Carnival Cruise Line 3,960-passenger capacity ship that entered into service in April 2018
- Partial period impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018

These increases were partially offset by the partial period impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

Our EA segment's capacity increase was caused by:

- Partial period impact from one AIDA 3,290-passenger capacity ship that entered into service in June 2017

This increase was partially offset by

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

In 2017 compared to 2016, we had a 2.9% capacity increase in ALBDs comprised of a 2.8% capacity increase in our NAA segment and a 3.0% capacity increase in our EA segment.

Our NAA segment's capacity increase was caused by:

- Full period impact from one Seabourn 600-passenger capacity ship that entered into service in December 2016
- Partial period impact from one Holland America Line 2,650-passenger capacity ship that entered into service in April 2016
- Partial period impact from one Carnival Cruise Line 3,930-passenger capacity ship that entered into service in May 2016
- Partial period impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017

These increases were partially offset by the partial period impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

Our EA segment's capacity increase was caused by:

- Partial period impact from one AIDA 3,290-passenger capacity ship that entered into service in April 2016
- Partial period impact from one AIDA 3,290-passenger capacity ship that entered into service in June 2017

(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.

2018 Compared to 2017

Revenues

Consolidated

Cruise passenger ticket revenues made up 74% of our 2018 total revenues. Cruise passenger ticket revenues increased by $986 million, or 7.6%, to $13.9 billion in 2018 from $12.9 billion in 2017.

This increase was caused by:

- $264 million - increase in cruise ticket revenues, driven primarily by price improvements in our European, Australian, China and various other programs and net favorable foreign currency transactional impacts
- $247 million - 1.9% capacity increase in ALBDs
- $246 million - foreign currency translational impact from a weaker U.S. dollar against the functional currencies of our foreign operations ("foreign currency translational impact")
- $119 million - increase in occupancy
- $81 million - increase in air transportation revenues
- $29 million - increase in other passenger revenue

The remaining 26% of 2018 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $349 million, or 8.1%, to $4.7 billion in 2018 from $4.3 billion in 2017.

This increase was caused by:

- $132 million - higher onboard spending by our guests
- $83 million - 1.9% capacity increase in ALBDs
- $52 million - foreign currency translational impact
- $42 million - increase in other revenues
- $40 million - increase in occupancy

Concession revenues, which are included in onboard and other revenues, increased by $83 million, or 7.9%, to $1.1 billion in 2018 from $1.1 billion in 2017.

NAA Segment

Cruise passenger ticket revenues made up 72% of our NAA segment's 2018 total revenues. Cruise passenger ticket revenues increased by $562 million, or 6.8% to $8.8 billion in 2018 from $8.3 billion in 2017.

This increase was driven by:

- $239 million - 2.9% capacity increase in ALBDs

- $229 million - increase in cruise ticket revenues, driven primarily by price improvements in the European, Australian and China programs and net favorable foreign currency transactional impacts
- $70 million - increase in air transportation revenues
- $21 million - increase in occupancy

The remaining 28% of our NAA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by $232 million, or 7.3%, to $3.4 billion in 2018 from $3.2 billion in 2017.

This increase was driven by:

- $100 million - higher onboard spending by our guests
- $92 million - 2.9% capacity increase in ALBDs
- $35 million - increase in other revenues

Concession revenues, which are included in onboard and other revenues, increased by $57 million, or 7.5%, to $807 million in 2018 from $751 million in 2017.

EA Segment

Cruise passenger ticket revenues made up 82% of our EA segment's 2018 total revenues. Cruise passenger ticket revenues increased by $442 million, or 9.4%, to $5.1 billion in 2018 from $4.7 billion in 2017.

This increase was driven by:

- $251 million - foreign currency translational impact
- $96 million - increase in occupancy
- $69 million - increase in cruise ticket revenues, driven primarily by price improvements in the European, China and various other programs, partially offset by decrease in the Caribbean programs and net unfavorable foreign currency transactional impacts

The remaining 18% of our EA segment's 2018 total revenues were comprised of onboard and other cruise revenues, which increased by $98 million, or 9.7%, to $1.1 billion in 2018 from $1.0 billion in 2017.

This increase was driven by:

- $55 million - foreign currency translational impact
- $21 million - increase in occupancy

Concession revenues, which are included in onboard and other revenues, increased by $26 million, or 8.7%, to $328 million in 2018 from $301 million in 2017.

Costs and Expenses

Consolidated

Operating costs and expenses increased by $588 million or 5.6%, to $11.1 billion in 2018 from $10.5 billion in 2017.

This increase was caused by:

- $371 million - higher fuel prices
- $197 million - 1.9% capacity increase in ALBDs
- $169 million - foreign currency translational impact
- $100 million - higher commissions, transportation and other expenses
- $37 million - increase in occupancy
- $27 million - higher onboard and other expenses
- $21 million - higher dry-dock expenses and repair and maintenance expenses

These increases were partially offset by:

- $304 million - ship impairments in 2017
- $51 million - gains on ship sales in 2018
- $20 million - improved fuel consumption

Selling and administrative expenses increased by $185 million, or 8.2%, to $2.5 billion in 2018 from $2.3 billion in 2017.

Depreciation and amortization expenses increased by $171 million, or 9.3%, to $2.0 billion in 2018 from $1.8 billion in 2017.

Goodwill and trademark impairment charges of $89 million include a goodwill impairment charge of $38 million and a trademark impairment charge of $50 million during 2017.

NAA Segment

Operating costs and expenses increased by $476 million, or 7.1%, to $7.2 billion in 2018 from $6.7 billion in 2017.

This increase was caused by:
- $253 million - higher fuel prices
- $194 million - 2.9% capacity increase in ALBDs
- $102 million - higher commissions, transportation and other
- $31 million - higher dry-dock expenses and repair and maintenance expenses
- $30 million - higher port expenses
- $24 million - higher cruise payroll and related expenses
- $24 million - higher onboard and other expenses

These increases were partially offset by impairment of ships of $162 million recorded in 2017.

Selling and administrative expenses increased by $66 million, or 4.9%, to $1.4 billion in 2018 from $1.3 billion in 2017.

Depreciation and amortization expenses increased by $70 million, or 5.8%, to $1.3 billion in 2018 from $1.2 billion in 2017.

Goodwill and trademark impairment charges of $89 million include a goodwill impairment charge of $38 million and a trademark impairment charge of $50 million during 2017.

EA Segment

Operating costs and expenses increased by $108 million, or 3.0%, to $3.7 billion in 2018 from 3.6 billion in 2017.

This increase was caused by:
- $174 million - foreign currency translational impact
- $117 million - higher fuel prices
- $29 million - increase in occupancy

These increases were partially offset by:
- $141 million - ship impairments in 2017
- $39 million - gains on ship sales in 2018
- $21 million - lower cruise payroll and related expenses

Selling and administrative expenses increased by $84 million, or 13%, to $751 million in 2018 from $667 million in 2017.

This increase was driven by:
- $39 million - foreign currency translational impact
- $27 million - higher administrative expenses

Depreciation and amortization expenses increased by $50 million, or 9.0%, to $611 million in 2018 from $561 million in 2017.

Operating Income

Our consolidated operating income increased by $516 million, or 18%, to $3.3 billion in 2018 from $2.8 billion in 2017. Our NAA segment's operating income increased by $272 million, or 13%, to $2.4 billion in 2018 from $2.1 billion in 2017, and our EA segment's operating income increased by $298 million, or 33%, to $1.2 billion in 2018 from $0.9 billion in 2017. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

	Years Ended November 30,	
(in millions)	**2018**	**2017**
Unrealized gains on fuel derivatives	$ 94	$ 227
Realized (losses) on fuel derivatives, net	(35)	(192)
Gains on fuel derivatives, net	$ 59	$ 35

Explanations of Non-GAAP Financial Measures

Non-GAAP Financial Measures

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs excluding fuel per ALBD, adjusted net income and adjusted earnings per share as non-GAAP financial measures of our cruise segments' and the company's financial performance. These non-GAAP financial measures are provided along with U.S. GAAP gross cruise revenues per ALBD ("gross revenue yields"), gross cruise costs per ALBD and U.S. GAAP net income and U.S. GAAP earnings per share.

Net revenue yields and net cruise costs excluding fuel per ALBD enable us to separate the impact of predictable capacity or ALBD changes from price and other changes that affect our business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

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

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

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

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

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

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

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

Reconciliation of Forecasted Data

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

Constant Dollar and Constant Currency

Our operations primarily utilize the U.S. dollar, Australian dollar, euro and sterling as functional currencies to measure results and financial condition. Functional currencies other than the U.S. dollar subject us to foreign currency translational risk. Our operations also have revenues and expenses that are in currencies other than their functional currency, which subject us to foreign currency transactional risk.

We report net revenue yields, net passenger revenue yields, net onboard and other revenue yields and net cruise costs excluding fuel per ALBD on a “constant dollar” and “constant currency” basis assuming the 2018 and 2017 periods’ currency exchange rates have remained constant with the 2017 and 2016 periods’ rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting removes only the impact of changes in exchange rates on the translation of our operations.

Constant currency reporting removes the impact of changes in exchange rates on the translation of our operations (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency.

Examples:

- The translation of our operations with functional currencies other than U.S. dollar to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies.

- Our operations have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.

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Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows:

	Years Ended November 30,				
(dollars in millions, except yields)	**2018**	**2018 Constant Dollar**	**2017**	**2017 Constant Dollar**	**2016**
Passenger ticket revenues	$ 13,930	$ 13,684	$ 12,944	$ 12,998	$ 12,090
Onboard and other revenues	4,679	4,627	4,330	4,338	4,068
Gross cruise revenues	18,609	18,311	17,274	17,336	16,158
Less cruise costs					
Commissions, transportation and other	(2,590)	(2,526)	(2,359)	(2,371)	(2,240)
Onboard and other	(638)	(630)	(587)	(589)	(553)
	(3,228)	(3,156)	(2,946)	(2,960)	(2,793)
Net passenger ticket revenues	11,340	11,158	10,585	10,627	9,850
Net onboard and other revenues	4,041	3,997	3,744	3,749	3,515
Net cruise revenues	$ 15,381	$ 15,155	$ 14,329	$ 14,376	$ 13,365
ALBDs	83,872,441	83,872,441	82,302,887	82,302,887	80,002,092
Gross revenue yields	$ 221.87	$ 218.32	$ 209.88	$ 210.63	$ 201.97
% increase	5.7%	4.0%	3.9%	4.3%	
Net revenue yields	$ 183.38	$ 180.69	$ 174.10	$ 174.67	$ 167.06
% increase	5.3%	3.8%	4.2%	4.6%	
Net passenger ticket revenue yields	$ 135.21	$ 133.03	$ 128.62	$ 129.12	$ 123.11
% increase	5.1%	3.4%	4.5%	4.9%	
Net onboard and other revenue yields	$ 48.17	$ 47.65	$ 45.48	$ 45.55	$ 43.95
% increase	5.9%	4.8%	3.5%	3.6%	

	Years Ended November 30,				
(dollars in millions, except yields)	**2018**	**2018 Constant Currency**	**2017**	**2017 Constant Currency**	**2016**
Net passenger ticket revenues	$ 11,340	$ 11,137	$ 10,585	$ 10,632	$ 9,850
Net onboard and other revenues	4,041	4,008	3,744	3,741	3,515
Net cruise revenues	$ 15,381	$ 15,145	$ 14,329	$ 14,373	$ 13,365
ALBDs	83,872,441	83,872,441	82,302,887	82,302,887	80,002,092
Net revenue yields	$ 183.38	$ 180.57	$ 174.10	$ 174.63	$ 167.06
% increase	5.3%	3.7%	4.2%	4.5%	
Net passenger ticket revenue yields	$ 135.21	$ 132.79	$ 128.62	$ 129.18	$ 123.11
% increase	5.1%	3.2%	4.5%	4.9%	
Net onboard and other revenue yields	$ 48.17	$ 47.78	$ 45.48	$ 45.45	$ 43.95
% increase	5.9%	5.1%	3.5%	3.4%	

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Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel by ALBDs as follows:

	Years Ended November 30,				
(dollars in millions, except costs per ALBD)	**2018**	**2018 Constant Dollar**	**2017**	**2017 Constant Dollar**	**2016**
Cruise operating expenses	$ 10,910	$ 10,740	$ 10,338	$ 10,372	$ 9,231
Cruise selling and administrative expenses	2,422	2,385	2,250	2,259	2,188
Gross cruise costs	13,332	13,125	12,588	12,631	11,419
Less cruise costs included above					
Commissions, transportation and other	(2,590)	(2,526)	(2,359)	(2,371)	(2,240)
Onboard and other	(638)	(630)	(587)	(589)	(553)
Gains (losses) on ship sales and impairments	38	34	(298)	(288)	2
Restructuring expenses	(1)	(1)	(3)	(3)	(2)
Other	(2)	(2)	—	—	(41)
Net cruise costs	10,139	10,000	9,341	9,380	8,585
Less fuel	(1,619)	(1,619)	(1,244)	(1,244)	(915)
Net cruise costs excluding fuel	$ 8,521	$ 8,382	$ 8,097	$ 8,136	$ 7,670
ALBDs	83,872,441	83,872,441	82,302,887	82,302,887	80,002,092
Gross cruise costs per ALBD	$ 158.96	$ 156.49	$ 152.94	$ 153.46	$ 142.73
% increase	3.9%	2.3%	7.2%	7.5%	
Net cruise costs excluding fuel per ALBD	$ 101.59	$ 99.93	$ 98.37	$ 98.84	$ 95.87
% increase	3.3%	1.6%	2.6%	3.1%	

	Years Ended November 30,				
(dollars in millions, except costs per ALBD)	**2018**	**2018 Constant Currency**	**2017**	**2017 Constant Currency**	**2016**
Net cruise costs excluding fuel	$ 8,521	$ 8,385	$ 8,097	$ 8,108	$ 7,670
ALBDs	83,872,441	83,872,441	82,302,887	82,302,887	80,002,092
Net cruise costs excluding fuel per ALBD	$ 101.59	$ 99.98	$ 98.37	$ 98.51	$ 95.87
% increase	3.3%	1.6%	2.6%	2.7%	

(dollars in millions, except per share data)	Years Ended November 30, 2018	2017	2016
Net income			
U.S. GAAP net income	$ 3,152	$ 2,606	$ 2,779
Unrealized (gains) losses on fuel derivatives, net	(94)	(227)	(236)
(Gains) losses on ship sales and impairments	(38)	387	(2)
Restructuring expenses	1	3	2
Other	8	—	37
Adjusted net income	$ 3,029	$ 2,770	$ 2,580
Weighted-average shares outstanding	710	725	747
Earnings per share			
U.S. GAAP earnings per share	$ 4.44	$ 3.59	$ 3.72
Unrealized (gains) losses on fuel derivatives, net	(0.13)	(0.31)	(0.32)
(Gains) losses on ship sales and impairments	(0.05)	0.53	—
Restructuring expenses	—	—	—
Other	0.01	—	0.05
Adjusted earnings per share	$ 4.26	$ 3.82	$ 3.45

Net cruise revenues increased by $1.1 billion, or 7.3%, to $15.4 billion in 2018 from $14.3 billion in 2017.

The increase was caused by:
- $545 million - 3.7% increase in constant currency net revenue yields
- $271 million - 1.9% capacity increase in ALBDs
- $236 million - foreign currency impacts (including both foreign currency translational and transactional impacts)

The 3.7% increase in net revenue yields on a constant currency basis was due to a 3.2% increase in net passenger ticket revenue yields and a 5.1% increase in net onboard and other revenue yields.

The 3.2% increase in net passenger ticket revenue yields was driven primarily by price improvements in our European, Australian, China and various other programs. This 3.2% increase in net passenger ticket revenue yields was comprised of a 2.4% increase from our NAA segment and a 4.8% increase from our EA segment.

The 5.1% increase in net onboard and other revenue yields was caused by similar increases in our NAA and EA segments.

Net cruise costs excluding fuel increased by $425 million, or 5.2%, to $8.5 billion in 2018 from $8.1 billion in 2017.

The increase was caused by:
- $155 million - 1.9% capacity increase in ALBDs
- $135 million - foreign currency impacts (including both foreign currency translational and transactional impacts)
- $134 million - 1.6% increase in constant currency net cruise costs excluding fuel

Fuel costs increased by $374 million, or 30%, to $1.6 billion in 2018 from $1.2 billion in 2017. This was driven by higher fuel prices, which accounted for $370 million.

2017 Compared to 2016

Revenues

Consolidated

Cruise passenger ticket revenues made up 74% of our 2017 total revenues. Cruise passenger ticket revenues increased by $854 million, or 7.1%, to $12.9 billion in 2017 from $12.1 billion in 2016.

This increase was caused by:

- $517 million - increase in cruise ticket revenues, driven primarily by price improvements in our Caribbean, European and Alaska programs, partially offset by decrease in our China programs
- $348 million - 2.9% capacity increase in ALBDs
- $55 million - increase in other passenger revenue

These increases were partially offset by:

- $54 million - foreign currency translational impact
- $20 million - decrease in air transportation revenues

The remaining 26% of 2017 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $262 million, or 6.4%, to $4.3 billion in 2017 from $4.1 billion in 2016.

This increase was driven by:

- $124 million - higher onboard spending by our guests
- $117 million - 2.9% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by $18 million, or 1.8%, to $1.1 billion in 2017 from $1.0 billion in 2016.

NAA Segment

Cruise passenger ticket revenues made up 72% of our NAA segment's 2017 total revenues. Cruise passenger ticket revenues increased by $666 million, or 8.8% to $8.3 billion in 2017 from $7.6 billion in 2016.

This increase was driven by:

- $390 million - increase in cruise ticket revenues, driven primarily by price improvements in the Caribbean, European and Alaska programs, partially offset by decrease in the China programs
- $214 million - 2.8% capacity increase in ALBDs
- $29 million - increase in other passenger revenue
- $26 million - increase in occupancy

The remaining 28% of our NAA segment's 2017 total revenues were comprised of onboard and other cruise revenues, which increased by $213 million, or 7.2%, to $3.2 billion in 2017 from $3.0 billion in 2016.

The increase was driven by:

- $96 million - higher onboard spending by our guests
- $83 million - 2.8% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, increased by $19 million, or 3.0%, to $751 million in 2017 from $732 million in 2016.

EA Segment

Cruise passenger ticket revenues made up 82% of our EA segment's 2017 total revenues. Cruise passenger ticket revenues increased by $178 million, or 4.0%, to $4.7 billion in 2017 from $4.5 billion in 2016.

This increase was caused by:

- $135 million - 3.0% capacity increase in ALBDs
- $123 million - increase in cruise ticket revenues, driven primarily by price improvements in the European programs, partially offset by decrease in the China programs

These increases were partially offset by:

- $63 million - foreign currency translational impact

The remaining 18% of our EA segment's 2017 total revenues were comprised of onboard and other cruise revenues, which increased by $60 million, or 6.3%, to $1.0 billion in 2017 from $0.9 billion in 2016.

The increase was caused by:
- $42 million - higher onboard spending by our guests
- $28 million - 3.0% capacity increase in ALBDs

Concession revenues, which are included in onboard and other revenues, remained flat at $301 million in 2017 and 2016.

Costs and Expenses

Consolidated

Operating costs and expenses increased by $1.1 billion or 12%, to $10.5 billion in 2017 from $9.4 billion in 2016.

This increase was caused by:
- $314 million - higher fuel prices
- $304 million - impairment of ships
- $265 million - 2.9% capacity increase in ALBDs
- $68 million - higher cruise payroll and related expenses
- $67 million - higher port expenses
- $65 million - higher commissions, transportation and other expenses
- $64 million - higher dry-dock expenses and repair and maintenance expenses

These increases were partially offset by foreign currency translational impact, which accounted for $34 million.

Selling and administrative expenses increased by $68 million, or 3.1%, to $2.3 billion in 2017 from $2.2 billion in 2016.

Depreciation and amortization expenses increased by $108 million, or 6.2%, to $1.8 billion in 2017 from $1.7 billion in 2016.

Goodwill and trademark impairment charges of $89 million include a goodwill impairment charge of $38 million and a trademark impairment charge of $50 million during the third quarter of 2017.

NAA Segment

Operating costs and expenses increased by $743 million, or 13%, to $6.7 billion in 2017 from $6.0 billion in 2016.

This increase was driven by:
- $207 million - higher fuel prices
- $168 million - 2.8% capacity increase in ALBDs
- $162 million - impairment of ships
- $80 million - higher commissions, transportation and other expenses
- $42 million - higher port expenses
- $41 million - higher cruise payroll and related expenses
- $24 million - higher dry-dock expenses and repair and maintenance expenses

Selling and administrative expenses increased by $64 million, or 5.1%, and were $1.3 billion in 2017 and 2016.

Depreciation and amortization expenses increased by $77 million, or 6.9%, to $1.2 billion in 2017 from $1.1 billion in 2016.

Goodwill and trademark impairment charges of $89 million include a goodwill impairment charge of $38 million and a trademark impairment charge of $50 million during the third quarter of 2017.

EA Segment

Operating costs and expenses increased by $365 million, or 11%, to $3.6 billion in 2017 from $3.2 billion in 2016.

This increase was caused by:
- $141 million - impairment of ships
- $107 million - higher fuel prices
- $95 million - 3.0% capacity increase in ALBDs

- $43 million - higher dry-dock expenses and repair and maintenance expenses
- $26 million - higher port expenses
- $21 million - higher cruise payroll and related expenses

These increases were partially offset by:
- $49 million - foreign currency translational impact
- $23 million - decrease in air transportation costs

Selling and administrative expenses increased by $29 million, or 4.5%, to $667 million in 2017 from $638 million in 2016.

Depreciation and amortization expenses increased by $23 million, or 4.3%, to $561 million in 2017 from $538 million in 2016.

Operating Income

Our consolidated operating income decreased by $262 million, or 8.5%, to $2.8 billion in 2017 from $3.1 billion in 2016. Our NAA segment's operating income decreased by $94 million, or 4.3%, to $2.1 billion in 2017 from $2.2 billion in 2016, and our EA segment's operating income decreased by $179 million, or 16%, to $0.9 billion in 2017 from $1.1 billion in 2016. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

	Years Ended November 30,	
(in millions)	2017	2016
Unrealized gains on fuel derivatives	$ 227	$ 236
Realized losses on fuel derivatives, net	(192)	(283)
Gains (losses) on fuel derivatives, net	$ 35	$ (47)

Non-GAAP Financial Measures

Net cruise revenues increased by $964 million, or 7.2%, to $14.3 billion in 2017 from $13.4 billion in 2016.

The increase was caused by:
- $626 million - 4.5% increase in constant currency net revenue yields
- $381 million - 2.9% capacity increase in ALBDs

These increases were partially offset by foreign currency impacts (including both foreign currency translational and transactional impacts), which accounted for $44 million.

The 4.5% increase in net revenue yields on a constant currency basis was due to a 4.9% increase in net passenger ticket revenue yields and a 3.4% increase in net onboard and other revenue yields.

The 4.9% increase in net passenger ticket revenue yields was driven primarily by price improvements in our Caribbean, European and Alaska programs for our NAA segment and European programs for our EA segment, partially offset by decreases in our China programs. This 4.9% increase in net passenger ticket revenue yields was comprised of a 5.7% increase from our NAA segment and a 3.2% increase from our EA segment.

The 3.4% increase in net onboard and other revenue yields was caused by similar increases in our NAA and EA segments.
Gross cruise revenues increased by $1.1 billion, or 6.9%, to $17.3 billion in 2017 from $16.2 billion in 2016 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $427 million, or 5.6%, to $8.1 billion in 2017 from $7.7 billion in 2016.

The increase was caused by:
- $222 million - 2.9% capacity increase in ALBDs
- $216 million - 2.7% increase in constant currency net cruise costs excluding fuel

These increases were partially offset by:

- $12 million - foreign currency impacts (including both foreign currency translational and transactional impacts)

Fuel costs increased by $329 million, or 36%, to $1.2 billion in 2017 from $0.9 billion in 2016. This was driven by higher fuel prices, which accounted for $313 million.

Gross cruise costs increased, by $1.2 billion, or 10%, to $12.6 billion in 2017 from $11.4 billion in 2016 for largely the same reasons as discussed above and the impairment of ships, which accounted for $304 million.

Liquidity, Financial Condition and Capital Resources

Our primary financial goals are to profitably grow our cruise business and sustain and grow our double-digit ROIC, while maintaining a strong balance sheet and strong investment grade credit ratings. (We define ROIC as the twelve-month adjusted earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress.) Our ability to generate significant operating cash flow allows us to internally fund our capital improvements, debt maturities and dividend payments. We have $11.5 billion of committed export credit facilities available to fund the vast majority of our new ship growth capital. Other objectives of our capital structure policy are to maintain a sufficient level of liquidity through our available cash and cash equivalents and committed financings for immediate and future liquidity needs and to maintain a reasonable debt maturity profile.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital improvements, new ship growth capital, debt maturities and dividend payments 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 strong investment grade credit ratings, provide us with the ability, in most financial credit market environments, to obtain debt financing.

We had a working capital deficit of $7.0 billion as of November 30, 2018 compared to a working capital deficit of $7.2 billion as of November 30, 2017. The decrease in working capital deficit was driven by the increase in our cash and cash equivalents, partially offset by an increase in customer deposits and short-term borrowings. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, make long-term investments or any other use of cash. Included within our working capital deficit are $4.4 billion and $4.0 billion of customer deposits as of November 30, 2018 and 2017, respectively. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We generate substantial cash flows from operations and our business model has historically allowed us to maintain this working capital deficit and still meet our operating, investing and financing needs. We expect that we will continue to have working capital deficits in the future.

Sources and Uses of Cash

Operating Activities

Our business provided $5.5 billion of net cash from operations during 2018, an increase of $227 million, or 4.3%, compared to $5.3 billion in 2017. This increase was driven by an increase in customer deposits. During 2017, our business provided $5.3 billion of net cash from operations, an increase of $188 million, or 3.7%, compared to $5.1 billion in 2016. This increase was caused by an increase in our revenues less expenses settled in cash.

Investing Activities

During 2018, net cash used in investing activities was $3.5 billion. This was caused by:
- Capital expenditures of $2.1 billion for our ongoing new shipbuilding program
- Capital expenditures of $1.7 billion for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sale of ships of $389 million
- Purchase of minority interest of $135 million
- Payments of $39 million of fuel derivative settlements

During 2017, net cash used in investing activities was $3.1 billion. This was caused by:
- Capital expenditures of $1.4 billion for our ongoing new shipbuilding program
- Capital expenditures of $1.5 billion for ship improvements and replacements, information technology and buildings and improvements
- Payments of $203 million of fuel derivative settlements

During 2016, net cash used in investing activities was $3.3 billion. This was caused by:
- Capital expenditures of $1.9 billion for our ongoing new shipbuilding program
- Capital expenditures of $1.2 billion for ship improvements and replacements, information technology and buildings and improvements
- Payments of $291 million of fuel derivative settlements
- Proceeds from sale of ships of $26 million

Financing Activities

During 2018, net cash used in financing activities of $1.5 billion was substantially all due to the following:

- Net proceeds of short-term borrowings of $417 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of $1.6 billion of long-term debt
- Issuances of $2.5 billion of long-term debt
- Payments of cash dividends of $1.4 billion
- Purchases of $1.5 billion of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

During 2017, net cash used in financing activities of $2.5 billion was substantially all due to the following:

- Net repayments of short-term borrowings of $29 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of $1.2 billion of long-term debt
- Issuances of $100 million of long-term debt under a term loan
- Proceeds of $367 million of long-term debt under an export credit facility
- Payments of cash dividends of $1.1 billion
- Purchases of $552 million of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions under our Repurchase Program

During 2016, net cash used in financing activities of $2.6 billion was substantially all due to the following:

- Net proceeds from short-term borrowings of $447 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of $1.3 billion of long-term debt
- Issuances of $555 million of euro-denominated publicly-traded notes, which net proceeds were used for general corporate purposes
- Proceeds of $987 million of long-term debt
- Payments of cash dividends of $977 million
- Purchases of $2.3 billion of shares of Carnival Corporation common stock and $35 million of Carnival plc ordinary shares in open market transactions under our Repurchase Program

Future Commitments

	Payments Due by						
(in millions)	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Debt (a)	$ 2,633	$ 2,320	$ 1,243	$ 1,203	$ 1,867	$ 2,095	$ 11,360
Other long-term liabilities reflected on the balance sheet (b)	—	135	90	73	59	178	535
New ship growth capital	4,935	3,849	3,887	3,117	2,110	1,132	19,029
Operating leases	70	48	46	36	35	180	415
Port facilities and other	311	292	249	172	132	1,097	2,253
Purchase obligations	451	—	—	—	—	—	451
Total Contractual Cash Obligations	$ 8,400	$ 6,644	$ 5,514	$ 4,600	$ 4,203	$ 4,682	$ 34,044

(a) Includes principal as well as estimated interest payments.

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

Capital Expenditure and Capacity Forecast

Our annual capital expenditure forecast consists of contracted new ship growth capital, estimated payments for planned new ship growth capital and capital improvements.

(in billions)	**2019**	**2020**	**2021**	**2022**
Annual capital expenditure forecast	$ 6.8	$ 5.7	$ 5.9	$ 5.4

Our annual capacity forecast consists of contracted new ships and announced dispositions.

	2019	2020	2021	2022
Annual capacity forecast	4.6%	5.5%	7.2%	5.2%

Share Repurchase Program and Stock Swap Programs

Under a share repurchase program effective 2004, we are authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the “Repurchase Program”). Effective April 10 and August 27, 2018, the company approved modifications of the general authorization under the Repurchase Program, which replenished the remaining authorized repurchases at the time of the approvals to $1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

In addition to the Repurchase Program, we have programs that allow us to obtain an economic benefit when either Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares or Carnival plc ordinary shares are trading at a premium to Carnival Corporation common stock (the “Stock Swap Programs”). For example:

- In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to sell shares of Carnival Corporation common stock, at prevailing market prices in ordinary brokers’ transactions and repurchase an equivalent number of Carnival plc ordinary shares in the UK market.

- In the event Carnival plc ordinary shares trade at a premium to Carnival Corporation common stock, we may elect to sell ordinary shares of Carnival plc, at prevailing market prices in ordinary brokers’ transactions and repurchase an equivalent number of shares of Carnival Corporation common stock in the U.S. market.

During 2018 and 2017, there were no sales or repurchases under the Stock Swap Programs. During 2016, under the Stock Swap Programs, a subsidiary of Carnival Corporation sold 0.9 million of Carnival plc ordinary shares for net proceeds of $40 million. Substantially all of the net proceeds from these sales were used to purchase 0.9 million shares of Carnival Corporation common stock. Any sales of Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

Funding Sources

At November 30, 2018, we had liquidity of $14.6 billion. Our liquidity consisted of $710 million of cash and cash equivalents, which excludes $271 million of cash used for current operations, $2.3 billion available for borrowing under our revolving credit facilities, net of our outstanding commercial paper borrowing, and $11.5 billion under our committed future financings, which are comprised of ship export credit facilities. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us.

(in billions)	2019	2020	2021	2022
Availability of committed future financing at November 30, 2018	$ 3.4	$ 2.9	$ 2.8	$ 2.4

At November 30, 2018, all of our revolving credit facilities are scheduled to mature in 2021, except for $300 million which matures in 2020.

Substantially all of our debt agreements contain financial covenants as described in the consolidated financial statements. At November 30, 2018, 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 the consolidated financial statements.

Foreign Currency Exchange Rate Risks

Operational Currency Risks

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

Based on a 10% change in all currency exchange rates that were used in our December 20, 2018 guidance, we estimate that our adjusted diluted earnings per share guidance would change by the following:

- $0.27 per share on an annualized basis for 2019
- $0.01 per share for the first quarter of 2019

Investment Currency Risks

The foreign currency exchange rates were as follows:

	November 30,	
USD to 1:	**2018**	**2017**
AUD	$ 0.73	$ 0.76
CAD	$ 0.75	$ 0.78
EUR	$ 1.14	$ 1.18
GBP	$ 1.28	$ 1.33
RMB	$ 0.14	$ 0.15

If the November 30, 2017 currency exchange rates had been used to translate our November 30, 2018 non-U.S. dollar functional currency operations' assets and liabilities (instead of the November 30, 2018 U.S. dollar exchange rates), our total assets would have been higher by $615 million and our total liabilities would have been higher by $308 million.

As of November 30, 2018, we have a cross currency swap of $156 million which settles in September 2019. This cross currency swap is designated as a hedge of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting the foreign currency exchange rate risk. Based on a 10% change in the U.S. dollar to euro exchange rate as of November 30, 2018, we estimate that this cross currency swap's fair value and offsetting change in U.S. dollar value of our net investments would change by $16 million.

Newbuild Currency Risks

At November 30, 2018, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of $10.1 billion and substantially all relates to newbuilds scheduled to be delivered from 2019 through 2025 to non-euro functional currency brands. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the unhedged payments are made under the shipbuilding contract. We may enter into additional foreign currency derivatives to mitigate some of this foreign currency exchange rate risk. Based on a 10% change in euro to U.S. dollar exchange rates as of November 30, 2018, the remaining unhedged cost of these ships would have a corresponding change of $1 billion.

Interest Rate Risks

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

	November 30, 2018
Fixed rate	29%
EUR fixed rate	29%
Floating rate	6%
EUR floating rate	28%
GBP floating rate	8%

At November 30, 2018, we had interest rate swaps that have effectively changed $385 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% change in the November 30, 2018 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

Substantially all our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have been installing advanced air quality systems on our ships. These efforts are mitigating much of the impact from the ECA requirements. Given the installation schedule, we expect to use a greater percentage of low sulfur fuel in 2020, which may increase our fuel costs.

Based on a 10% change in fuel prices versus the current spot price that was used to calculate fuel expense in our December 20, 2018 guidance, we estimate that our adjusted diluted earnings per share December 20, 2018 guidance would change by the following:

- $0.21 per share on an annualized basis for 2019
- $0.05 per share for the first quarter of 2019

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SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2014 through 2018 and as of the end of each such year, except for the statistical data, are derived from our consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

	Years Ended November 30,				
(in millions, except per share, per ton and currency data)	**2018**	**2017**	**2016**	**2015**	**2014**
Statements of Income Data					
Revenues	$ 18,881	$ 17,510	$ 16,389	$ 15,714	$ 15,884
Operating income	$ 3,325	$ 2,809	$ 3,071	$ 2,574	$ 1,772
Net income	$ 3,152	$ 2,606	$ 2,779	$ 1,757	$ 1,216
Earnings per share					
Basic	$ 4.45	$ 3.61	$ 3.73	$ 2.26	$ 1.57
Diluted	$ 4.44	$ 3.59	$ 3.72	$ 2.26	$ 1.56
Adjusted net income	$ 3,029	$ 2,770	$ 2,580	$ 2,106	$ 1,504
Adjusted earnings per share - diluted	$ 4.26	$ 3.82	$ 3.45	$ 2.70	$ 1.93
Dividends declared per share	$ 1.95	$ 1.60	$ 1.35	$ 1.10	$ 1.00
Statistical Data					
ALBDs (in thousands)	83,872	82,303	80,002	77,307	76,000
Occupancy percentage	106.9%	105.9%	105.9%	104.8%	104.1%
Passengers carried (in thousands)	12,407	12,130	11,520	10,840	10,570
Fuel consumption in metric tons (in thousands)	3,296	3,286	3,233	3,181	3,194
Fuel consumption in metric tons per thousand ALBDs	39.3	39.9	40.4	41.2	42.0
Fuel cost per metric ton consumed	$ 491	$ 378	$ 283	$ 393	$ 636
Currencies (USD to 1)					
AUD	$ 0.75	$ 0.77	$ 0.74	$ 0.76	$ 0.91
CAD	$ 0.78	$ 0.77	$ 0.75	$ 0.79	$ 0.91
EUR	$ 1.18	$ 1.12	$ 1.11	$ 1.12	$ 1.34
GBP	$ 1.34	$ 1.28	$ 1.37	$ 1.54	$ 1.66
RMB	$ 0.15	$ 0.15	$ 0.15	$ 0.16	$ 0.16

	As of November 30,				
(in millions)	**2018**	**2017**	**2016**	**2015**	**2014**
Balance Sheet					
Total assets (a)	$ 42,401	$ 40,778	$ 38,881	$ 39,237	$ 39,448
Total debt (a)	$ 10,323	$ 9,195	$ 9,399	$ 8,787	$ 9,088

(a) Total assets and total debt for years 2015 and 2014 have not been updated to reflect the changes as a result of adopting ASU 2015-03 - *Debt Issuance Cost*

(in millions, except for per share data):	Years Ended November 30, 2018	2017	2016	2015	2014
Net income					
U.S. GAAP net income	$ 3,152	$ 2,606	$ 2,779	$ 1,757	$ 1,216
Unrealized (gains) losses on fuel derivatives, net	(94)	(227)	(236)	332	268
(Gains) losses on ship sales and impairments	(38)	387	(2)	(8)	2
Restructuring expenses	1	3	2	25	18
Other	8	—	37	—	—
Adjusted net income	$ 3,029	$ 2,770	$ 2,580	$ 2,106	$ 1,504
Weighted-average shares outstanding	710	725	747	779	778
Earnings per share					
U.S. GAAP earnings per share	$ 4.44	$ 3.59	$ 3.72	$ 2.26	$ 1.56
Unrealized (gains) losses on fuel derivatives, net	(0.13)	(0.31)	(0.32)	0.42	0.35
(Gains) losses on ship sales and impairments	(0.05)	0.53	—	(0.01)	—
Restructuring expenses	—	—	—	0.03	0.02
Other	0.01	—	0.05	—	—
Adjusted earnings per share	$ 4.26	$ 3.82	$ 3.45	$ 2.70	$ 1.93

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.

As of November 30, 2018, there were 3,024 holders of record of Carnival Corporation common stock and 29,330 holders of record of Carnival plc ordinary shares and 113 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.

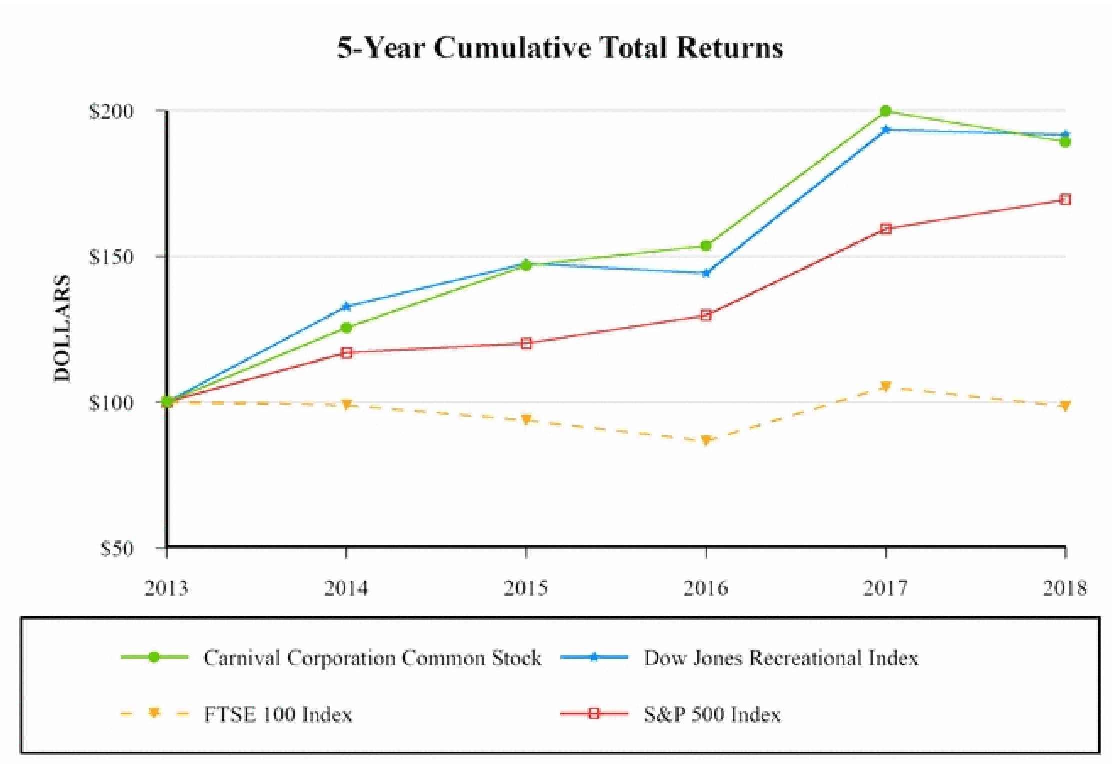
All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc ADSs receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless 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 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, 2013 Assumes Dividends Reinvested Years Ended November 30,					
	2013	2014	2015	2016	2017	2018
Carnival Corporation Common Stock	$ 100	$ 125	$ 147	$ 154	$ 200	$ 189
Dow Jones Recreational Index	$ 100	$ 133	$ 148	$ 144	$ 193	$ 192
FTSE 100 Index	$ 100	$ 99	$ 94	$ 87	$ 105	$ 98
S&P 500 Index	$ 100	$ 117	$ 120	$ 130	$ 159	$ 169

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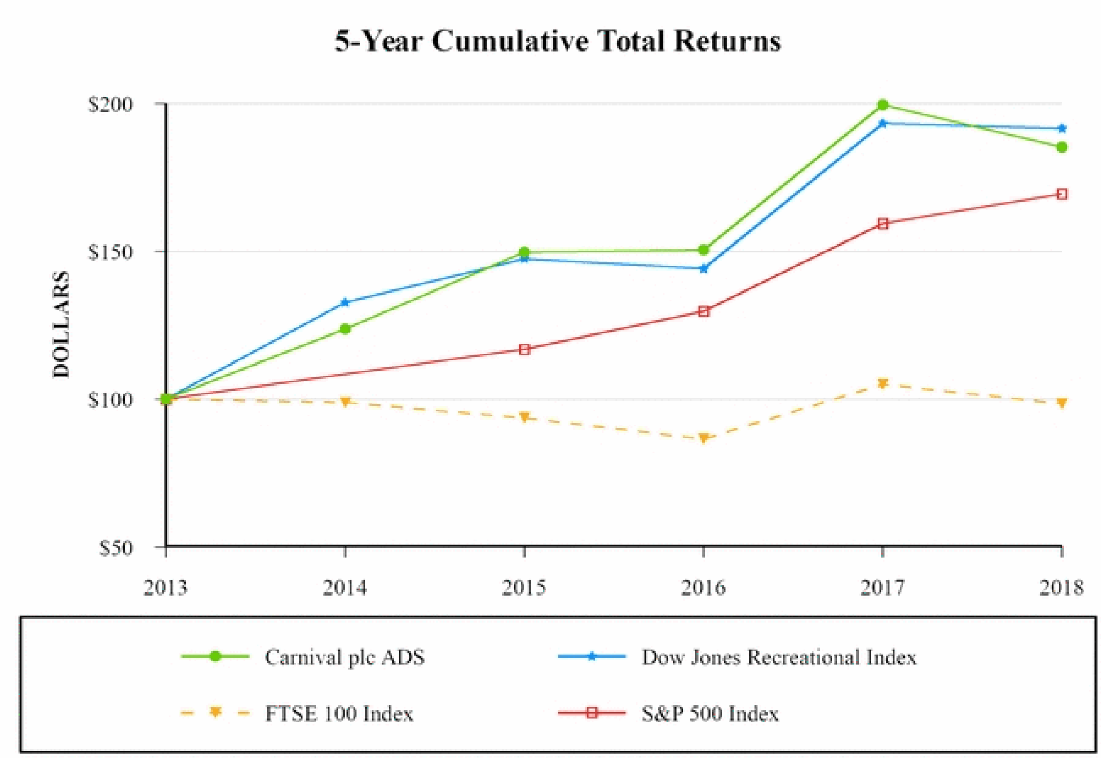
Carnival plc

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, 2013 Assumes Dividends Reinvested Years Ended November 30,					
	2013	2014	2015	2016	2017	2018
Carnival plc ADS	$ 100	$ 124	$ 150	$ 150	$ 200	$ 185
Dow Jones Recreational Index	$ 100	$ 133	$ 148	$ 144	$ 193	$ 192
FTSE 100 Index	$ 100	$ 99	$ 94	$ 87	$ 105	$ 98
S&P 500 Index	$ 100	$ 117	$ 120	$ 130	$ 159	$ 169

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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. The quarterly data below, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods.

	2018 Quarters Ended			
(in millions, except per share data)	**February 28**	**May 31**	**August 31**	**November 30**
Revenues	$ 4,232	$ 4,357	$ 5,836	$ 4,456
Operating income	$ 419	$ 559	$ 1,794	$ 552
Net income	$ 391	$ 561	$ 1,707	$ 494
Earnings per share				
Basic	$ 0.54	$ 0.79	$ 2.42	$ 0.71
Diluted	$ 0.54	$ 0.78	$ 2.41	$ 0.71
Adjusted net income (a)	$ 375	$ 489	$ 1,673	$ 492
Adjusted earnings per share - diluted (a)	$ 0.52	$ 0.68	$ 2.36	$ 0.70
Dividends declared per share	$ 0.45	$ 0.50	$ 0.50	$ 0.50

(a) Adjusted net income and adjusted fully diluted earnings per share were computed as follows:

	2018 Quarters Ended			
(in millions, except per share data)	**February 28**	**May 31**	**August 31**	**November 30**
Net income				
U.S. GAAP net income	$ 391	$ 561	$ 1,707	$ 494
Unrealized (gains) losses on fuel derivatives, net	(32)	(50)	(8)	(4)
(Gains) losses on ship sales and impairments	16	(28)	(27)	—
Restructuring expenses	—	—	—	1
Other	—	6	—	1
Adjusted net income	$ 375	$ 489	$ 1,673	$ 492
Weighted-average shares outstanding	719	715	707	699
Earnings per share				
U.S. GAAP earnings per share	$ 0.54	$ 0.78	$ 2.41	$ 0.71
Unrealized (gains) losses on fuel derivatives, net	(0.05)	(0.07)	(0.01)	(0.01)
(Gains) losses on ship sales and impairments	0.02	(0.04)	(0.04)	—
Restructuring expenses	—	—	—	—
Other	—	0.01	—	—
Adjusted earnings per share	$ 0.52	$ 0.68	$ 2.36	$ 0.70

(in millions, except per share data)	2017 Quarters Ended February 28		May 31		August 31		November 30	
Revenues	$	3,791	$	3,945	$	5,515	$	4,259
Operating income	$	368	$	500	$	1,393	$	548
Net income	$	352	$	379	$	1,329	$	546
Earnings per share								
Basic	$	0.48	$	0.52	$	1.84	$	0.76
Diluted	$	0.48	$	0.52	$	1.83	$	0.76
Adjusted net income (a)	$	279	$	378	$	1,659	$	452
Adjusted earnings per share - diluted (a)	$	0.38	$	0.52	$	2.29	$	0.63
Dividends declared per share	$	0.35	$	0.40	$	0.40	$	0.45

(a) Adjusted net income and adjusted fully diluted earnings per share were computed as follows:

(in millions, except per share data)	2017 Quarters Ended February 28		May 31		August 31		November 30	
Net income								
U.S. GAAP net income	$	352	$	379	$	1,329	$	546
Unrealized losses (gains) on fuel derivatives, net		(72)		2		(65)		(93)
(Gains) losses on ship sales and impairments		—		(4)		392		(1)
Restructuring expenses		—		—		3		—
Other		(1)		1		—		—
Adjusted net income	$	279	$	378	$	1,659	$	452
Weighted-average shares outstanding		728		727		726		722
Earnings per share								
U.S. GAAP earnings per share	$	0.48	$	0.52	$	1.83	$	0.76
Unrealized (gains) losses on fuel derivatives, net		(0.10)		—		(0.09)		(0.13)
(Gains) losses on ship sales and impairments		—		—		0.55		—
Restructuring expenses		—		—		—		—
Other		—		—		—		—
Adjusted earnings per share	$	0.38	$	0.52	$	2.29	$	0.63

Exhibit 21

SUBSIDIARIES OF CARNIVAL CORPORATION AND CARNIVAL PLC

The following is a list of all of our subsidiaries, their jurisdiction of incorporation and the names under which they do business.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
6348 Equipment LLC	Florida
A.C.N. 098 290 834 Pty. Ltd.	Australia
A.J. Juneau Dock, LLC	Alaska
AIDA Kundencenter GmbH	Germany
Air-Sea Holiday GmbH	Switzerland
Alaska Hotel Properties LLC	Delaware
Barcelona Cruise Terminal SLU	Spain
Bay Island Cruise Port, S.A.	Honduras
Belize Cruise Terminal Limited	Belize
Carnival (UK) Limited	UK
Carnival Bahamas FC Limited	Bahamas
Carnival Bahamas Holdings Limited	Bahamas
Carnival Celebration, Inc.	Texas
Carnival Corporation & plc Asia (Hong Kong) Limited	Hong Kong
Carnival Corporation & plc Asia Pte. Ltd.	Singapore
Carnival Corporation Hong Kong Limited	Hong Kong
Carnival Corporation Korea Ltd.	Korea
Carnival Grand Bahama Investment Limited	Bahamas
Carnival Investments Limited	Bahamas
Carnival Japan, Inc.	Japan
Carnival License Holdings Limited	Bahamas
Carnival Maritime GmbH	Germany
Carnival North America LLC	Florida
Carnival Port Holdings Limited	UK
Carnival Ports Inc.	Florida
Carnival Support Services India Private Limited	India
Carnival Technical Services (UK) Limited	UK
Carnival Technical Services Finland Limited	Finland
Carnival Technical Services GmbH	Germany
Carnival Technical Services, Inc.	Japan
CC U.S. Ventures, Inc.	Delaware
CCL Gifts, LLC	Florida
Costa Crociere PTE Ltd.	Singapore
Costa Crociere S.p.A.	Italy
Costa Cruceros S.A.	Argentina
Costa Cruise Lines Inc.	Florida
Costa Cruise Lines UK Limited	UK
Costa Cruises Shipping Services (Shanghai) Company Limited	China

Exhibit 21

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Costa Cruises Travel Agency (Shanghai) Co., Ltd.	China
Costa Cruzeiros Agencia Maritima e Turismo Ltda.	Brazil
Costa Group Digital & Strategic Services GmbH	Germany
Costa International B.V.	Netherlands
Costa Kreuzfahrten GmbH	Switzerland
Cozumel Cruise Terminal S.A. de C.V.	Mexico
Creative Travel Lab, Ltd.	Bahamas
Cruise Shipping Services Limited	Bahamas
Cruise Ships Catering & Services International N.V.	Curacao
Cruise Terminal Services, S.A. de C.V.	Mexico
Cruiseport Curacao C.V.	Curacao
CSSC Carnival Italy Cruise Investment S.r.L	Italy
Cunard Celtic Limited	Hong Kong
D.R. Cruise Port, Ltd.	Bahamas
Ecospray Technologies S.r.L.	Italy
F.P.M. SAS	French Polynesia
F.P.P. SAS	French Polynesia
Fathom Travel Ltd.	UK
Fleet Maritime Services (Bermuda) Limited	Bermuda
Fleet Maritime Services Holdings (Bermuda) Limited	Bermuda
Fleet Maritime Services International Limited	Bermuda
Gibs, Inc.	Delaware
Global Experience Innovators, Inc.	Florida
Global Fine Arts, Inc.	Florida
Global Shipping Service (Shanghai) Co., Ltd.	China
Grand Cruise Shipping Unipessoal LdA	Portugal (Madeira)
Grand Turk Cruise Center Ltd.	Turks & Caicos
GXI, LLC	Delaware
HAL Antillen N.V.	Curacao
HAL Beheer B.V.	Netherlands
HAL Cruises Limited	Bahamas
HAL Maritime Ltd.	British Virgin Islands
HAL Nederland N.V.	Curacao
HAL Properties Limited	Bahamas
HAL Services B.V.	Netherlands
Holding Division Iberocruceros SLU	Spain
Holland America Line Inc.	Washington
Holland America Line N.V.	Curacao
Holland America Line Paymaster of Washington LLC	Washington
Holland America Line U.S.A., Inc.	Delaware
HSE Hamburg School of Entertainment GmbH	Germany
Ibero Cruzeiros Ltda.	Brazil
Iberocruceros SLU	Spain

Exhibit 21

Name of Subsidiary	**Jurisdiction of Incorporation or Organization**
Information Assistance Corporation	Bermuda
International Cruise Services, S.A. de C.V.	Mexico
International Leisure Travel Inc.	Panama
International Maritime Recruitment Agency, S.A. de C.V.	Mexico
Milestone N.V.	Curacao
Navitrans B.V.	Netherlands
Ocean Medallion Fulfillment, Ltd.	Bahamas
Operadora Catalina S.r.L.	Dominican Republic
P&O Princess American Holdings	UK
P&O Princess Cruises International Limited	UK
P&O Princess Cruises Pension Trustee Limited	UK
P&O Properties (California), Inc.	California
P&O Travel Limited	UK
Prestige Cruises Management S.A.M.	Monaco
Prestige Cruises N.V.	Curacao
Princess Bermuda Holdings, Ltd.	Bermuda
Princess Cays Ltd.	Bahamas
Princess Cruise Corporation Inc.	Panama
Princess Cruise Lines, Ltd.	Bermuda
Princess Cruises and Tours, Inc.	Delaware
Princess U.S. Holdings, Inc.	California
RCT Maintenance & Related Services S.A.	Honduras
RCT Pilots & Related Services, S.A.	Honduras
RCT Security & Related Services S.A.	Honduras
Roatan Cruise Terminal S.A. de C.V.	Honduras
Royal Hyway Tours, Inc.	Alaska
Santa Cruz Terminal, S.L.	Spain
Seabourn Cruise Line Limited	Bermuda
SeaVacations Limited	UK
SeaVacations UK Limited	UK
Shanghai Coast Cruise Consulting Co. Lda	China
Ship Care (Bahamas) Limited	Bahamas
Sitmar Cruises Inc.	Panama
Southwark 2013 Ltd.	Isle of Man
Spanish Cruise Services N.V.	Curacao
Sunshine Shipping Corporation Ltd.	Bermuda
Tour Alaska, LLC	Delaware
Transnational Services Corporation	Panama
Trident Insurance Company Ltd.	Bermuda
Westmark Hotels of Canada, Ltd.	Canada
Westmark Hotels, Inc.	Alaska
Westours Motor Coaches, LLC	Alaska
Wind Surf Limited	Bahamas

Exhibit 21

Name of Subsidiary	**Jurisdiction of Incorporation or Organization**
World Leading Cruise Management (Shanghai) Co., Ltd.	China

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 (File Nos. 333-106553, 333-106553-01, 333-223555 and 333-223555-01) of Carnival Corporation and Carnival plc, the Registration Statement on Form S-3 (File No. 333-209311) of Carnival plc, the joint Registration Statements on Form S-8 (File Nos. 333-173465, 333-173465-01, 333-125418, and 333-125418-01) of Carnival Corporation and Carnival plc, the Registration Statements on Form S-8 (File Nos. 333-105672, 333-67394, 333-43885 and 33-51195) of Carnival Corporation and the Registration Statements on Form S-8 (File Nos. 333-124640, 333-104609 and 333-84968) of Carnival plc, of our report dated January 28, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the 2018 Annual Report to Shareholders, which is incorporated by reference in this joint Annual Report on Form 10-K.

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 28, 2019

Exhibit 24

POWER OF ATTORNEY

The undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Arnold W. Donald, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2018 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals on this 16th day of January, 2019.

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Micky Arison Micky Arison Chairman of the Board of Directors	/s/ Micky Arison Micky Arison Chairman of the Board of Directors
/s/ Sir Jonathon Band Sir Jonathon Band Director	/s/ Sir Jonathon Band Sir Jonathon Band Director
/s/ Jason Glen Cahilly Jason Glen Cahilly Director	/s/ Jason Glen Cahilly Jason Glen Cahilly Director
/s/ Helen Deeble Helen Deeble Director	/s/ Helen Deeble Helen Deeble Director
/s/ Richard J. Glasier Richard J. Glasier Director	/s/ Richard J. Glasier Richard J. Glasier Director
/s/ Debra Kelly-Ennis Debra Kelly-Ennis Director	/s/ Debra Kelly-Ennis Debra Kelly-Ennis Director
/s/ Katie Lahey Katie Lahey Director	/s/ Katie Lahey Katie Lahey Director
/s/ Sir John Parker Sir John Parker Director	/s/ Sir John Parker Sir John Parker Director
/s/ Stuart Subotnick Stuart Subotnick Director	/s/ Stuart Subotnick Stuart Subotnick Director
/s/ Laura Weil Laura Weil Director	/s/ Laura Weil Laura Weil Director
/s/ Randall J. Weisenburger Randall J. Weisenburger Director	/s/ Randall J. Weisenburger Randall J. Weisenburger Director

Exhibit 31.1

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2019

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

Exhibit 31.2

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2019

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

Exhibit 31.3

I, Arnold W. Donald, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2019

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

Exhibit 31.4

I, David Bernstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Carnival plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2019

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

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2018 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 28, 2019

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

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 2018 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 28, 2019

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

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 2018 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 28, 2019

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

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2018 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 28, 2019

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