CARNIVAL
CORPORATION

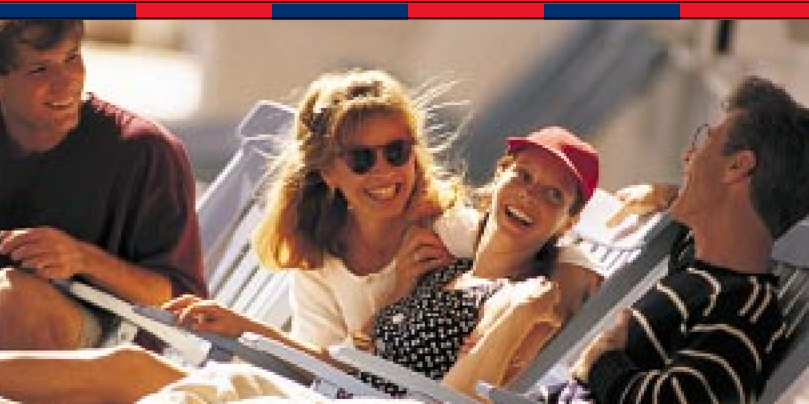
1999 Annual Report

World's Leading Cruise Lines℠

WORLD'S LEADING
CRUISE LINES

"World's Leading Cruise Lines" is an exclusive alliance of the Carnival Corporation family of cruise lines, which includes Carnival Cruise Lines, Costa Cruises, Cunard Line, Holland America Line, Seabourn Cruise Line and Windstar Cruises. Together, these lines share a commitment to leadership, innovation, value and quality, and offer cruise vacations that appeal to a wide range of lifestyles and budgets and sail to some of the world's most exciting destinations.

For more information: www.leaderships.com



Carnival Cruise Lines is the largest, most popular and most profitable cruise line in the world. The leader in the contemporary cruise sector, Carnival operates 14 ships including two of the world's largest, the Carnival Destiny and the Carnival Triumph. Carnival's ships sail to the Bahamas, the Caribbean, Mexico, the Panama Canal, Alaska and Hawaii.

www.carnival.com

Holland America Line is a leader in the premium cruise sector. Holland America operates a five-star fleet of nine ships, including the newest addition, the Volendam. Primary Holland America destinations include Alaska, the Caribbean, the Panama Canal and Europe.

www.hollandamerica.com

Costa Crociere S.p.A. (Costa Cruises) is one of Europe's leading cruise lines. Based in Italy, Costa offers customers on its six ships a multi-ethnic, multi-cultural and multi-lingual ambiance. Costa ships sail to destinations in Europe, the Caribbean and South America.

www.costacruises.com

Windstar Cruises is one of the world's highest rated cruise lines. A leader in the luxury sail/cruise sector, Windstar offers travelers five-star accommodations and service aboard four computer-controlled sailing vessels. Windstar's ships cruise to the Mediterranean, the Caribbean and Central America.

www.windstarcruises.com

Seabourn Cruise Line epitomizes ultra-luxury cruising aboard each of its six small, intimate ships. Guests enjoy Seabourn's superlative, award-winning Scandinavian service as they sail to destinations around the world.

www.seabourn.com

Cunard Line, the newest member of the Carnival family of cruise lines, offers luxury cruises exemplified by a classic, old world ambiance and traditional British hospitality. Cunard's two cruise ships, including the world's most recognized ocean liner, the Queen Elizabeth 2, sail to destinations worldwide.

www.cunardline.com

Holland America Westours is the largest cruise/tour operator in Alaska and the Canadian Yukon. Westours owns and/or manages 14 hotels; more than 280 motor coaches; 13 private, domed rail cars; and two luxury dayboats. The company also markets sightseeing packages to Holland America Line passengers and to the public.

Airtours plc is a leading European tour/cruise operator and the world's largest air-inclusive leisure travel company. Headquartered in the United Kingdom, Airtours is a leader in the British, Scandinavian, and other European holiday markets, meeting the needs of more than ten million vacationers in 1999. Sun Cruises, a European cruise operator, is Airtours' cruise brand.

www.airtours.com

FOUNDER

TED ARISON
1924-1999

Financial Highlights

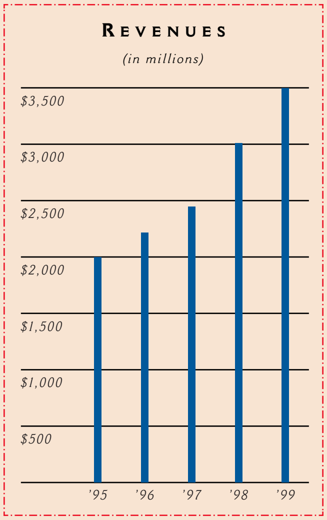
In millions of dollars, except Earnings Per Share	**1999**	1998	1997	1996	1995
Revenues	**$3,497**	$3,009	$2,447	$2,213	$1,998
Net Income	**$1,027**	$ 836	$ 666	$ 566	$ 451
Earnings Per Share	**$ 1.66**	$ 1.40	$ 1.12	$ 0.96	$ 0.79
Return On Equity	**20.1%**	21.2%	20.1%	21.1%	21.1%
Cash From Operations	**$1,330**	$1,092	$ 878	$ 742	$ 587
Total Assets	**$8,286**	$7,179	$5,427	$5,102	$4,105

It was full steam ahead at Carnival Corporation in fiscal 1999, as we delivered our 15th consecutive year of record earnings. Net income rose to $1.03 billion, an increase of 22.9 percent compared with 1998 net income of $835.9 million. Revenues reached $3.50 billion, an increase of 16.2 percent compared with revenues of $3.01 billion in 1998. Earnings per share grew 18.6 percent to $1.66 in 1999 from $1.40 in 1998.

Running on All Cylinders

During the year, we also sailed past several important markers, setting new records in a number of areas:

- We expanded our capacity by launching two new ships: Holland America Line's deluxe, 1,440 passenger Volendam, and Carnival Cruise Lines' amenity-rich Carnival Triumph, which in August carried 3,430 guests—at the time, the most passengers ever carried on a single voyage.
- We offered a record number of three, four and five day cruises in response to a growing American interest in shorter vacations.
- We called at a record number of exciting new destinations around the world.
- We added a number of new U.S. homeports, to make it more convenient for our guests to access our cruise ships and to lower the total cost of their cruise vacations.



In addition to these measures, we strengthened our position in the global vacation market by raising our ownership stake to 100 percent in Cunard Line Limited, the largest luxury cruise operator in the world. This transaction, combined with our past investments in Airtours plc, the largest air-inclusive tour operator in the world, and Costa Crociere S.p.A., the largest cruise line in Europe, makes Carnival Corporation the largest cruise company in the world.

During the last year, we also continued to plot our course for the future. We put the finishing touches on a number of new ships, and in 2000 we will become the first cruise company ever to put into service four new ships within six months. We finalized plans for Cunard's Queen Mary Project, which should be the world's largest passenger vessel ever constructed when it is completed in 2003. We signed shipbuilding contracts for four new 1,820 passenger Holland America vessels, and signed an option for a fifth ship. We also exercised options to build the Carnival Pride and the Carnival Legend, sister ships to the Carnival Spirit. Collectively, we have 13 shipbuilding contracts outstanding for a total investment of $5.1 billion.

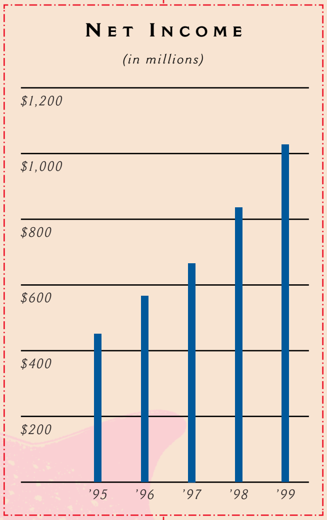
It was full steam ahead at Carnival Corporation in fiscal 1999, as we delivered our 15th consecutive year of record earnings.

We are proud to report that Carnival Corporation's efforts achieved noteworthy recognition in 1999: After just one year in the S&P 500, we were named by Business Week as 33rd among the index's top 50 performers—the only company in the "leisure time" sector to be listed among the top 50.

Piloting Choppy Waters

Carnival's excellent 1999 results were even more remarkable given that they were earned during a period of substantial challenges. The conflict in the Balkans deterred our European cruise bookings, though this deficiency was partially offset by the strength of our business in the Caribbean and Alaska. The deliveries of each of our new ships in 1999 were temporarily delayed by the shipyard, requiring us either to offer rebates to our valued guests, or offer them other cruise alternatives. These issues, combined with an unusually active fall hurricane season, and an engine room fire aboard one of our vessels in the Gulf of Mexico, presented our Company's management with some especially difficult obstacles to navigate.

Compounding these matters, the entire cruise industry was buffeted in 1999 by public attention cast upon several controversial issues, including alleged sexual misconduct aboard cruise ships, and the environmental responsibility of cruise companies.



Ensuring Passenger Safety

As our ships annually transport a population equivalent to that of a large American city, the reality is that crime will occur. Though FBI statistics indicate that an individual is more than 100 times safer aboard a Carnival ship than in a similar-sized U.S. city, we consider even one incident aboard our ships as one too many. Therefore, we are sharply focused on taking all necessary precautions and measures to provide the safest possible environment for our guests and crews.

In fulfilling this commitment, we have instituted a policy of zero tolerance for employees or guests engaging in sexual or criminal misconduct. We have intensified screening of our shipboard personnel, expanded crew training programs, stepped up security measures aboard our ships and continued to implement state-of-the-art systems to monitor access to ships while in port. We have also taken a leadership position in an industry-wide initiative to report to the FBI any crimes committed aboard ships that call at American ports or involve American citizens. We believe that these actions will help to reduce the rare instances of crime aboard our ships, further enhance the reputation of cruising as a carefree vacation, and strengthen the confidence of the public in cruising as a safe and secure vacation option.

Affirming our Environmental Stewardship

Our industry has also faced increased scrutiny of its environmental practices. At Carnival, we have rededicated ourselves to preserving the pristine waters in which we cruise, adopting a long-term view of our role in the stewardship of our environment. In so doing, we have retrofitted a number of our vessels with some of today's most advanced environmental control systems. We have strengthened both our solid and liquid waste management practices to ensure that we not only conform to, but exceed, regulatory requirements. We have also directed the environmental officers ashore and aboard each of our ships to diligently supervise our environmental activities to ensure complete compliance with the highest environmental standards of our industry.

Staying the Course

Former British Prime Minister Benjamin Disraeli once said that the secret of success is constancy to purpose. In fact, constancy has been central to our excellent performance at Carnival Corporation. We have a steady, disciplined management team and a well-proven, multi-brand strategy. We have the strongest balance sheet in the industry, with a relatively small amount of debt and the solid cash position necessary to finance new shipbuilding. We are passionate about driving improvements in operating income, margins, capacity and yield, and as a result, we produce the highest return on invested capital of any of our competitors. We design innovative, amenity-filled ships that stimulate interest and permit us to meet rising consumer demand. Most importantly, we have loyal and hard-working employees who are obsessed with performance—and without whose support our success would not be possible.

Our strengths also enable us to pursue acquisitions opportunistically. Indeed, as this Annual Report goes to press, we have made other moves within the vacation industry for acquisitions that have high return and growth potential for our shareholders. We have signed a letter of intent to acquire NYSE-listed Fairfield Communities, Inc., one of the nation's leading companies in the rapidly growing vacation ownership industry. Subject to due diligence, negotiation of definitive agreements, approval by Fairfield's shareholders and government approvals, we expect the transaction to close in late Spring or early Summer 2000. We have also signed a joint venture agreement with Star Cruises PLC of Malaysia, under which Star and Carnival will acquire Norwegian Cruise Line. Carnival will have a 40 percent interest in the joint venture subject to receipt of all corporate, regulatory and government approvals. We believe that these acquisitions will enable us to capitalize on the powerful brand, marketing and sales channels among our companies, and broaden our ability to meet our customers' needs.

Carnival's excellent 1999 results were even more remarkable given that they were earned during a period of substantial challenges.

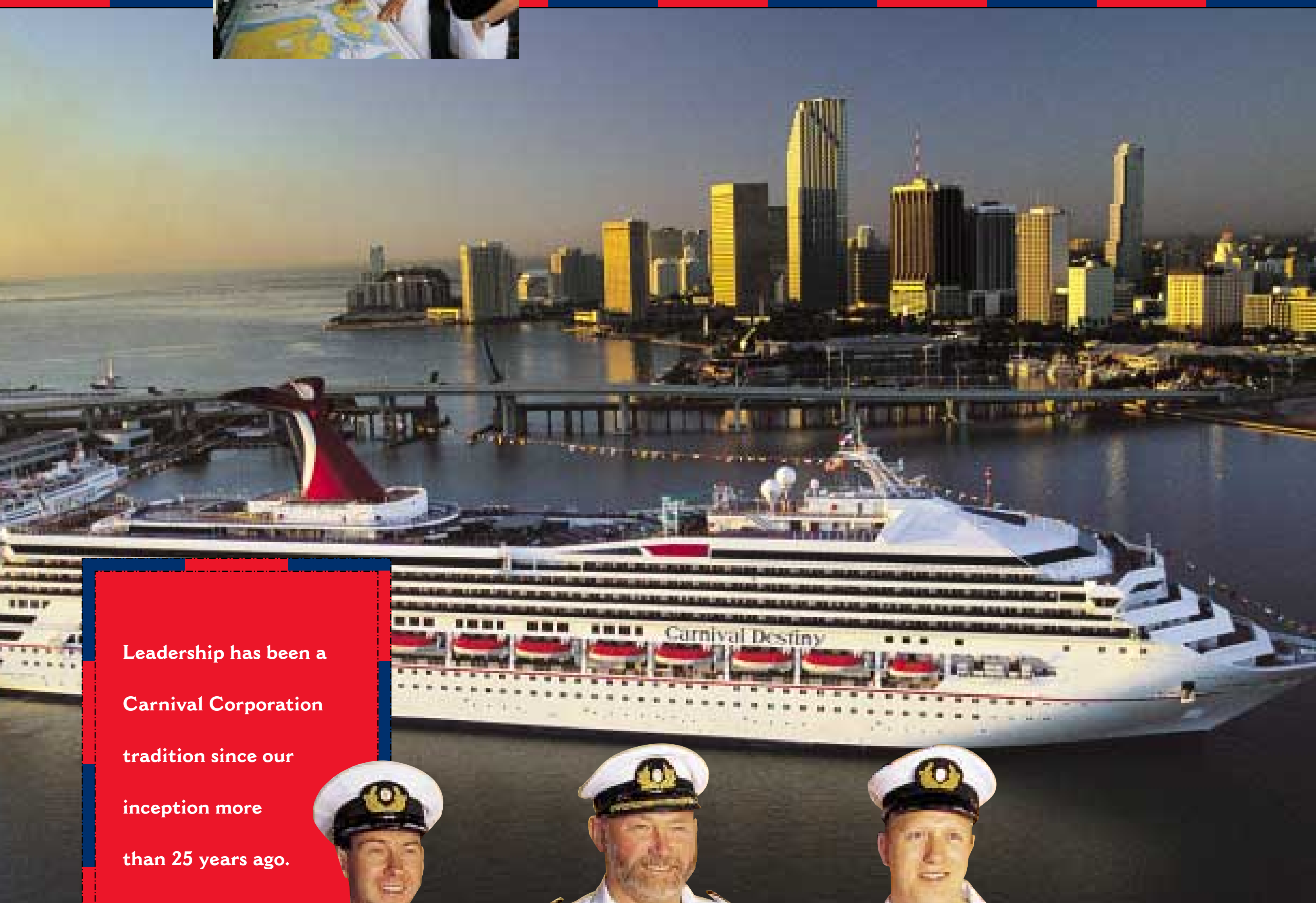
As we head into the new millennium, we expect to continue to benefit from these strengths and initiatives, as well as several positive industry trends. Leisure spending and consumer demand for cruising are on the rise, and by 2003, we expect to have expanded our consolidated capacity by 51 percent to meet this demand. Changing demographics, such as an aging population, continue to favor cruising. Our market penetration is low. And there is a high satisfaction rate among past cruisers, who tend to return repeatedly to the pleasure of the cruise experience.

Anchor to Windward

Today, as the powerful, growing leader in a healthy, expanding industry, our future is promising, and our company is strong. But the company that we are today has its anchor deep in the past—in 1972, when my father, Ted Arison, founded Carnival as a one-ship cruise company. Ted was both an entrepreneur and a visionary, and it was he who defined our fundamental missions: to make our ships true floating resorts—destinations unto themselves—and to make cruising a value-oriented, affordable vacation. His vision spurred the creation of the modern cruise business and of Carnival Corporation, the leading cruise company in the world. We are proud that Ted's spirit and principles live on today at every one of the World's Leading Cruise Lines.

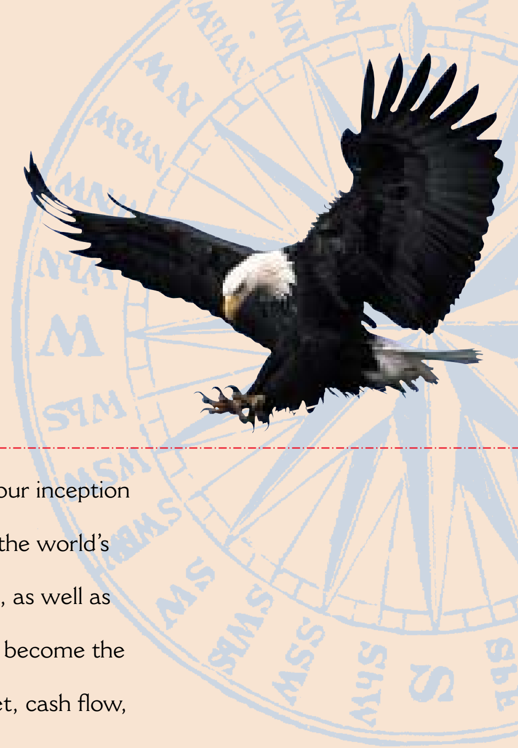
Micky Arison
Chairman of the Board and
Chief Executive Officer

February 4, 2000

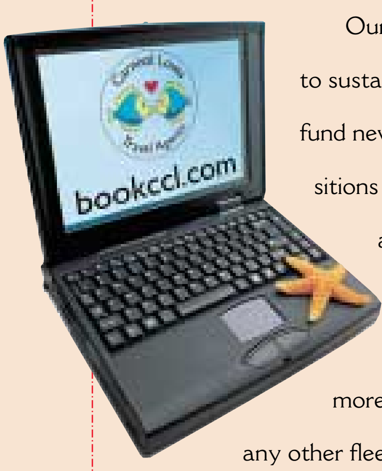


Leadership has been a Carnival Corporation tradition since our inception more than 25 years ago.

LEADERSHIP



Leadership has been a Carnival Corporation tradition since our inception more than 25 years ago. Since then, Carnival has become the world's largest cruise company as measured by fleet size, capacity and range of products, as well as by number of brands, ships under contract and passengers carried. We have also become the world's strongest and most profitable cruise company, based on our balance sheet, cash flow, revenue, income, margins and earnings.



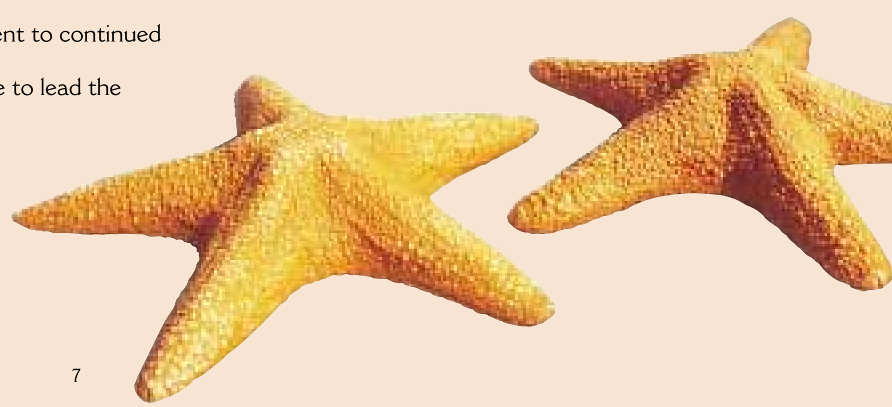
Our size provides us with the purchasing power and economies of scale to sustain and enhance profitability. Our financial strength enables us to fund new ship construction from internal cash flow, to make strategic acquisitions that complement our existing brands, and to penetrate new markets and expand globally.

Our size provides us with the purchasing power and economies of scale to sustain and enhance profitability.

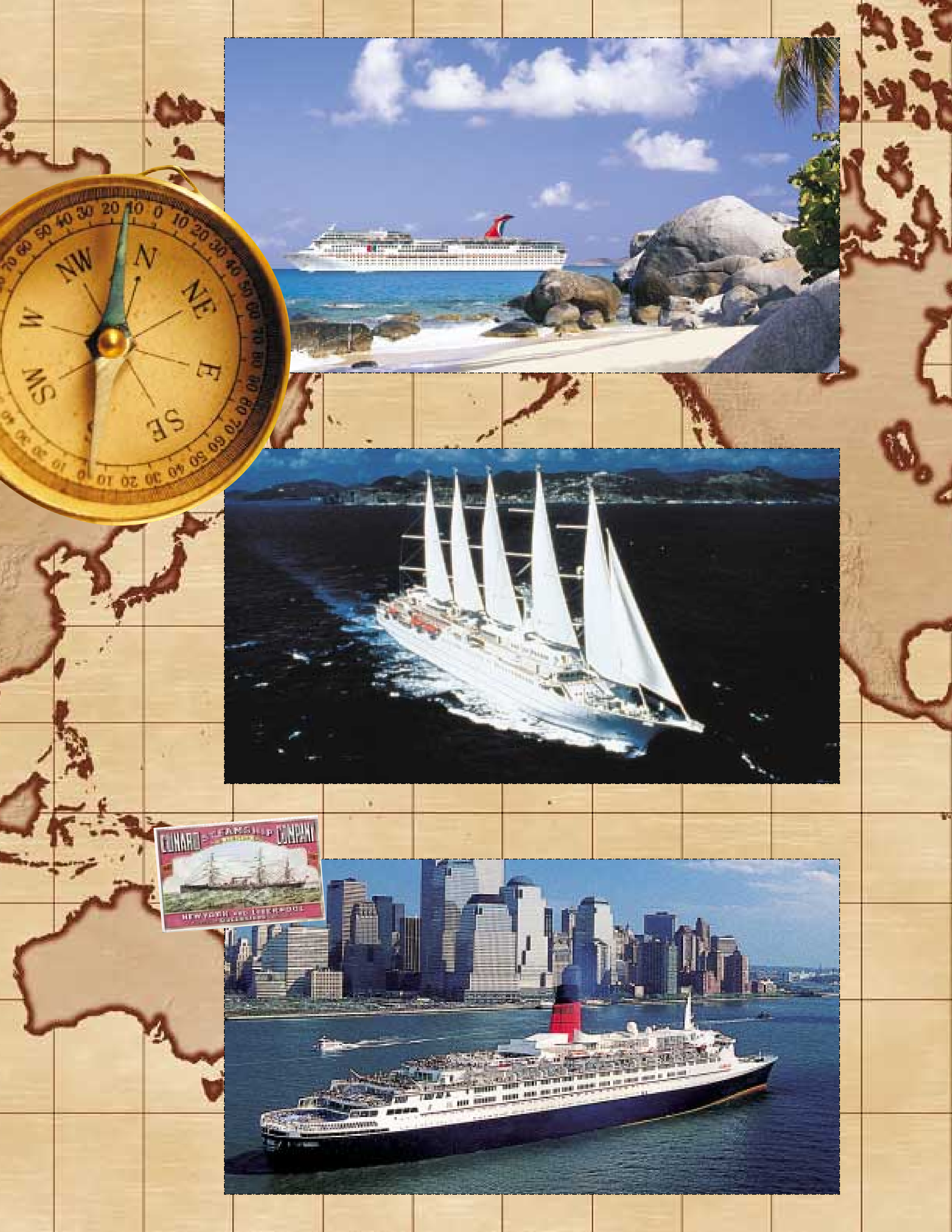
Our six brands—collectively the World's Leading Cruise Lines—carry more first-time cruisers and more total guests, offer more itineraries and more departures, and visit more ports of call than any other fleet anywhere in the world.

Our strengths have allowed us to continue to develop and expand the cruise business. Our advertising and marketing programs have built strong brand recognition among consumers and driven increased demand for cruising. Our growth strategy has helped make cruising a more global business and reduce our costs. Our relationships with 29,000 travel agents in the U.S. and Canada are the strongest in our business, and our safety and environmental initiatives are among the most stringent in the industry. And our ongoing efforts to add shorter and more affordable cruises in North America have helped broaden the appeal of cruising.

With growing consumer interest in cruising, many new ships under construction, a global expansion strategy and a commitment to continued margin improvement, we expect to continue to lead the cruise business for the foreseeable future.



Offering our customers a wide range of choices is an essential component of Carnival Corporation's strategy.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CUNARD STEAMSHIP COMPANY
NEW YORK AND LIVERPOOL

Our six brands offer our cruise guests the ultimate in vacation choices, meeting the needs of almost every leisure traveler.

CHOICES

Offering our customers a wide range of choices is an essential component of Carnival Corporation's strategy. As leisure spending and consumer demand for vacation experiences continue to rise, we are committed to providing an extensive selection of attractive vacation alternatives to meet changing guest interests.

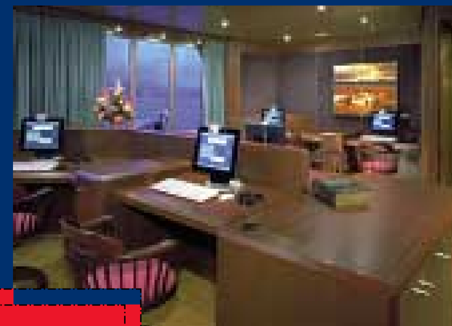
Each of our brands offers a distinctly different cruise experience—from contemporary, to premium, to luxury.

We accomplish this through our broadly diversified family of cruise products that encompass six differentiated brands—Carnival Cruise Lines, Holland America Line, Costa Cruises, Windstar Cruises, Seabourn Cruise Line and Cunard Line. Each of these brands offers a distinctly different cruise experience—from contemporary, to premium, to luxury. Each brand also offers a vast selection of exciting itineraries from which to choose, and a variety of accommodations, dining and entertainment choices to suit a multitude of needs.

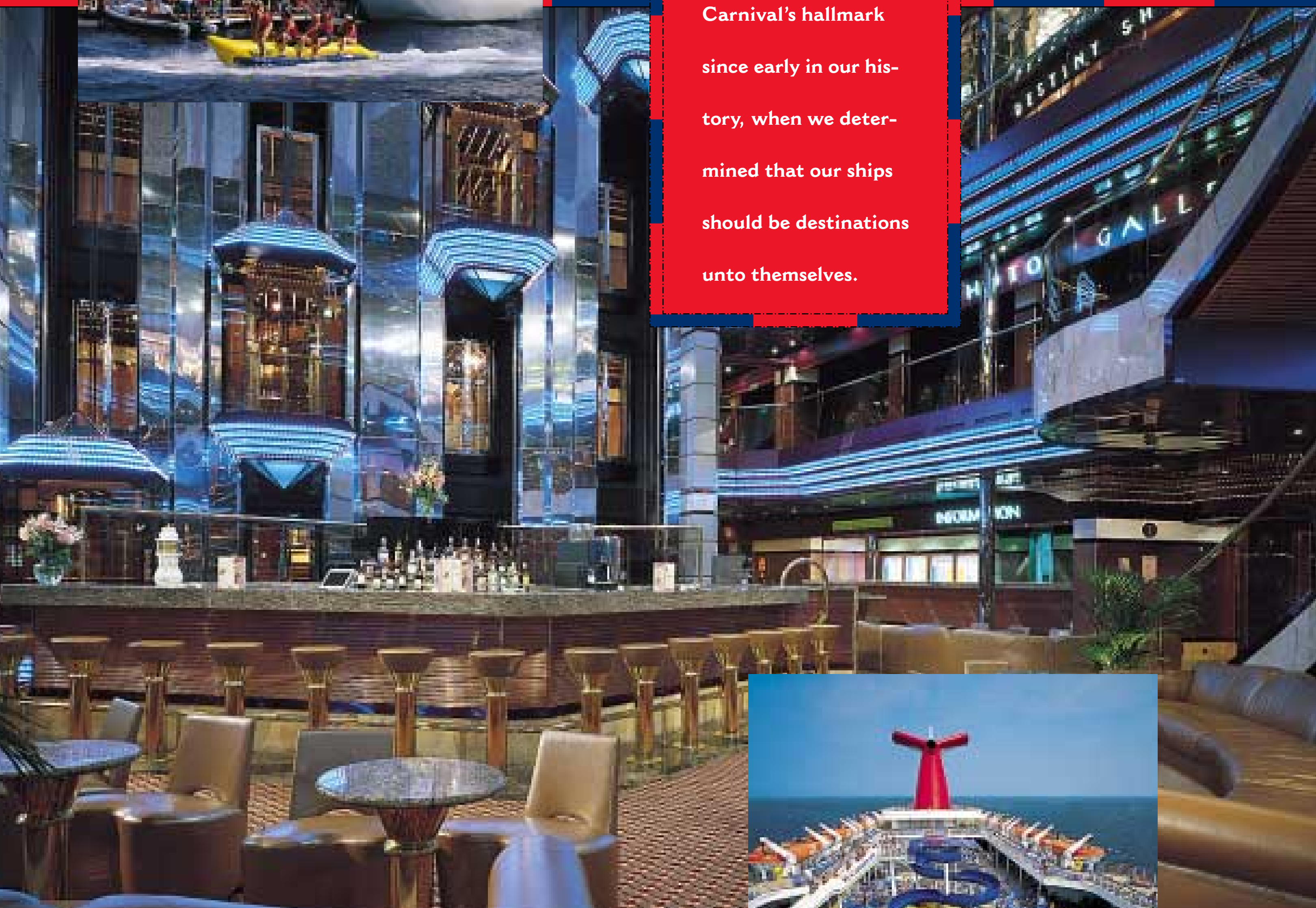
Collectively, our six brands offer our cruise guests the ultimate in vacation choices, meeting the budgetary, geographic, demographic, logistical and lifestyle parameters of almost every leisure traveler.

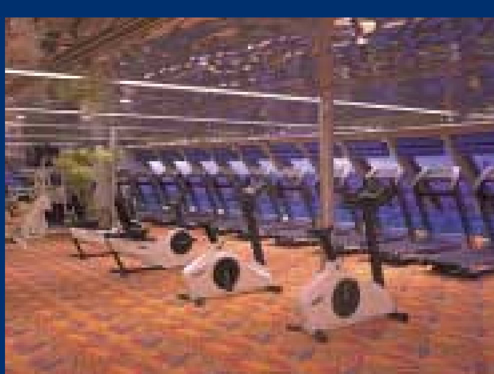
To accommodate growing demand for different products, we have expanded itinerary choices for our guests by adding new ports of call throughout the world. In addition, our Carnival Cruise Lines guests may now choose to depart from a larger range of conveniently located homeports in North America. Besides our traditional ports of Los Angeles, Port Canaveral, Tampa, New Orleans, Miami, San Juan, Vancouver and Seward, we also sail from Boston, New York, Newport News, Charleston, San Diego, Ensenada and Honolulu—and Galveston, as of September 2000. By establishing ourselves in these areas, we provide our guests with the opportunity to choose more affordable, convenient vacations, and we extend our appeal to new customers.

For the future, we intend to continue to offer our customers the best selection of products and destinations in the industry by launching new ships and exploring new opportunities in the broader vacation market.

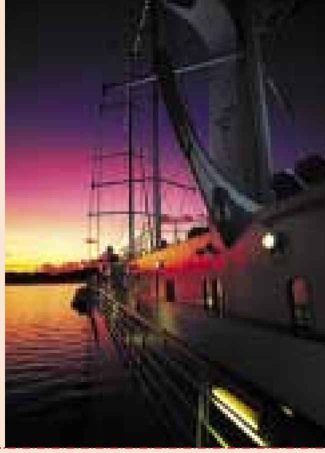


Innovation has been Carnival's hallmark since early in our history, when we determined that our ships should be destinations unto themselves.





INNOVATION

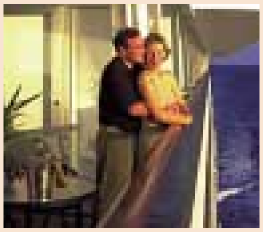


Innovation has been Carnival's hallmark since early in our history, when we determined that our ships should be destinations unto themselves. Indeed, we pioneered the concept of cruising as a part of the vacation industry, and we were the first to apply an innovative marketing discipline that applied the best characteristics of land-based vacations, enhanced them with quality, added value—and took them to sea.

We applied the best characteristics of land-based vacations, enhanced them with quality, added value—and took them to sea.

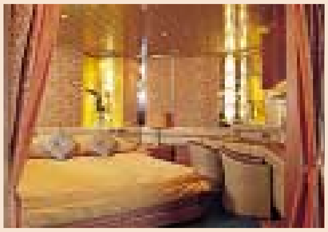
Since then, we have brought cruising into the mainstream by making it an affordable, value-oriented, quality vacation experience. In fact, we are so confident in the quality of the Carnival Cruise Lines experience that we offer a 100 percent money-back vacation guarantee to our guests. Less than one tenth of one percent have ever taken us up on the offer.

Our innovative outlook is also reflected in our vessel design, which is geared toward making our ships the most desirable and profitable in the industry. To do so, our design incorporates the amenities that our guests find most appealing, fit well within our respective brands, and deliver the capacity increases we need to grow.



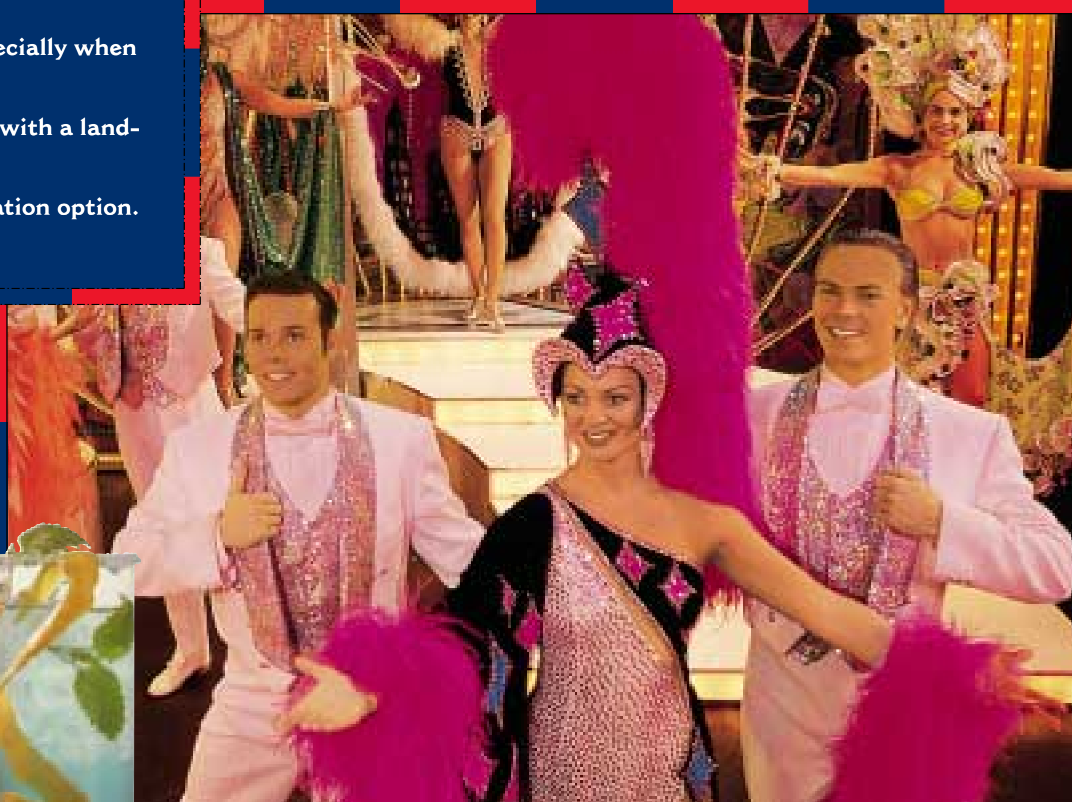
For example, the Carnival Paradise is the industry's first smoke-free ship. And Holland America Line's new Volendam offers the fleet's largest number of deluxe verandah staterooms, which are in greatest demand by guests.

We have also created innovative new ways to expand our business. In 1999, we introduced a broader range of cruise itineraries to accommodate the varied timetables of our guests. We launched the industry's first Internet booking engine for consumers, as well as a real-time Internet booking engine for travel agents. And in 2000, we expect to open the first Carnival Vacation Stores in three metropolitan areas, to market exciting cruise vacations on the World's Leading Cruise Lines.



We expect our focus on innovation, as well as increased capacity, to fuel our growth, generate high returns, drive revenues and increase Carnival's profitability in the future.

Consumers view cruising as an unbeatable value, especially when compared with a land-based vacation option.



VALUE

One of the reasons that vacationers decide to cruise is that cruising offers a favorable relationship between price and value. Cruising is the "all-inclusive" vacation, in that practically everything on board—from delicious meals to exciting activities to lavish entertainment—is included in one low price. Furthermore, while cruising delivers all of the same advantages offered by land-based vacations, it also provides pampering service and the opportunity to visit a range of exciting, different places without packing and unpacking. Even the cruise price is flexible, as it varies with the guest's own choice of accommodations. These compelling factors may explain why consumers consider cruising an unbeatable value, especially when compared with a land-based vacation option.

Consumers who have already taken a cruise rate the experience highly and return repeatedly to cruising.

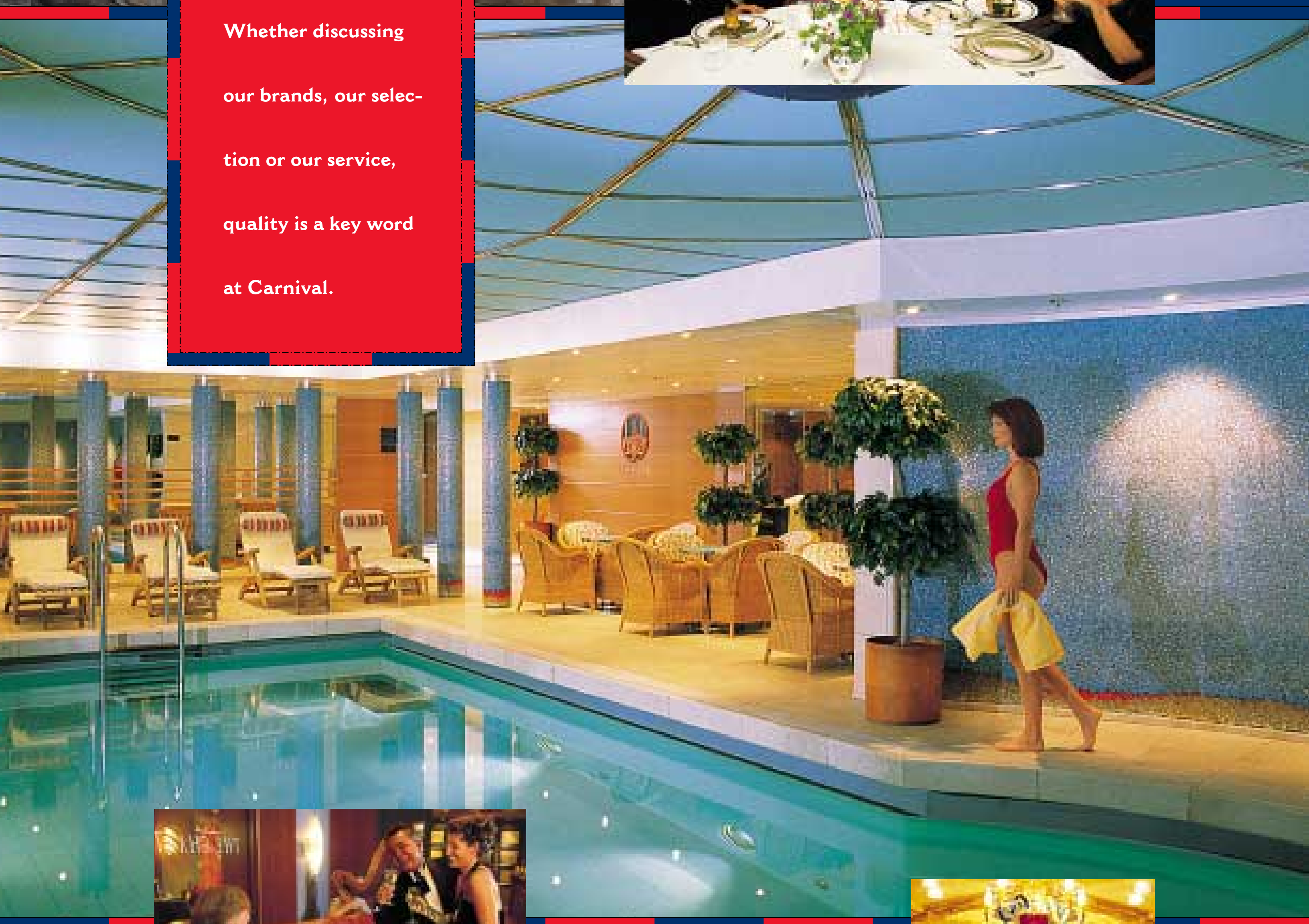
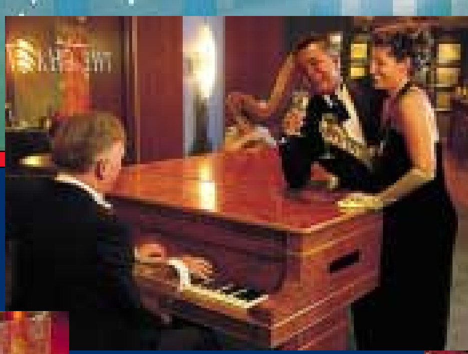
Though cruising still represents a small portion of the vacation market, consumer perception of its value, combined with the increasing popularity of cruising, has positioned Carnival to capture a greater share of a market that is still comparatively untapped. In 1998, there were 38.5 million visitors to Orlando, Florida and 30.6 million to Las Vegas, Nevada. But over the same period, just 5.4 million North Americans—and 1.3 million Europeans—took a cruise. This number is expected to increase over the next ten years, as more and more people enter their prime cruising years.

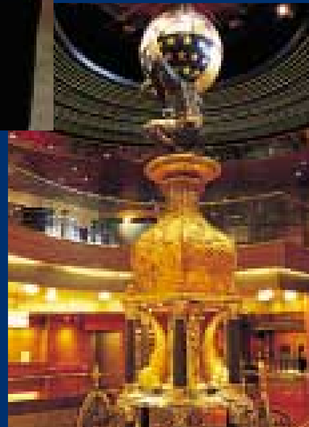
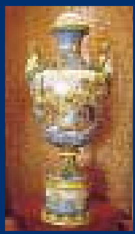
These factors bode well for the continued growth of the cruise industry—and of Carnival Corporation. Consumers who have already taken a cruise rate the experience highly and return repeatedly to cruising. To capitalize on this interest, Carnival Corporation has introduced a new and unique value proposition for our repeat guests. The Carnival Vacation Interchange Program (VIP) provides an incentive for guests of one Carnival Corporation cruise line to try the ships and destinations offered by another, extending our guests' lifetime value while maintaining their high satisfaction levels, right within the Carnival family.

For these and other reasons, we believe that Carnival Corporation and the entire cruise industry should benefit as more and more consumers turn to the cruise vacation for the all-inclusive value it offers.



Whether discussing our brands, our selection or our service, quality is a key word at Carnival.

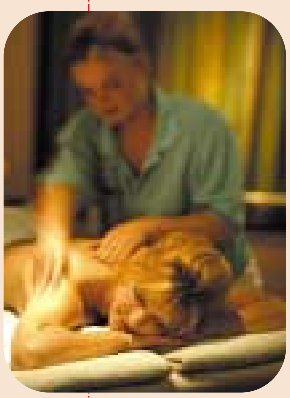




QUALITY

Whether discussing our brands, our selection or our service, quality is a key word at Carnival. This is a direct reflection of our corporate culture, which strongly emphasizes the importance of ensuring excellent quality in everything we do. Indeed, our success has been based on our ability to provide superior quality cruise vacations to millions of guests each year, while maintaining a focus on the bottom line and on delivering healthy returns to our shareholders.

> ***Our attention to quality extends throughout Carnival and is evident at every activity performed at each one of our cruise lines by all levels of our personnel.***

Our attention to quality extends throughout Carnival and is evident at every activity performed at each one of our cruise lines, by all levels of our personnel. Our employees are dedicated to delivering quality products and service at every turn, and have an obsessive focus on customer satisfaction. And our management team is recognized across the industry for its superior quality, judgement and capability.



The quality of our relationships with our guests is evident in high satisfaction rankings. In surveys, more than 98 percent of our guests said that they enjoyed their cruise—that's more than ten points higher than a similar survey for land-based vacations. And the quality of our relationships with travel agents is the best in the business. In fact, Carnival Cruise Lines has developed such lasting relationships with travel agents that they have been awarded "Cruise Line of the Year" by the National Association of Cruise-Oriented Agencies for several years running.

Our corporate emphasis on quality has been recognized repeatedly by the industry and the media. Over the last two years, we have received more than 25 awards and accolades from consumer and trade organizations, including America Online, Conde Nast Traveler, World Ocean and Cruise Liner Society and Bride's Magazine for excellence in product and service.

As Carnival Corporation leads the cruise industry into the new millennium, our sharp focus on quality will support our wide range of vacation choices, our commitment to innovation and our emphasis on value to differentiate our company from competitors and sustain Carnival's more than 25-year tradition of leadership and success.


Cruising Into the New Millennium

As we enter the new millennium, we are keeping a sharp eye on our global positioning. From where we are today, we like what we see. We believe that consumer demand for the cruise experience will continue to rise, driven by the fact that cruising represents excellent overall vacation value. We expect favorable demographics to continue to fuel the expansion of the market for cruising. And we anticipate a rising tide of repeat customers, as more and more people experience the numerous pleasures of the cruise experience and return repeatedly to a vacation they know they'll enjoy.

To take advantage of these prevailing conditions, we plan to offer an even wider choice of quality cruise products to our guests. For example, our shipbuilding program will produce more and larger ships that will offer our guests an even greater variety of activities to enjoy on a cruise vacation. These ships are being designed with amenities that meet the increasingly sophisticated desires of our guests, including expanded childcare facilities and services, Internet access-at-sea, expanded on-board dining options and an increased number of staterooms with outside verandahs. To appeal to the desire of our repeat guests for new and different travel experiences, we will offer exciting new destinations from convenient new homeports. And we will continue to evaluate strategic investments in the travel industry—investments that in some way will enhance our guests' vacation experiences.

We hope that you'll join us on your vacation as we cruise into the new millennium, aboard the World's Leading Cruise Lines.


SHAREHOLDER BENEFIT

World's Leading Cruise Lines℠

Dear Shareholder

For the third consecutive year, I am pleased to extend to you a special benefit developed specifically for our shareholders. I hope that you will take advantage of this benefit, which is described below, on your next vacation aboard one of your company's ships.

I hope that you have a great vacation!

Sincerely,

Micky Arison
Chairman & CEO

SHAREHOLDER BENEFIT

$250 On-board credit per stateroom on sailings of 14 days or longer

$100 On-board credit per stateroom on sailings of 7–13 days

$ 50 On-board credit per stateroom on sailings of 6 days or less

This benefit is applicable on sailings between 8/1/2000 and 7/31/2001 aboard: Carnival Cruise Lines, Holland America Line, Windstar Cruises, Cunard Line, Seabourn Cruise Line and Costa Cruises.

This benefit is available to shareholders holding a minimum of 100 shares. Employees, travel agents cruising at travel agent rates, tour conductors or anyone cruising on a reduced-rate or complimentary basis are excluded from this offer. This benefit is not transferable and cannot be used for casino credits/charges and tips charged to your on-board account. Only one on-board credit per shareholder-occupied stateroom. Reservations must be made by 2/28/2001.

Complete the information requested below and submit this form, along with proof of ownership of Carnival stock (i.e., photocopy of shareholder proxy card or a current brokerage statement) and the initial deposit to your travel agent or to the cruise line you have selected.

Name ____________________ Reservation Number ____________________

Ship ____________________ Sailing Date ____________________
Month / Day / Year

CARNIVAL CRUISE LINES
Reservation Administration
3655 N.W. 87th Avenue
Miami, FL 33178
800-327-9501

COSTA CRUISES
Passenger Services
80 W. 8th Street
Miami, FL 33130
800-462-6782

CUNARD LINE/SEABOURN
Guest Services
6100 Blue Lagoon Drive, #400
Miami, FL 33126
800-528-6273

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Financial Review

World's Leading Cruise Lines℠

Consolidated Balance Sheets

(in thousands, except par value)	November 30, 1999	1998
Assets		
Current Assets		
Cash and cash equivalents	**$ 521,771**	$ 137,273
Short-term investments	**22,800**	5,956
Accounts receivable, net	**62,887**	60,837
Consumable inventories, at average cost	**84,019**	75,449
Prepaid expenses and other	**100,159**	90,764
Total current assets	**791,636**	370,279
Property and Equipment, Net	**6,410,527**	5,768,114
Investments in and Advances to Affiliates	**586,922**	546,693
Goodwill, less Accumulated Amortization of $85,272 and $72,255	**462,340**	437,464
Other Assets	**34,930**	56,773
	$8,286,355	$7,179,323
Liabilities and Shareholders' Equity		
Current Liabilities		
Current portion of long-term debt	**$ 206,267**	$ 67,626
Accounts payable	**195,879**	168,546
Accrued liabilities	**262,170**	206,968
Customer deposits	**675,816**	638,383
Dividends payable	**64,781**	53,590
Total current liabilities	**1,404,913**	1,135,113
Long-Term Debt	**867,515**	1,563,014
Deferred Income and Other Long-Term Liabilities	**82,680**	63,036
Commitments and Contingencies (Notes 2, 8 and 14)		
Minority Interest		132,684
Shareholders' Equity		
Common Stock; $.01 par value; 960,000 shares authorized; 616,966 and 595,448 shares issued and outstanding	**6,170**	5,955
Additional paid-in capital	**1,757,408**	880,488
Retained earnings	**4,176,498**	3,379,628
Unearned stock compensation	**(9,945)**	(5,294)
Accumulated other comprehensive income	**1,116**	24,699
Total shareholders' equity	**5,931,247**	4,285,476
	$8,286,355	$7,179,323

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

Consolidated Statements of Operations

(in thousands, except per share data)	Years Ended November 30, **1999**	1998	1997
Revenues	**$3,497,470**	$3,009,306	$2,447,468
Costs and Expenses			
Operating expenses	**1,862,636**	1,619,377	1,322,669
Selling and administrative	**447,235**	369,469	296,533
Depreciation and amortization	**243,658**	200,668	167,287
	2,553,529	2,189,514	1,786,489
Operating Income Before Income From Affiliated Operations	**943,941**	819,792	660,979
Income From Affiliated Operations, Net	**75,758**	76,732	53,091
Operating Income	**1,019,699**	896,524	714,070
Nonoperating Income (Expense)			
Interest income	**41,932**	10,257	8,675
Interest expense, net of capitalized interest	**(46,956)**	(57,772)	(55,898)
Other income, net	**29,357**	1,793	5,436
Income tax expense	**(2,778)**	(3,815)	(6,233)
Minority interest	**(14,014)**	(11,102)	
	7,541	(60,639)	(48,020)
Net Income	**$1,027,240**	$ 835,885	$ 666,050
Earnings Per Share:			
Basic	**$ 1.68**	$ 1.40	$ 1.12
Diluted	**$ 1.66**	$ 1.40	$ 1.12

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

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30, 1999	1998	1997
Operating Activities			
Net income	**$1,027,240**	$ 835,885	$ 666,050
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	**243,658**	200,668	167,287
Income from affiliates in excess of dividends received	**(60,671)**	(63,059)	(46,569)
Minority interest	**14,014**	11,102	
Other	**4,007**	(8,428)	2,540
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
(Increase) decrease in:			
Receivables	**(3,271)**	137	(21,229)
Consumable inventories	**(8,570)**	(3,913)	(1,689)
Prepaid expenses and other	**(9,465)**	(15,369)	903
Increase in:			
Accounts payable	**27,333**	18,758	22,035
Accrued liabilities	**58,016**	42,401	20,042
Customer deposits	**37,433**	73,658	68,210
Net cash provided from operating activities	**1,329,724**	1,091,840	877,580
Investing Activities			
Additions to property and equipment, net	**(872,984)**	(1,150,413)	(497,657)
Proceeds from sale of assets		47,028	17,041
Acquisition of consolidated subsidiaries, net	**(54,715)**	(242,868)	
Purchase of equity interests in affiliates	**(1,365)**		(38,378)
(Increase) decrease in short-term investments, net	**(11,890)**	4,052	2,748
Other (additions to) reductions in investments in and advances to affiliates, net	**(310)**	(380)	39,540
Other, net	**30,884**	21,528	21,805
Net cash used for investing activities	**(910,380)**	(1,321,053)	(454,901)
Financing Activities			
Proceeds from issuance of Common Stock, net	**741,575**	11,399	5,162
Principal payments of long-term debt	**(564,838)**	(1,006,586)	(424,391)
Dividends paid	**(219,179)**	(178,458)	(130,456)
Proceeds from long-term debt	**7,772**	1,404,395	155,366
Other	**(176)**	(4,253)	
Net cash (used for) provided from financing activities	**(34,846)**	226,497	(394,319)
Net increase (decrease) in cash and cash equivalents	**384,498**	(2,716)	28,360
Cash and cash equivalents at beginning of year	**137,273**	139,989	111,629
Cash and cash equivalents at end of year	**$ 521,771**	$ 137,273	$ 139,989

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

Consolidated Statements of Shareholders' Equity

(in thousands)	Comprehensive income	Common Stock $.01 par value Class A	Common Stock $.01 par value Class B	Additional paid-in capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive income	Total shareholders' equity
Balances at November 30, 1996		$2,397	$ 550	$ 819,610	$2,207,781	$(2,489)	$ 3,035	$3,030,884
Comprehensive income:								
Net income	$ 666,050				666,050			666,050
Changes in securities valuation allowance	355						355	355
Foreign currency translation adjustment	3,592						3,592	3,592
Total comprehensive income	$ 669,997							
Cash dividends					(142,618)			(142,618)
Issuance of stock upon conversion of convertible notes		23		39,755				39,778
Conversion of Class B Common Stock into Class A Common Stock		550	(550)					
Issuance of stock under stock plans		2		6,732		(947)		5,787
Amortization of unearned stock compensation						1,270		1,270
Balances at November 30, 1997, as previously reported		2,972		866,097	2,731,213	(2,166)	6,982	3,605,098
Two-for-one stock split effective June 12, 1998		2,972		(2,972)				
Balances at November 30, 1997, as adjusted		5,944		863,125	2,731,213	(2,166)	6,982	3,605,098
Comprehensive income:								
Net income	$ 835,885				835,885			835,885
Changes in securities valuation allowance	270						270	270
Foreign currency translation adjustment	17,447						17,447	17,447
Total comprehensive income	$ 853,602							
Cash dividends					(187,470)			(187,470)
Issuance of stock under stock plans		11		17,363		(4,651)		12,723
Amortization of unearned stock compensation						1,523		1,523
Balances at November 30, 1998		5,955		880,488	3,379,628	(5,294)	24,699	4,285,476
Comprehensive income:								
Net income	$1,027,240				1,027,240			1,027,240
Changes in securities valuation allowance	(4,374)						(4,374)	(4,374)
Foreign currency translation adjustment	(19,209)						(19,209)	(19,209)
Total comprehensive income	$1,003,657							
Cash dividends					(230,370)			(230,370)
Issuance of stock in public offering, net		170		725,062				725,232
Issuance of stock to acquire minority interest in Cunard Line Limited		32		127,037				127,069
Issuance of stock under stock plans		13		24,821		(7,326)		17,508
Amortization of unearned stock compensation						2,675		2,675
Balances at November 30, 1999		**$6,170**		**$1,757,408**	**$4,176,498**	**$(9,945)**	**$ 1,116**	**$5,931,247**

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

Note 1—General

Description of Business

Carnival Corporation, a Panamanian corporation, and its consolidated subsidiaries (referred to collectively as the "Company") operate five cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Westours. Carnival operates fourteen cruise ships cruising primarily in the Caribbean and the Mexican Riviera. Holland America operates nine cruise ships cruising primarily in Alaska, the Caribbean and Europe and Windstar operates four luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships, primarily in the Caribbean, Europe and Central America. Cunard and Seabourn operate two and six luxury cruise vessels, respectively, to worldwide destinations. Holland America Line-Westours Inc. markets sightseeing tours both separately and as a part of Holland America Westours cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

The Company has a 50% direct equity interest in IL Ponte S.p.A. ("IL Ponte"), the parent company of Costa Crociere, S.p.A. ("Costa"), an Italian cruise company. Additionally, the Company has a 26% interest in Airtours plc ("Airtours"), a publicly traded air-inclusive integrated leisure travel company headquartered in England. Costa operates six cruise ships (an additional ship is scheduled to begin operations in July 2000) in Europe, the Caribbean and South America and its cruises are marketed primarily to Europeans. Airtours provided holidays for approximately ten million people in 1999 primarily from the United Kingdom, Germany, Scandinavia, Western Europe and North America and owns or operates over 1,000 retail travel shops, 42 aircraft, four cruise ships, 46 resort properties and develops and markets two vacation ownership resorts. Airtours also owns the other 50% of IL Ponte not owned by the Company.

Preparation of Financial Statements

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements. Actual results could differ from these estimates. All material intercompany transactions and accounts have been eliminated in consolidation.

Note 2—Summary of Significant Accounting Policies

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities of three months or less and are stated at cost. At November 30, 1999 and 1998, cash and cash equivalents include $502 million and $111 million of investments, respectively, primarily comprised of investment grade commercial paper.

Short-term investments are comprised of marketable equity and debt securities which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of accumulated other comprehensive income within shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over estimated average useful lives as follows:

	Years
Vessels	11–30
Buildings and improvements	10–40
Equipment	2–20
Leasehold improvements	Shorter of the lease term or related asset life

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the Company's weighted average borrowing rate.

The Company reviews its long-lived assets, identifiable intangibles and goodwill and reserves for their impairment, based generally upon estimated future undiscounted cash flows, whenever events or changes in circumstances indicate the carrying amount of these assets may not be fully recoverable.

Costs associated with drydocking are capitalized as prepaid expenses and charged to expense generally over the lesser of 12 months or the period to the next scheduled drydock.

Investments in and Advances to Affiliates

The Company accounts for its investments based on its ability to exercise influence over the financial and operating policies of the investee. The Company consolidates affiliates in which it has control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, as typically evidenced by a direct ownership interest of less than 20%, or where the ability to exercise control or significant influence is temporary, the investment is accounted for using the cost method.

The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or fee income from those affiliates, is recorded as "Income from Affiliated Operations, Net" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. In the event of the issuance of stock by an affiliate, the Company generally recognizes a gain or loss (see Note 4). At November 30, 1999 and 1998, the costs in excess of the net assets acquired of affiliates ("goodwill") was $232 million and $241 million, respectively, and it is being amortized using the straight-line method over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America, Windstar and Holland America Westours, and $272 million ($235 million at November 30,1998) resulting from the acquisition of Cunard and consolidation of Seabourn is being amortized using the straight-line method over 40 years.

Foreign Currency Contracts

The Company's significant contracts to buy foreign currency are forward contracts entered into to hedge foreign currency fluctuations of firm commitments related to the construction of cruise ships. These off-balance sheet contracts are not held for trading or speculative purposes. Changes in the market value and any discounts or premiums on these forward foreign currency contracts are recorded at maturity, which coincides with the dates when the related foreign currency payments are to be made, with any resulting gain or loss included in the cost of the vessel.

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Pursuant to SFAS No. 133, changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 (December 1, 2000 for the Company). The Company has not yet determined the impact that the adoption of SFAS No. 133 will have, but does not currently expect the adoption to have a material impact on its results of operations or cash flows.

Revenue and Expense Recognition

Customer cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities on the balance sheet when received. Customer deposits are subsequently recognized as cruise revenue, together with revenue from shipboard activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Certain revenues and expenses from pro rata voyages are estimated. Revenues and expenses from tour and related services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of the Company's advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Advertising expense totaled $178 million in 1999, $142 million in 1998, and $112 million in 1997. At November 30, 1999 and 1998, $21.7 million and $18.8 million, respectively, of advertising related costs, principally brochures, were included in prepaid expenses and other in the accompanying balance sheets.

Foreign Currency Transactions and Translations

For foreign subsidiaries and affiliates using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates and income and expenses are translated at average exchange rates. The effects of these translation adjustments are reported in accumulated other comprehensive income within shareholders' equity. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in income currently.

Income Taxes

Management believes that substantially all of the Company's income (with the exception of its United States ("U.S.") source income from the transportation, hotel and tour businesses of Holland America Westours) is exempt from U.S. federal income taxes. If the Company was found not to meet certain tests of the Internal Revenue Code, as amended, (the "Code") or if the Code were to be changed in a manner adverse to the Company, a portion of the Company's income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

Earnings Per Share

In 1998, the Company adopted SFAS No. 128, "Earnings Per Share" which requires the dual presentation of basic and diluted earnings per share.

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing net income, as adjusted, by the weighted average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during each period. In accordance with the provisions of SFAS No. 128, and as a result of the 1998 stock split, the Company has retroactively restated prior years' earnings per share (see Notes 6 and 11).

Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method and discloses certain fair market value pro forma information with respect to its stock-based compensation activities (see Note 10).

Accounting Changes

In April 1998, Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") was issued. SOP 98-5 requires that all start-up or pre-operating costs be expensed as incurred. In 1998, the Company adopted SOP 98-5 and, accordingly, expensed $8.7 million of previously deferred start-up costs. The $8.7 million represents the cumulative effect from the Company changing this policy, which amount was included in other nonoperating expenses in the 1998 statement of operations.

In 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." Comprehensive income consists of net income and other comprehensive income, the latter includes unrealized gains and losses on available for sale securities and foreign exchange translation adjustments and is presented in the accompanying statements of shareholders' equity. The adoption of SFAS No. 130 had no effect on shareholders' equity. Prior year financial statements have been reclassified to conform to the SFAS No. 130 requirements.

In 1999, the Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 supercedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," replacing the industry segment approach with the "management" approach. The management approach designates the internal organization that is used by management for making decisions and assessing performance as the source for determining the Company's reportable segments. The adoption of SFAS No. 131 did not affect the Company's results of operations or financial position but did affect the disclosure of segment information (see Note 9).

Note 3—Property and Equipment

Property and equipment consists of the following (in thousands):

	November 30, 1999	1998
Vessels	**$ 6,543,592**	$ 5,754,218
Vessels under construction	**506,477**	526,529
	7,050,069	6,280,747
Land, buildings and improvements	**235,333**	217,597
Transportation and other equipment	**395,008**	322,069
Total property and equipment	**7,680,410**	6,820,413
Less accumulated depreciation and amortization	**(1,269,883)**	(1,052,299)
	$ 6,410,527	$ 5,768,114

Capitalized interest, primarily on vessels under construction, amounted to $40.9 million in 1999, $35.1 million in 1998 and $16.8 million in 1997.

Note 4—Investments in and Advances to Affiliates

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa. The Company and Airtours each own 50% of IL Ponte, a holding company which currently owns approximately 100% of Costa. The cost of the Company's 50% direct interest in Costa was approximately $141 million, of which approximately $103 million was paid by IL Ponte and the balance was paid by the Company. The $103 million paid by IL Ponte was funded through IL Ponte debt, which is guaranteed by the Company (see Note 8). The Company is recording its interest in IL Ponte's consolidated results of operations on a two-month lag basis using the equity method. It is not practicable to estimate the fair value of IL Ponte as it is not a publicly traded entity.

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. At November 30, 1999 and 1998, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock on the London Stock Exchange, was approximately $837 million and $835 million, respectively, as compared with the carrying value of the Company's investment in Airtours of $439 million and $432 million, respectively. The Company is recording its interest in Airtours' consolidated results of operations on a two-month lag basis using the equity method. In 1998, the Company's interest in Airtours was reduced to approximately 26% as a result of the conversion of Airtours' preference shares into Airtours' common stock and the issuance of Airtours' common stock in conjunction with two of its acquisitions, as discussed below.

In July and September 1998, Airtours issued approximately 18.5 million and 2.2 million shares of its common stock at $7.02 per share and $6.00 per share, respectively, in connection with acquisitions. These amounts were in excess of the Company's carrying value per share. The issuance of these shares reduced the Company's ownership of Airtours to approximately 26%. As a result of these transactions, the Company recognized a net gain of $14.8 million, which is included in other nonoperating income in the 1998 statement of operations.

Dividends received from affiliates were $15.1 million, $13.7 million and $11.4 million in fiscal 1999, 1998 and 1997, respectively.

Financial information for affiliated companies accounted for using the equity method is as follows (in thousands):

Balance Sheet Data:

	As of End of Fiscal Years	
	1999	1998
Current assets	**$2,310,485**	$1,722,616
Long-term assets	**$2,332,871**	$2,115,373
Current liabilities	**$1,802,385**	$1,560,228
Long-term liabilities	**$1,741,010**	$1,325,220
Shareholders' equity	**$1,099,961**	$ 952,541

Income Statement Data:

	Fiscal Years Ended		
	1999	1998	1997
Revenues	**$5,963,425**	$5,282,230	$3,965,223
Gross margin	**$1,265,614**	$1,128,305	$ 702,162
Net income	**$ 255,146**	$ 264,936	$ 174,354

Segment information for the Company's affiliate operations is provided in accordance with SFAS No. 131 as follows (in thousands):

	Fiscal Years Ended		
	1999	1998	1997
Operating income	**$359,953**	$374,560	$269,425
Depreciation and amortization	**$133,302**	$100,532	$ 61,936
Capital expenditures	**$356,267**	$184,395	$145,667

Note 5—Long-Term Debt

Long-term debt consists of the following (in thousands):

	November 30,	
	1999	1998
Commercial paper	**$**	$ 368,710
Unsecured 5.65% Notes Due October 15, 2000	**199,920**	199,833
Unsecured 6.15% Notes Due April 15, 2008	**199,564**	199,512
Unsecured 6.65% Debentures Due January 15, 2028	**199,274**	199,249
Unsecured 6.15% Notes Due October 1, 2003	**124,974**	124,967
Unsecured 7.2% Debentures Due October 1, 2023	**124,886**	124,881
Unsecured 7.7% Notes Due July 15, 2004	**99,947**	99,936
Unsecured 7.05% Notes Due May 15, 2005	**99,891**	99,871
Notes payable secured by vessels	**5,000**	174,198
Other loans payable	**20,326**	39,483
	1,073,782	1,630,640
Less portion due within one year	**(206,267)**	(67,626)
	$ 867,515	$1,563,014

Since the commercial paper is backed by the long-term revolving credit facilities described below, balances outstanding under the commercial paper programs were classified as long-term in the 1998 balance sheet.

The Company's commercial paper programs are supported by a $1 billion unsecured revolving credit facility due December 2001 and a $200 million multi-currency revolving credit facility due January 2002. Both revolving credit facilities bear interest at LIBOR plus 14 basis points ("BPS") and provide for a facility fee of six BPS on each facility. Any funds outstanding under the commercial paper programs reduce the aggregate amount available under these facilities. At November 30, 1999, the Company had $1.2 billion available for borrowing under these facilities. These facilities contain covenants that require the Company, among other things, to maintain minimum debt service coverage and limit debt to capital ratios. At November 30, 1999, the Company was in compliance with all of its debt covenants.

In late November 1999, the Company prepaid approximately $124 million of Cunard's notes payable, which were secured by vessels.

At November 30, 1999, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

Fiscal	
2000	$ 206,267
2001	5,497
2002	527
2003	125,968
2004	105,448
Thereafter	630,075
	$1,073,782

Note 6—Shareholders' Equity

On July 15, 1997, the Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board, exercised its right to convert all of the 109,914,284 shares of Class B Common Stock held by it into an equal number of shares of Class A Common Stock. Prior to July 1, 1997, the B Trust had been restricted from converting such shares under a shareholders agreement with the Company. Prior to the conversion of the Class B Common Stock, the B Trust was the controlling shareholder of the Company.

On April 13, 1998, the Company's shareholders approved amendments to the Company's Articles of Incorporation which (1) eliminated the Class B Common Stock and designated a single class of Common Stock, (2) increased the number of authorized shares of Common Stock to 960 million, and (3) authorized the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences and has a $.01 par value. At November 30, 1999 and 1998, no Preferred Stock had been issued.

On April 13, 1998, the Board of Directors approved a two-for-one split of the Company's Common Stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein has been retroactively restated to give effect to this stock split.

In December 1998, the Company issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million. The Company issued the stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

At November 30, 1999, there were approximately 15.8 million shares of Common Stock reserved for issuance pursuant to the Company's stock option, employee stock purchase, management incentive, dividend reinvestment and restricted stock plans.

During 1999, the Company declared cash dividends aggregating $0.375 per share for the year. In October 1999, the Board of Directors increased the quarterly dividends from $0.09 per share to $0.105 per share.

At November 30, 1999 and 1998, retained earnings included undistributed earnings of affiliates (accounted for using the equity method) of approximately $198 million and $138 million, respectively. The Company does not expect that additional income taxes will be incurred on future distributions of such earnings and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. At November 30, 1999 and 1998, accumulated other comprehensive income within shareholders' equity included cumulative foreign currency translation adjustments which increased shareholders' equity by $6.0 million and $25.2 million, respectively.

Note 7—Financial Instruments

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Certain Short-Term Financial Instruments

The carrying amounts of cash, cash equivalents and accrued liabilities approximate their fair values due to the short-term maturities of these instruments.

Other Assets

At November 30, 1999 and 1998, long-term other assets include marketable securities held in a "Rabbi Trust" for certain of the Company's non-qualified benefit plans, long-term receivables and other restricted securities. These assets have carrying values of $28.3 million and $48.7 million and have fair values of $28.3 million and $40 million at November 30, 1999 and 1998, respectively. Fair value is estimated based on quoted market prices or expected future discounted cash flows.

Long-Term Debt

At November 30, 1999 and 1998, the fair value of the Company's long-term debt, including the current portion, was approximately $1.021 billion and $1.647 billion, respectively, which was approximately $53 million less than and $16 million more than the carrying values on those respective dates. The difference between the fair value of the long-term debt and the carrying value was due to the Company's issuance of fixed rate debt obligations at interest rates that are above or below market rates in existence at the measurement dates. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues. The Company is prohibited from redeeming substantially all of its long-term debt before its maturity.

Foreign Currency Contracts

The Company enters into forward foreign currency contracts to reduce its exposures relating to rate changes in foreign currency. These contracts are subject to gain or loss from changes in foreign currency rates, however, any realized gain or loss will be offset by gains or losses on the underlying hedged foreign currency transactions. Certain exposures to credit losses related to counterparty nonperformance exist, however, the Company does not anticipate nonperformance by the counterparties as they are large, well-established financial institutions. The fair values of the Company's forward hedging instruments discussed below are estimated based on prices quoted by financial institutions for these instruments.

Several of the Company's contracts for the construction of cruise vessels are denominated in either Italian Lira or German Deutsche Marks. The Company is a party to forward foreign currency contracts with notional amounts of $1.86 billion and $745 million at November 30, 1999 and 1998, respectively, to fix the price of these vessels into U.S. dollars (see Note 8). At November 30, 1999 and 1998, these forward contracts had an estimated fair value of approximately $1.81 billion and $815 million, respectively.

Note 8—Commitments and Contingencies

Capital Expenditures

A description of ships under contract for construction at November 30, 1999 is as follows (in millions, except passenger capacity data):

Vessel	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Estimated Total Cost(3)
Carnival:				
Carnival Victory	9/00	Fincantieri	2,758	$ 450
Carnival Spirit	4/01	Masa-Yards	2,120	375
Carnival Pride	1/02	Masa-Yards(4)	2,120	375
Carnival Legend	8/02	Masa-Yards(4)	2,120	375
Carnival Conquest	12/02	Fincantieri	2,758	450
Carnival Glory	8/03	Fincantieri	2,758	450
Total Carnival			14,634	2,475
Holland America:				
Zaandam	5/00	Fincantieri(5)	1,440	300
Amsterdam	11/00	Fincantieri	1,380	300
Newbuild	10/02	Fincantieri(5)	1,820	400
Newbuild	8/03	Fincantieri(5)	1,820	400
Total Holland America			6,460	1,400
Total			21,094	$3,875

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) Estimated total cost of the completed vessel includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.
(4) These construction contracts are denominated in German Deutsche Marks and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(5) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

In connection with the ships under contract for construction, the Company has paid approximately $506 million through November 30, 1999 and anticipates paying the remaining estimated total cost as follows (in millions):

Fiscal	
2000	$ 764
2001	756
2002	1,129
2003	720
	$3,369

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against Carnival and one action has been filed against Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The actions against Carnival are in various stages of progress and are proceeding.

Holland America Westours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. One member of the settlement class appealed the court's approval of the settlement and a decision on such appeal is expected shortly. A further appeal could be taken by either party which could result in the settlement being delayed for an additional one year. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company has not established a liability for the travel voucher portion of the settlements and will account for the redemption of the vouchers as a reduction of future revenues. In 1998, the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints were filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions, filed in California, Washington and Florida, allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. These actions are in various stages of progress and are proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints if such claims should proceed to trial. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such claims and lawsuits, which are not covered by insurance, would not have a material adverse effect on the Company's financial condition or results of operations.

Ship Lease Transactions

During August and December 1998, the Company entered into lease out and lease back transactions with respect to two of its vessels. The Company has effectively guaranteed certain obligations or provided letters of credit to participants in the transactions which, at November 30, 1999, total approximately $358 million. Only in the remote event of nonperformance by certain major financial institutions, which have long-term credit ratings of AAA, would the Company be required to make any payments under these guarantees. After approximately 18 years, the Company has the right to exercise purchase options that would terminate these transactions. As a result of these transactions, the Company received approximately $22 million (net) in both August and December 1998 which is recorded as deferred income on the balance sheets and is being amortized to nonoperating income over approximately 18 years.

Operating Leases

Rent expense for all operating leases, primarily office and warehouse space, for fiscal 1999, 1998 and 1997 was approximately $10.2 million, $10.4 million and $10.6 million, respectively. At November 30, 1999, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

Fiscal	
2000	$ 9,601
2001	7,444
2002	6,066
2003	5,044
2004	4,621
Thereafter	24,032
	$56,808

Guarantees of Debt

At November 30, 1999, the Company has guaranteed approximately $107 million of debt, including $88.6 million of IL Ponte's acquisition indebtedness for the Company's interest in Costa.

Other

At November 30, 1999, the Company has a commitment through 2013, cancellable under certain remote circumstances, to pay a minimum amount for its annual usage of certain port facilities as follows (in thousands):

Fiscal	
2000	$ 8,853
2001	9,402
2002	9,315
2003	11,548
2004	11,528
Thereafter	125,937
	$176,583

The Company has contracted for the sale in October 2000 of one of Holland America's ships, the Nieuw Amsterdam, for $114.5 million in cash and notes. This sale is expected to result in a minimal gain in fiscal 2000.

Note 9—Segment Information

In 1999, the Company adopted SFAS No. 131. The Company's cruise segment operates five cruise brands which have been aggregated as a single operating segment based on the similarity of their economic characteristics. Cruise revenues are comprised of sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from certain on board activities and other related services. The tour segment represents the operations of Holland America Westours.

The significant accounting policies of the segments are the same as those described in Note 1—"Summary of Significant Accounting Policies." Segment data includes intersegment revenues, as well as a cost allocation of certain corporate expenses to each segment. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Information about the Cruise and Tour segments for fiscal 1999, 1998 and 1997 is as follows (in thousands):

		Revenues	Operating income (loss)	Depreciation and amortization	Capital expenditures	Segment assets
1999	**Cruise**	**$3,286,701**	**$ 947,452**	**$232,942**	**$ 837,126**	**$6,938,411**
	Tour	**271,828**	**10,403**	**10,716**	**24,416**	**185,591**
	Affiliate operations		**75,758**			**586,922**
	Reconciling items[a]	**(61,059)**	**(13,914)**		**11,442**	**575,431**
		$3,497,470	**$1,019,699**	**$243,658**	**$ 872,984**	**$8,286,355**
1998	Cruise	$2,797,856	$ 822,242	$189,345	$1,113,191	$6,327,599
	Tour	274,491	9,248	9,491	28,480	174,140
	Affiliate operations		76,732			546,693
	Reconciling items[a]	(63,041)	(11,698)	1,832	8,742	130,891
		$3,009,306	$ 896,524	$200,668	$1,150,413	$7,179,323
1997	Cruise	$2,257,567	$ 656,009	$157,454	$ 414,963	$4,617,583
	Tour	242,646	13,262	8,862	42,507	163,941
	Affiliate operations		53,091			479,329
	Reconciling items[a]	(52,745)	(8,292)	971	40,187	165,922
		$2,447,468	$ 714,070	$167,287	$ 497,657	$5,426,775

[a] *Revenues consist of intersegment revenues. Operating loss represents corporate expenses not allocated to segments. Capital expenditures represent corporate capital expenditures. Segment assets include cash, cash equivalents, short-term investments and other corporate assets.*

See Note 4 for affiliate operations segment information which is not included in the Company's consolidated operations.

Foreign revenues represent sales made by the Company's consolidated cruise lines which were generated from outside the U.S. Foreign assets represent assets which are located outside of the U.S. and includes, among other things, all of the Company's vessels. Revenues and asset information by geographic area is as follows (in thousands):

	1999	1998	1997
Revenues:			
Domestic	**$3,077,499**	$2,667,289	$2,234,063
Foreign	**419,971**	342,017	213,405
	$3,497,470	$3,009,306	$2,447,468
Assets:			
Domestic	**$1,249,798**	$ 801,759	$ 762,994
Foreign	**7,036,557**	6,377,564	4,663,781
	$8,286,355	$7,179,323	$5,426,775

Note 10—Benefit Plans

Stock Option Plans

The Company has stock option plans for certain employees and members of the Board of Directors. The plans are administered by a committee of three directors of the Company (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The option exercise price is generally established by the Committee at 100% of the fair market value of the Common Stock on the date the option is granted. Substantially all options granted during 1999, 1998 and 1997 were granted at an exercise price per share equal to the fair market value of the Company's Common Stock on the date of grant. Employee options generally vest evenly over five years and have a ten year term and director options vest immediately and have a five or ten year term. At November 30, 1999, options for 3,900,756 shares were available for future grants. A summary of the status of options in the stock option plans is as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	1999	1998	1997	**1999**	1998	1997
Outstanding options—beginning of year	**$14.95**	$11.88	$10.38	**5,987,574**	5,502,580	4,871,880
Options granted	**$44.54**	$27.34	$19.55	**1,641,400**	1,157,344	858,000
Options exercised	**$11.01**	$10.53	$ 8.83	**(956,706)**	(652,350)	(222,500)
Options canceled	**$26.55**	$22.86	$ 8.00	**(155,100)**	(20,000)	(4,800)
Outstanding options—end of year	**$22.70**	$14.95	$11.88	**6,517,168**	5,987,574	5,502,580
Options exercisable—end of year	**$12.64**	$10.91	$10.34	**3,601,993**	3,405,630	3,117,380

Information with respect to stock options outstanding and stock options exercisable at November 30, 1999 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 1.94–$ 2.25	37,480	—[1]	$ 2.06	37,480	$ 2.06
$ 6.94–$10.22	283,850	2.8	$ 7.46	279,050	$ 7.42
$10.59–$15.00	2,906,500	5.4	$11.30	2,822,500	$11.27
$16.28–$21.91	673,944	7.1	$19.28	254,269	$19.67
$24.94–$26.41	905,494	8.1	$26.41	148,694	$26.41
$34.91–$41.34	192,000	8.9	$37.04	20,000	$38.62
$44.03–$48.56	1,517,900	9.0	$45.41	40,000	$46.88
Total	6,517,168	6.8	$22.70	3,601,993	$12.64

[1]These stock options do not have an expiration date.

During fiscal 1998, the Company adopted SFAS No. 123 and pursuant to its provisions elected to continue using the intrinsic-value method of accounting for stock-based awards. Accordingly, the Company has not recognized compensation expense for its non-compensatory stock option awards. The following table reflects the Company's historical net income and earnings per share and pro forma net income and earnings per share for fiscal 1999, 1998 and 1997 had the Company elected to adopt the fair value approach (which charges earnings for the estimated fair value of stock options) of SFAS No. 123 (in thousands, except per share data):

	1999	1998	1997
Net income:			
As reported	**$1,027,240**	$835,885	$666,050
Pro forma	**$1,019,058**	$831,153	$664,324
Earnings per share:			
As reported:			
Basic	**$ 1.68**	$ 1.40	$ 1.12
Diluted	**$ 1.66**	$ 1.40	$ 1.12
Pro forma:			
Basic	**$ 1.66**	$ 1.40	$ 1.12
Diluted	**$ 1.65**	$ 1.39	$ 1.12

These pro forma amounts may not be representative of the effect on pro forma net income in future years, since the estimated fair value of stock options is amortized over the vesting period, pro forma compensation expense related to grants made prior to 1996 is not considered and additional options may be granted in future years.

The weighted average fair values of the Company's options granted during fiscal 1999, 1998 and 1997 were $15.15, $7.61 and $5.79 per share, respectively, at the dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions for fiscal 1999, 1998 and 1997, respectively; expected dividend yields of 0.80%, 1.62%, and 1.78%; expected volatility of 26.3%, 20.5%, and 22.7%; risk free interest rates of 4.8%, 5.3% and 6.2%; and expected option life of six years for all periods.

Restricted Stock Plans

The Company has restricted stock plans under which four key employees are granted restricted shares of the Company's Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Common Stock shareholders, subject to certain restriction and forfeiture provisions. During fiscal 1999, 1998 and 1997, 150,000, 150,000 and 46,574 shares of Common Stock valued at $6.8 million, $4.4 million and $.9 million, respectively, were issued. Unearned stock compensation is recorded in stockholders' equity at the date of award based on the quoted market price of the shares on the date of grant and is amortized to expense over the vesting period. As of November 30, 1999 and 1998 there were 385,283 shares and 321,038 shares, respectively, issued under the plans which remain to be vested.

Management Incentive Plans

Most shoreside managerial employees of Carnival and HAL participate in management incentive plans. Certain of the participating employees receive a portion of their incentive compensation award in Common Stock of the Company, instead of the entire amount being paid in cash. During fiscal 1999, 1998 and 1997, 49,734, 61,214 and 85,430 shares of Common Stock with a quoted market value of $1.7 million, $1.6 million and $1.3 million, respectively, were issued under these plans.

Defined Benefit Pension Plans

The Company has two defined benefit pension plans (qualified and non-qualified) that are available to certain full-time Carnival and corporate shoreside employees who were employed with the Company prior to January 1, 1998. These plans were closed to new participants on January 1, 1998. In addition, the Company has one non-qualified defined benefit plan, established in 1998, which is available to certain of Carnival's shipboard employees. The Company's funding policy for the qualified defined benefit plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The non-qualified plans are unfunded. Pension expense for the defined benefit pension plans was $3.6 million, $1.9 million and $2.5 million for fiscal 1999, 1998 and 1997, respectively.

Defined Contribution Plans

The Company has various defined contribution plans, available to substantially all U.S. and Canadian employees, and certain United Kingdom and Carnival shipboard employees. The Company contributes to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans in fiscal 1999, 1998 and 1997 was $6.1 million, $5.3 million and $2.5 million, respectively.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan which is authorized to issue up to 4,000,000 shares of Common Stock to substantially all employees of Carnival Corporation and its wholly owned subsidiaries. The purchase price is derived from a formula based on 85% of the fair market value of the Common Stock during the six-month purchase period, as defined. During fiscal 1999, 1998 and 1997, the Company issued 144,911, 175,971 and 173,776 shares, respectively, at a weighted average share price of $36.67, $24.45 and $14.52, respectively, under this plan.

Note 11—Earnings per Share

Earnings per share have been computed as follows (in thousands, except per share data):

	Years Ended November 30, 1999	1998	1997
Basic:			
Net income	**$1,027,240**	$835,885	$666,050
Average common shares outstanding	**612,484**	595,037	594,076
Earnings per share	**$ 1.68**	$ 1.40	$ 1.12
Diluted:			
Net income	**$1,027,240**	$835,885	$666,050
Effect on net income of assumed issuance of affiliate securities	**(3,299)**		(356)
Interest expense related to convertible notes			38
Net income available assuming dilution	**$1,023,941**	$835,885	$665,732
Average common shares outstanding	**612,484**	595,037	594,076
Effect of dilutive securities:			
Additional shares issuable upon:			
Assumed conversion of convertible notes			128
Various stock plans	**3,516**	3,411	2,344
Average shares outstanding assuming dilution	**616,000**	598,448	596,548
Earnings per share	**$ 1.66**	$ 1.40	$ 1.12

Note 12—Acquisition

On May 28, 1998, the Company and a group of investors acquired the operating assets of Cunard, a cruise company operating five luxury cruise ships, for $500 million, adjusted for a working capital deficiency and debt assumed. The Company accounted for the acquisition using the purchase accounting method. Simultaneous with the acquisition, Seabourn Cruise Line Limited ("Seabourn Ltd."), a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company owned approximately 68% of the combined entity, which is named Cunard Line Limited. Commencing on May 28, 1998, the financial results of Cunard Line Limited have been included in the Company's consolidated financial statements. Prior to May 28, 1998, the Company's 50% interest in Seabourn Ltd. was accounted for using the equity method (see Notes 2 and 4). During fiscal 1999 the seller of Cunard adjusted the above Cunard purchase price which resulted in a cash payment to Cunard of approximately $30 million.

Had the above transactions occurred on December 1, 1997, the Company's unaudited consolidated revenues for fiscal 1998 would have been approximately $3.23 billion. The impact on the Company's fiscal 1998 unaudited net income and earnings per share would have been immaterial.

On November 15, 1999, the Company exercised its purchase option and acquired the remaining 32% minority interest in Cunard Line Limited for approximately 3.2 million shares of its Common Stock and $76.5 million in cash. Had this transaction occurred on December 1, 1997, the impact on the Company's fiscal 1999 and 1998 unaudited net income and earnings per share would have been immaterial. The Company also accounted for this transaction using the purchase method.

The preliminary impact on the Company's assets and liabilities related to the 1998 acquisition of Cunard and consolidation of Seabourn was as follows (in millions):

Fair value of Cunard assets	$ 553
Seabourn assets consolidated	191
Debt assumed	(157)
Other liabilities assumed	(199)
Minority interest	(122)
Cash paid for acquisition	266
Other adjustments	(14)
	252
Cash of acquired companies	(9)
Net cash paid as reflected in the 1998 Statement of Cash Flows	$ 243

NOTE 13—SUPPLEMENTAL CASH FLOW INFORMATION

(in thousands)	Years Ended November 30, **1999**	1998	1997
Cash paid for:			
Interest (net of amount capitalized)	**$ 49,836**	$54,572	$56,967
Income taxes	**$ 3,841**	$ 5,144	$ 5,755
Noncash investing and financing activities:			
Common Stock issued for acquisition of Cunard Line Limited minority interest	**$127,069**		
Common Stock issued under various stock plans	**$ 8,991**	$ 5,975	$ 2,247
Common Stock issued upon conversion of convertible notes			$39,085
Sale of Rotterdam V			$31,208

NOTE 14—SUBSEQUENT EVENTS (UNAUDITED)

On January 23, 2000, the Company entered into a letter of intent to acquire Fairfield Communities, Inc. ("FCI"), one of the largest vacation ownership companies in North America. The agreement calls for each share of FCI common stock to be converted into .3164 shares of Carnival Common Stock. FCI has approximately 48.5 million shares outstanding on a fully diluted basis. It is intended that the transaction will be accounted for as a pooling-of-interests. Completion of the transaction is conditioned upon the receipt of all regulatory and government approvals, FCI stockholder approval and other customary conditions, including the completion of satisfactory due diligence and definitive documentation. No assurance can be given that the foregoing conditions will be satisfied or that the transaction will be consummated.

On February 2, 2000, the Company entered into an agreement to acquire a 40 percent interest in Arrasas Limited ("Arrasas"), a wholly owned subsidiary of Star Cruises PLC ("Star"). Arrasas was formed by Star to pursue the acquisition of NCL Holding ASA ("NCL"), the parent company of Norwegian Cruise Line and Orient Lines. The cost of this 40 percent interest is anticipated to be approximately equal to 40 percent of the price paid by Arrasas to acquire the NCL shares. If Arrasas is successful in acquiring 100% of NCL, the cost of the Company's investment in Arrasas would be approximately $470 million. The Company has agreed to loan to Arrasas its pro rata portion of the NCL purchase price, which is expected to be funded in February 2000. The loan will mature on the earlier of the Company's purchase of the Arrasas shares or termination of the agreement. The purchase by the Company of the Arrasas shares is conditioned upon the receipt of all regulatory and government approvals. The agreement may be terminated by either party if such approvals are not obtained by December 31, 2000 or by the Company if it shall determine that it will be unable to obtain such approvals. No assurance can be given that the foregoing conditions will be satisfied or that the transaction will be consummated.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1999 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP

Miami, Florida
January 24, 2000

Results of Operations

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals and most shipboard activities, (ii) the sale of air transportation to and from the cruise ships and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Westours.

For selected segment information related to the Company's revenues, operating income and other financial information see Note 9 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated is as follows:

	Years Ended November 30,		
	1999	1998	1997
Revenues	**100%**	100%	100%
Costs and Expenses:			
Operating expenses	**53**	54	54
Selling and administrative	**13**	12	12
Depreciation and amortization	**7**	7	7
Operating Income Before Income From Affiliated Operations	**27**	27	27
Income From Affiliated Operations, Net	**2**	3	2
Operating Income	**29**	30	29
Nonoperating Expense		(2)	(2)
Net Income	**29%**	28%	27%
Selected Statistical Information (in thousands):			
Passengers carried	**2,366**	2,045	1,945
Passenger cruise days[1]	**14,947**	13,009	11,908
Occupancy percentage[2]	**104.3%**	106.3%	108.3%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.

(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date, Cunard's revenues and operating results have been included in the Company's operating results. Cunard's ships generally sail with lower occupancy percentages than the Company's other brands.

General

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity and its ability to obtain higher net revenue yields (net revenue per available berth) than in previous years.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. The Company's tour revenues are highly seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The year over year percentage increase in average passenger capacity for the Company's cruise brands is expected to be approximately 11.6% during fiscal 2000 as compared to fiscal 1999. This increase is primarily a result of the introduction into service of the Carnival Triumph in July 1999 and Holland America's Volendam in November 1999 and the expected introduction into service of the Carnival Victory in September 2000 and Holland America's Zaandam in May 2000, partially offset by the expected withdrawal from service of Holland America's Nieuw Amsterdam in October 2000.

The year over year percentage increase in average passenger capacity resulting from the delivery of vessels currently under contract for construction for fiscal 2001 and 2002, net of the impact of the expected withdrawal from service of Holland America's Nieuw Amsterdam, is expected to approximate 10.2% and 7.0%, respectively. The Nieuw Amsterdam has been contracted for sale and is scheduled for closing in October 2000.

The Company and Airtours, a publicly traded leisure travel company in which the Company holds an approximate 26% interest, each own a 50% interest in IL Ponte, the parent company of Costa, an Italian cruise company. The Company records its interest in Airtours and IL Ponte using the equity method of accounting and records its portion of Airtours' and IL Ponte's consolidated operating results on a two-month lag basis. Airtours' revenues are very seasonal due to the nature of the European leisure travel industry. Costa's revenues are moderately seasonal. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being the highest.

Fiscal 1999 Compared to Fiscal 1998

Revenues

The increase in total revenues of $488 million, or 16.2%, was entirely due to a 17.5% increase in cruise revenues. The cruise revenue changes resulted from an increase of approximately 17.2% in passenger capacity and a 2.6% increase in total revenue per passenger cruise day, partially offset by a 2.3% decrease in occupancy rates. The increase in passenger capacity resulted from the acquisition of Cunard Line Limited in late May 1998, which increased 1999 capacity by 5.6%, and the balance of the increase resulted primarily from the introduction into service of Carnival's Elation and Paradise in March and November 1998, respectively, and the Carnival Triumph in July 1999, as well as Carnival's Ecstasy being in service throughout fiscal 1999 (see 1998 Nonoperating Income (Expense)). Both the increase in revenue per passenger cruise day and the decrease in occupancy rates was primarily due to Cunard Line Limited's higher revenue per passenger cruise day and lower occupancy rates than the Company's other brands and, to a lesser extent, an increase in revenue per passenger cruise day for the Carnival and Holland America brands.

As a result of the 1999 military conflict in the Balkans, the Company's second half Mediterranean cruise revenues were negatively impacted. Although management lessened this impact by, among other things, changing the itineraries of certain of its Mediterranean cruises, offering additional incentives and increasing advertising expenditures, the 1999 Mediterranean cruise results were still lower than originally expected.

Costs and Expenses

Operating expenses increased $243.3 million, or 15.0%. Cruise operating costs increased by $250.2 million, or 17.1%, to $1.71 billion in 1999 from $1.46 billion in 1998. Cruise operating costs increased in 1999 primarily due to additional costs associated with the increased passenger capacity and increases in airfare and fuel costs. Airfare costs increased primarily due to a higher rate per air passenger partially offset by a lower percentage of passengers electing the Company's air program. Commencing in the fourth quarter of fiscal 1999, the Company began to incur significantly higher fuel costs due to a very large increase in the price of bunker fuel. Assuming fiscal 2000 fuel prices remain at the same levels as the end of the fiscal 1999 fourth quarter, the Company's fuel costs will increase in fiscal 2000 by approximately $30 million versus fiscal 1999 due to the higher fuel prices. Cruise operating costs as a percentage of cruise revenues were 52% and 52.1% in 1999 and 1998, respectively.

Selling and administrative expenses increased $77.8 million, or 21.0%, primarily due to an increase in advertising and payroll and related costs. Selling and administrative expenses as a percentage of revenues were 12.8% and 12.3%, respectively.

Cunard Line Limited's cruise operating costs and selling and administrative expenses as a percentage of revenues are higher than the Company's other brands. Accordingly, the Company's expense ratios are higher in 1999 due to the inclusion of Cunard Line Limited's expenses since the third quarter of 1998.

Depreciation and amortization increased by $43.0 million, or 21.4%, to $243.7 million in 1999 from $200.7 million in 1998 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1999, the Company recorded $75.8 million of income from affiliated operations as compared with $76.7 million of income in 1998. The Company's portion of Airtours' income decreased $3.2 million, or 8.1%, to $36.2 million. The Company recorded income of $39.9 million during both 1999 and 1998 related to its interest in IL Ponte. The affiliated operations for 1998 include seasonal losses from the first half of 1998 from Seabourn after which its results are included in the Company's consolidated results.

See the "General" section for a discussion of Airtours' and Costa's seasonality. See Note 4 in the accompanying financial statements for more information regarding the Company's affiliated operations.

Nonoperating Income (Expense)

Interest income increased $31.7 million in 1999 due primarily to higher average investment balances resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 6 in the accompanying financial statements).

Gross interest expense (excluding capitalized interest) decreased slightly to $87.9 million from $92.9 million primarily as a result of lower average outstanding debt balances. Capitalized interest increased $5.8 million during 1999 as compared with 1998 due primarily to higher levels of investments in ship construction projects.

Other income in 1999 of $29.4 million primarily relates to $21.4 million of compensation received from the shipyard related to the late deliveries of the Volendam and Carnival Triumph, net of certain related expenses, collection of $4.5 million of insurance proceeds, recognition of $2.3 million of ship lease transaction income and $13.6 million of other non-recurring gains. In addition, other income was partially reduced for, among other things, an $8.8 million expense for the writedown of the Company's investment in Wyndham International common stock and $3.2 million of expenses related to the small engine room fire on the Carnival ship Tropicale.

Minority interest was $14.0 million in 1999 compared with $11.1 million in 1998 which represents the minority shareholders' interest in Cunard Line Limited's net income. On November 15,1999, the Company acquired the remaining minority interest in Cunard at which point no further minority interest expense will be incurred by the Company.

Fiscal 1998 Compared to Fiscal 1997

Revenues

The increase in total revenues of $561.8 million, or 23.0%, was due primarily to an increase in cruise revenues of $540.3 million, or 23.9%. Approximately $281.9 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn and $258.4 million is due to increased cruise revenues from Carnival, Holland America and Windstar. The increase from Carnival, Holland America and Windstar resulted from an increase of approximately 7.0% in total revenue per passenger cruise day and a 4.8% increase in passenger capacity, offset slightly by a .6% decrease in occupancy rates. Total revenue per passenger cruise day increased primarily due to strong demand for the Company's cruise brands and the introduction of Holland America's new Rotterdam VI in November 1997, which obtained higher pricing. Passenger capacity increased due to the addition of Carnival's Elation in March 1998 and Windstar's Wind Surf in May 1998, partially offset by the Ecstasy being out of service for two months during 1998 (see Nonoperating Income (Expense)). Tour revenues increased $31.8 million, or 13.1% to $274.5 million in 1998 from $242.6 million in 1997 due primarily to an increase in the number of tours sold.

Cost and Expenses

Operating expenses increased $296.7 million, or 22.4%. Cruise operating costs increased by $274.2 million, or 23.1% in 1998. Approximately $177.5 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 50.9% and 52.5% in 1998 and 1997, respectively. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of increases in passenger capacity and airfare costs, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. Tour operating expenses increased $32.8 million, or 17.2% primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $72.9 million, or 24.6%, of which $46.8 million, or 15.8%, was due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 11.8% and 12.1% in 1998 and 1997, respectively. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs.

Depreciation and amortization increased by $33.4 million, or 20.0%, to $200.7 million in 1998 from $167.3 million in 1997 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1998, the Company recorded $76.7 million of income from affiliated operations as compared with $53.1 million of income in 1997. The Company's portion of Airtours' income increased $3.7 million to $39.4 million in 1998. The Company recorded income of $39.9 million and $15.5 million during 1998 and 1997, respectively, related to its interest in IL Ponte. The Company did not record earnings from its investment in IL Ponte in the first nine months of 1997 since IL Ponte was acquired in June 1997 and its consolidated operating results are recorded on a two-month lag basis.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased $20.2 million in 1998 primarily as a result of higher average outstanding debt balances, arising from the acquisition and consolidation of Cunard and Seabourn as well as investments in new vessel projects. Capitalized interest increased $18.3 million due primarily to higher levels of investments in ship construction projects during fiscal 1998 as compared with fiscal 1997.

Included in other income in 1998 were gains of $8.4 and $14.8 million resulting from the closing of the sale of CHC International Inc.'s hotel management division and Airtours' issuances of its common stock, respectively. Additionally, other expense includes $8.7 million of previously deferred start-up costs, which were expensed in 1998 and represent the cumulative effect from the Company changing its policy in connection with its early adoption of SOP 98-5 (see Notes 2 and 4 in the accompanying financial statements).

In July 1998, a fire occurred on Carnival Cruise Lines' Ecstasy which damaged the ship's aft section. The time necessary to complete repairs to the Ecstasy resulted in the ship being out of service for approximately two months during 1998. The Ecstasy fire resulted in a reduction in earnings of approximately $19.3 million in 1998. This reduction was comprised of lost revenue, net of related variable expenses, of $12.0 million, and costs associated with repairs to the ship, passenger handling and various other costs, net of estimated insurance recoveries, of $7.3 million. The costs of $7.3 million were included in other expenses.

Minority interest was $11.1 million which represents the minority shareholders' interest in Cunard Line Limited's net income since its acquisition and consolidation by the Company on May 28, 1998.

Liquidity and Capital Resources

Sources of Cash

The Company's business provided $1.33 billion of net cash from operations during fiscal 1999, an increase of 21.8% compared to fiscal 1998. The increase was primarily due to higher net income.

In December 1998, the Company issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million. The Company issued the stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

Uses of Cash

During fiscal 1999, the Company made net expenditures of approximately $873 million on capital projects, of which $695 million was spent in connection with its ongoing shipbuilding program. The shipbuilding expenditures included the final payments on the Carnival Triumph and Holland America's Volendam, which were delivered to the Company in July and October, respectively. The nonshipbuilding capital expenditures consisted primarily of computer and transportation equipment, vessel refurbishments, tour assets and other equipment.

The Company paid $76.5 million related to the acquisition of the minority interest in Cunard (see Note 12 in the accompanying financial statements).

The Company had net repayments of $368.7 million under its commercial paper programs and made scheduled principal payments totaling $67.6 million pursuant to various notes payable. Additionally in late November 1999, the Company prepaid approximately $124 million of Cunard's notes payable (see Note 5 in the accompanying financial statements). Finally, the Company paid cash dividends of $219.2 million in fiscal 1999.

Future Commitments

As of February 4, 2000, the Company, excluding Costa, has contracts for the delivery of twelve new vessels over the next five years. The Company's remaining obligations under these contracts is to pay approximately $800 million during fiscal 2000 relating to the construction and delivery of these new ships and approximately $3.4 billion thereafter.

In addition to these ship construction contracts, the Company has entered into one shipbuilding option and is also in various stages of negotiation with shipbuilding yards for additional ships. No assurance can be given that this option or these negotiations will result in additional ship construction contracts.

At November 30, 1999, the Company had $1.07 billion of long-term debt of which $206 million is due in fiscal 2000. See Notes 5, 8 and 14 in the accompanying financial statements for more information regarding the Company's debts and commitments.

Funding Sources

At November 30, 1999, the Company had approximately $545 million in cash, cash equivalents and short-term investments. These funds along with cash from operations are expected to be the Company's principal source of capital to fund its debt service requirements, ship construction costs, and its investment in Arrasas (see Note 14). Additionally, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs. At November 30, 1999, the Company had approximately $1.2 billion available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

Other Matters

Year 2000

The Year 2000 computer issue was primarily the result of computer programs using a two-digit format, as opposed to four digits, to indicate the year. Such programs would have been unable to interpret dates beyond the year 1999, which could have caused a system failure or other computer errors and a disruption in the operation of such systems. The Company dedicated significant resources to fix this problem before the end of 1999, and it has successfully transitioned from 1999 to 2000 without any significant issue arising in its business processes. The Company does not believe any subsequent Year 2000 computer issues will have a significant impact on its business.

The total aggregate expenditures to address Year 2000 issues were approximately $16 million, of which $8 million has been charged to expense and $8 million has been capitalized related to the accelerated replacement of non-compliant systems due to Year 2000 issues.

Market Risks

The Company is principally exposed to market risks from fluctuations in interest rates, foreign currency exchange rates and fuel and equity prices. The Company seeks to minimize these risks through its regular operating and financing activities, its long-term investment strategy and, when considered appropriate, through the use of derivative financial instruments. The Company's policy is to not use financial instruments for trading or other speculative purposes.

In order to limit its exposure to interest rate fluctuations, the Company has entered into fixed rate debt instruments for substantially all of its long-term debt. The Company's primary foreign currency exchange risk relates to its outstanding obligations under its foreign currency denominated shipbuilding contracts. The Company manages this risk through the use of foreign currency forward contracts (see Notes 2 and 7 in the accompanying financial statements).

Additionally, the Company's investments in foreign affiliates subjects it to foreign currency exchange rate and equity price risks. Management considers its investments in foreign affiliates to be denominated in relatively stable currencies and of a long-term nature and, accordingly, does not typically manage its related foreign currency exchange rate and equity price risks through the use of financial instruments.

Cruise ship expenses are impacted by changes in bunker fuel prices. Bunker fuel consumed over the past five fiscal years represented approximately four to five percent of the Company's operating expenses. The Company endeavors to acquire bunker fuel at the lowest possible prevailing prices given, among other things, its substantial buying power and ability to refuel certain of its ships at ports which offer competitive price advantages.

The Company has typically not used financial instruments to hedge its exposure to the bunker fuel price market risk. However, management is continuing to monitor this market risk, and may, in the future, decide to use financial instruments to reduce this risk. See costs and expenses for fiscal 1999 compared to fiscal 1998 for further discussion.

Other market risk exposures to the Company relate to food commodity prices and the selling of certain of its cruises and incurring certain cruise-related expenses in foreign currencies. The Company does not expect changes in food commodity prices and foreign currency denominated cruise revenue and expenses to materially affect its operating results, however, management monitors such items to determine if any actions, including the use of financial instruments, would be warranted to reduce such market risk exposures.

Exposure to Interest Rates

At November 30, 1999, the Company's long-term debt had a carrying value of $1.074 billion. The fair value of this debt at November 30, 1999 was $1.021 billion. Based upon a hypothetical 10% decrease or increase in the period end market interest rate, the fair value of this liability would increase or decrease by approximately $43 million.

This hypothetical amount is determined by considering the impact of the hypothetical interest rates on the Company's existing debt. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments. Furthermore, since substantially all of the Company's fixed rate debt cannot be prepaid, it is most likely management would be unable to take any significant steps to mitigate its exposure in the event of a significant decrease in market interest rates.

Exposure to Exchange Rates

As a result of the Company having outstanding obligations under ship construction contracts denominated in a foreign currency, it is affected by fluctuations in the value of the U.S. dollar as compared to certain European currencies. Foreign currency forward contracts are used to hedge against this risk. Accordingly, increases and decreases in the fair value of these foreign currency forward contracts are offset by changes in the U.S. dollar value of the net underlying foreign currency denominated ship construction obligations.

At November 30, 1999, the Company's foreign currency forward contracts which hedge its shipbuilding activities had notional amounts and maturity dates of $232 million, $360 million, $662 million, $315 million and $292 million in 2000, 2001, 2002, 2003 and 2004, respectively. The fair value of these contracts was $1.8 billion at November 30, 1999. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the Euro, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $181 million which would be offset by a decrease or increase of $181 million in the U.S. dollar value of the related foreign currency ship construction obligations.

The cost of shipbuilding orders which the Company may place in the future may be affected by foreign currency exchange rate fluctuations. Should the U.S. dollar weaken relative to the Euro, future orders for new ship construction in certain European shipyards may be at higher prices.

Selected Financial Data

The selected financial data presented below for the fiscal years 1995 through 1999 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	Years Ended November 30,				
(in thousands, except per share data)	**1999**	1998	1997	1996	1995
Income Statement Data:					
Revenues	**$3,497,470**	$3,009,306	$2,447,468	$2,212,572	$1,998,150
Operating income before income from affiliated operations	**$ 943,941**	$ 819,792	$ 660,979	$ 551,461	$ 490,038
Operating income	**$1,019,699**	$ 896,524	$ 714,070	$ 597,428	$ 490,038
Net income	**$1,027,240**	$ 835,885	$ 666,050	$ 566,302	$ 451,091
Earnings per share[1]:					
Basic	**$ 1.68**	$ 1.40	$ 1.12	$ .98	$ .79
Diluted	**$ 1.66**	$ 1.40	$ 1.12	$ .96	$ .79
Dividends declared per share[1]	**$ .375**	$ .315	$ .240	$ .190	$ .158
Passenger cruise days	**14,947**	13,009	11,908	10,583	9,201
Occupancy percentage[2]	**104.3%**	106.3%	108.3%	107.6%	105.0%

	As of November 30,				
(in thousands)	**1999**	1998	1997	1996	1995
Balance Sheet Data:					
Total assets	**$8,286,355**	$7,179,323	$5,426,775	$5,101,888	$4,105,487
Long-term debt and convertible notes	**$ 867,515**	$1,563,014	$1,015,294	$1,316,632	$1,150,031
Total shareholders' equity	**$5,931,247**	$4,285,476	$3,605,098	$3,030,884	$2,344,873

(1) All per share amounts have been adjusted to reflect a two-for-one stock split effective June 12, 1998.
(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

Market Price for Common Stock

The following table sets forth for the periods indicated the high and low Common Stock sales prices, as adjusted for the June 12, 1998 two-for-one stock split, on the New York Stock Exchange:

	High	Low
Fiscal Year ended November 30, 1999:		
First Quarter	**$49.125**	**$34.875**
Second Quarter	**$53.500**	**$38.500**
Third Quarter	**$50.500**	**$39.750**
Fourth Quarter	**$51.875**	**$38.125**
Fiscal Year ended November 30, 1998:		
First Quarter	$29.500	$24.938
Second Quarter	$38.250	$29.531
Third Quarter	$42.625	$28.438
Fourth Quarter	$35.438	$19.000

As of January 19, 2000, there were approximately 4,579 holders of record of the Company's Common Stock. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

Selected Quarterly Financial Data (Unaudited)

Quarterly financial results for fiscal 1999 were as follows:

	Quarters Ended			
(in thousands, except per share data)	February 28,	May 31,	August 31,	November 30,
Revenues	**$748,258**	**$796,149**	**$1,161,821**	**$791,242**
Gross profit	**$332,155**	**$363,723**	**$ 589,408**	**$349,548**
Operating income before income from affiliated operations	**$163,481**	**$199,295**	**$ 416,408**	**$164,757**
Operating income	**$157,564**	**$198,113**	**$ 427,184**	**$236,838**
Net income	**$157,761**	**$203,342**	**$ 415,093**	**$251,044**
Earnings per share:				
Basic	**$ .26**	**$ .33**	**$ .68**	**$ .41**
Diluted	**$ .26**	**$ .33**	**$ .67**	**$ .40**
Dividends declared per share	**$ .09**	**$ .09**	**$ .09**	**$ .105**

Quarterly financial results for fiscal 1998 were as follows:

	Quarters Ended			
(in thousands, except per share data)	February 28,	May 31,	August 31,	November 30,
Revenues	$557,838	$661,358	$1,061,539	$728,571
Gross profit	$250,243	$299,002	$ 521,196	$319,488
Operating income before income from affiliated operations	$128,401	$167,794	$ 365,007	$158,590
Operating income	$117,720	$165,441	$ 378,849	$234,514
Net income	$109,914	$160,596	$ 344,752	$220,623
Earnings per share[1]:				
Basic	$ .18	$ .27	$ .58	$ .37
Diluted	$ .18	$ .27	$ .58	$ .37
Dividends declared per share[1]	$ .075	$ .075	$ .075	$ .09

[1]Adjusted for the June 12, 1998 two-for-one stock split.

Forward-Looking Statements

Certain statements in the Shareholders' Letter and under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; changes in food and fuel commodity prices; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; changes in foreign currency prices which may impact the income or loss from certain affiliated operations and certain cruise related revenues and expenses; and changes in laws and regulations applicable to the Company.

Corporate Information

Executive Officers

Carnival Corporation

Micky Arison
Chairman of the Board and Chief Executive Officer

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

Gerald R. Cahill
Senior Vice President Finance and Chief Financial Officer

Ian Gaunt
Senior Vice President International

Kenneth D. Dubbin
Vice President Corporate Development

Lowell Zemnick
Vice President and Treasurer

Carnival Cruise Lines

Robert H. Dickinson
President and Chief Operating Officer

Meshulam Zonis
Senior Vice President Operations

Holland America Line-Westours Inc.

A. Kirk Lanterman
Chairman of the Board and Chief Executive Officer

Board of Directors

Micky Arison
Chairman of the Board and Chief Executive Officer
Carnival Corporation

Shari Arison
Chairman
Arison Holdings (1998) Ltd.

Maks L. Birnbach
Chairman of the Board
Fullcut Manufacturers, Inc.

Atle Brynestad
Chairman and Chief Executive Officer
CG Holding AS

Richard G. Capen, Jr.
Former United States Ambassador to Spain

David Crossland
Chairman
Airtours plc

Robert H. Dickinson
President and Chief Operating Officer
Carnival Cruise Lines

James M. Dubin
Senior Partner
Paul, Weiss, Rifkind, Wharton & Garrison

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

A. Kirk Lanterman
Chairman of the Board and Chief Executive Officer
Holland America Line-Westours Inc.

Modesto A. Maidique
President
Florida International University

William S. Ruben
President
William Ruben, Inc.

Stuart Subotnick
General Partner and Executive Vice President
Metromedia Company

Sherwood M. Weiser
Chairman of the Board and Chief Executive Officer
CRC Holdings, Inc.

Meshulam Zonis
Senior Vice President Operations
Carnival Cruise Lines

Uzi Zucker
Senior Managing Director
Bear Stearns & Co. Inc.

Shareholder Information

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Miami, Florida 33131-2330

Registrar, Stock Transfer Agent and Dividend Reinvestment Plan Administrator
First Union National Bank
1525 West W.T. Harris Blvd., Bldg. 3C3
Charlotte, North Carolina 28288-1153
1-800-829-8432

Stock Listing
The Company's Common Stock trades on the New York Stock Exchange under the ticker symbol CCL.

Legal Counsel
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Shareholder Inquiries
For information about Carnival Corporation and its subsidiaries, including copies of Annual Reports, Form 10-K and 10-Q documents and other available financial information, please contact in writing:

Carnival Corporation Investor Relations
MSEO 1000
3655 N.W. 87th Avenue
Miami, Florida 33178-2428

Annual Meeting
Carnival Corporation's annual meeting of shareholders will be held on April 10, 2000, 11 a.m. at Doral Golf Resort and Spa, 4400 N.W. 87th Avenue, Miami, Florida 33178.

Information Available on the Internet
Copies of the Company's Form 10-K, Proxy Statement and other documents, as well as information on financial results, cruise brands and Company press releases are available through the Carnival Corporation home page on the Internet at www.carnivalcorp.com.

CARNIVAL
CORPORATION

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