15 JULY 2003

RELEASE OF CARNIVAL CORPORATION & PLC QUARTERLY REPORT ON FORM 10-Q AND CARNIVAL PLC INTERIM FINANCIAL INFORMATION

Carnival Corporation & plc announced its second quarter results of operations in its earnings release issued on 25 June 2003. As required by the UK Listing Authority ("UKLA"), Carnival Corporation & plc is hereby announcing that it has filed with the U.S. Securities and Exchange Commission ("SEC") a joint Quarterly Report on Form 10-Q today containing the Carnival Corporation & plc 2003 second quarter and six month interim financial statements, which results remain unchanged from those previously announced on 25 June 2003.

The information included in the attached Schedules A and B is extracted from the Form 10-Q and has been prepared in accordance with SEC rules and regulations. Schedules A and B contain the unaudited interim consolidated financial statements for Carnival Corporation & plc as of and for the three and six months ended 31 May 2003, together with management's discussion and analysis of financial condition and results of operations. These Carnival Corporation & plc consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), and include the consolidated results of Carnival Corporation from 1 December 2002 to 31 May 2003 and prior year comparative data and the consolidated results of Carnival plc (formerly known as P&O Princess Cruises plc) from 17 April 2003 to 31 May 2003. The boards and management believe that this Carnival Corporation & plc U.S. GAAP financial information is the most meaningful presentation to shareholders of both Carnival Corporation and Carnival plc as it presents the financial condition and results of operations of the dual-listed company, Carnival Corporation & plc, in which both groups of shareholders hold their economic interest.

In addition, in accordance with the requirements of the UKLA, we are presenting within this announcement the unaudited interim group financial information for Carnival plc standalone as of and for the five months ended 31 May 2003, which is included within the attached Schedule C. The Carnival plc group financial information has been prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP"). This Carnival plc standalone financial information does not include the consolidated results of Carnival Corporation.

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The full joint Quarterly Report (including the portion extracted for this announcement) is available for viewing on the SEC Web site at www.sec.gov under Carnival Corporation or Carnival plc, the Carnival Corporation Web site at www.carnivalcorp.com and the Carnival plc Web site at www.carnivalplc.com. A copy of the joint Quarterly Report will be available shortly at the UKLA Document Viewing Facility of the Financial Services Authority at 25 The North Colonnade, London E14 5HS.

Carnival Corporation & plc

Carnival Corporation & plc is the largest cruise vacation group in the world, with a portfolio of 13 cruise brands in North America, Europe and Australia, comprised of Carnival Cruise Lines, Princess Cruises, Holland America Line, Costa Cruises, P&O Cruises, Cunard Line, Windstar Cruises, Seabourn Cruise Line, Ocean Village, Swan Hellenic, AIDA, A'ROSA, and P&O Cruises Australia.

Together, these brands operate 70 ships totaling more than 110,600 lower berths with 13 new ships scheduled for delivery between November 2003 and mid-2006. Carnival Corporation & plc also operates three riverboats on Europe's Danube River and the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

Additional information can be obtained via Carnival Corporation & plc’s Web sites at www.carnivalcorp.com and www.carnivalplc.com or by writing to Carnival plc at Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom.

SCHEDULE A

CARNIVAL CORPORATION & PLC – MANAGEMENT’ S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS UNDER U.S. GAAP

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this announcement are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to Carnival Corporation & plc, including some statements concerning future results, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements, including those statements made in our "Outlook for Remainder of Fiscal 2003" section and others which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, costs per available lower berth day, estimates of ship depreciable lives and residual values or business prospects, involve risks and uncertainties, there are many factors that could cause Carnival Corporation & plc's actual results, performance or achievements to differ materially from those expressed or implied in this announcement. These factors include, but are not limited to, the following:

- achievement of expected benefits from the DLC transaction;
- risks associated with the DLC structure;
- risks associated with the uncertainty of the tax status of the DLC structure;
- general economic and business conditions, which may impact levels of disposable income of consumers and the net revenue yields for our cruise brands;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- the impact of operating internationally;
- the international political and economic climate, armed conflicts, terrorist attacks, availability of air service and other world events and adverse publicity and their impact on the demand for cruises;
- accidents and other incidents at sea affecting the health, safety, security and vacation satisfaction of passengers;
- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our businesses worldwide;
- our ability to attract and retain shipboard crew and maintain good relations with employee unions;
- our ability to obtain financing on terms that are favorable or consistent with our expectations;
- the impact of changes in operating and financing costs, including changes in foreign currency and interest rates and fuel, food, insurance and security costs;
- changes in the tax, environmental, health, safety, security and other regulatory regimes under which we operate;
- continued availability of attractive port destinations;

- our ability to successfully implement cost improvement plans and to integrate business acquisitions;

- continuing financial viability of our travel agent distribution system;

- weather patterns or natural disasters; and

- the ability of a small group of shareholders effectively to control the outcome of shareholder voting.

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

Results of Operations

We earn our cruise revenues primarily from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air transportation to and from our ships. The cruise ticket price includes accommodations, meals, entertainment and many onboard activities, and

- the sale of goods and/or services on board our ships, such as bar and beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales and pre- and post cruise land packages. These onboard activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues.

We also derive revenues and incur costs from the operations of Holland America Tours and Princess Tours. These operations' revenues are primarily generated in conjunction with the Alaska cruise vacations provided by our HAL, Princess and CCL cruise brands. In addition, we also derive revenues and incur costs from our business to business travel agency, P&O Travel Ltd., which is also responsible for the purchasing of part of our air travel requirements.

We currently do not accumulate and report all costs separately for our onboard and other revenue producing activities because we view these costs principally as part of the overall cruise services provided to our passengers. We primarily use, and intend to continue to use, other metrics, such as net revenue yields and per diems and net operating costs per available lower berth day, to measure our cruise segment performance and help manage our cruise business. However, we currently plan to commence segregating our revenues and the directly related variable costs and expenses associated with these revenue streams within our consolidated statements of operations for the quarter ending August 31, 2003.

For segment information related to our revenues and operating income see Note 10 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information were as follows:

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	**2002**	**2003**	**2002**
Revenues	100%	100%	100%	100%
Costs and Expenses				
Operating	61	56	61	54
Selling and administrative	16	15	16	15
Depreciation and amortization	10	10	10	9
Operating Income	13	19	13	22
Nonoperating Expense	(2)	(2)	(3)	(3)
Income Before Income Taxes	11	17	10	19
Income Tax Benefit, Net				1
Net Income	11%	17%	10%	20%
Selected Statistical Information				
Passengers carried (in thousands)	2,140	1,603	1,218	831
Occupancy percentage (a)	100.3%	102.3%	98.5%	101.9%

(a) In accordance with cruise industry practice, occupancy percentage is calculated using a denominator of two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

General

Our cruise and other operations experience varying degrees of seasonality. Our revenue from the sale of passenger tickets for our cruise operations is moderately seasonal, with the third quarter being the strongest. The consolidation of Carnival plc is expected to cause our third quarter results to be slightly more seasonal than we have recently experienced. Revenues from our Holland America Tours and Princess Tours units are highly seasonal, with a vast majority of those revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The Carnival Corporation ALBD capacity, excluding Carnival plc, is currently expected to increase by 19.5% and 18.0% in the third and fourth quarters of fiscal 2003, respectively, as compared to the same periods of fiscal 2002. Assuming that the DLC transaction was completed and Carnival plc was consolidated for the full periods in both years, our pro forma ALBD capacity is currently expected to increase 18.9% and 19.4% in the third and fourth quarters of fiscal 2003, respectively, as compared to the same periods of fiscal 2002.

The year over year percentage increase in Carnival Corporation's standalone ALBD capacity, resulting primarily from new ships entering service, for fiscal 2004, 2005 and 2006 is currently expected to be 17.5%, 9.6% and 5.0%, respectively. Our pro forma ALBD capacity increase for fiscal 2004, 2005 and 2006 is currently expected to be 18.4%, 9.2% and 4.3%, respectively.

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in the Carnival Corporation 2002 Annual Report on Form 10-K.

Outlook For Remainder of Fiscal 2003 ("2003")

On June 25, 2003, in our press release announcing second quarter 2003 earnings, we said that, our estimates for earnings per share for the third quarter of 2003 are expected to be in a range of $0.83 to $0.87 and for the fourth quarter in a range of $0.24 to $0.28. We also noted, that because the booking curve remains very close to sailing, the forecasting of future results is less predictable than in prior years.

Six Months Ended May 31, 2003 ("2003") Compared To Six Months Ended May 31, 2002 ("2002")

Revenues

Revenues increased $469 million, or 25%, in 2003 compared to 2002. Cruise revenues increased $467 million, or 25%, to $2.34 billion in 2003 from $1.87 billion in 2002. Approximately $283 million of our cruise revenue increase was due to the consolidation of Carnival plc and $184 million was due to increased revenues from Carnival Corporation's cruise brands. Carnival Corporation's cruise revenue change resulted primarily from a 15.7% increase in its standalone ALBD capacity in 2003 compared to 2002, offset by a decline in its gross revenue yields (gross revenues per available lower berth day). Within this Quarterly Report on Form 10-Q, we disclose certain pro forma information, which assumes that the DLC transaction was completed and Carnival plc was included in the full period for both years. Our pro forma ALBD capacity increase was 16.0% in 2003 compared to 2002. Historical and pro forma gross revenue yields declined 4.2% and 3.2%, respectively, in 2003 compared to 2002 for the same reasons as the decline in net revenue yields discussed below, as well as the reduced number of passengers purchasing air transportation from us. Historical net revenue yields and pro forma net revenue yields declined 4.6% and 2.8%, respectively, in 2003 compared to 2002 largely because of lower cruise ticket prices and lower occupancy levels. Our cruise revenue yields were adversely affected by consumer concerns about travel during the period leading up to the war with Iraq and its eventual outbreak, along with the uncertain world economy.

Onboard and other revenues, which are included in cruise revenues, increased $123 million in 2003 to $529 million from $406 million in 2002. Approximately $60 million of our onboard and other revenues increase was due to the consolidation of Carnival plc and $63 million was due to increased revenues from Carnival Corporation's cruise brands, primarily due to its 15.7% increase in ALBD capacity.

Costs and Expenses

Operating expenses increased $381 million, or 36%, in 2003 compared to 2002. Cruise operating expenses increased $380 million, or 37%, to $1.40 billion in 2003 from $1.03 billion in 2002. Approximately $187 million of our cruise operating cost increase was due to the consolidation of Carnival plc, and the remaining $193 million of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 15.7% increase in its ALBD capacity and higher fuel costs. Pro forma operating expenses increased $335 million, or 20%, to $2.04 billion in 2003 from $1.70 billion in 2002 primarily as a result of the 16% increase in ALBD capacity and higher fuel costs.

Selling and administrative expenses increased $96 million, or 33%, to $389 million in 2003 from $295 million in 2002. Cruise selling and administrative expenses increased $95 million, or 34%, to $373 million in 2003 from $279 million in 2002. Approximately $53 million of our increase was due to the consolidation of Carnival plc and the remaining $42 million of the increase was from Carnival Corporation, which was primarily due to the 15.7% increase in ALBD capacity and the front-loading of advertising expenses into the first quarter of 2003. Pro forma selling and administrative expenses increased $96 million, or 21%, to $552 million from $456 million in 2002, primarily as a result of the 16% increase in ALBD capacity, as well as the $20 million of major marketing, promotion and other costs related to the introduction of four ships by Carnival plc.

Historical and pro forma gross operating costs per ALBD both increased by 4.5% in 2003 compared to 2002. Historical and pro forma net operating costs per ALBD increased 7.2% and 8.4%, respectively, in 2003 compared to 2002. Historical gross and net operating costs per ALBD in 2003 were higher as compared to 2002 largely because of Carnival plc's higher operating cost levels compared to Carnival Corporation, because of higher fuel costs and due to the front-loading of advertising expenses in the 2003 first quarter. Pro forma gross and net operating costs per ALBD in 2003 compared to 2002 were largely higher because of higher fuel costs and front-loading of advertising expenses, as well as Carnival plc's marketing, promotion and other costs mentioned above.

Depreciation and amortization increased by $59 million, or 32%, to $241 million in 2003 from $182 million in 2002. This increase was primarily from the consolidation of Carnival plc, which accounted for approximately $25 million of the increase, and the majority of the remaining increase was primarily as a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures. Pro forma depreciation and amortization expense increased by $55 million, or 21%, to $315 million from $260 million largely due to the expansion of the pro forma combined fleet and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $80 million in 2003 from $59 million in 2002, or $21 million, which was comprised primarily of a $31 million increase in interest expense from our increased level of average borrowings, partially offset by an $11 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of Carnival plc's debt, which contributed $15 million of the increase in interest expense, and Carnival Corporation's issuance of $575 million of convertible notes, net of discount, $500 million of which was received in April 2003 (see Note 5 in the accompanying financial statements).

Other income was $4 million in 2003, which was comprised of $19 million from net insurance proceeds, $10 million as a result of Windstar's Wind Song casualty loss and $9 million as a reimbursement of expenses incurred in prior years, less $16 million related to the Computershare matter and other charges associated with the DLC transaction (see Note 2 in the accompanying financial statements). The Computershare matter relate to the settlement of claims by Carnival plc shareholders whose tender through Chase Nominees Limited of over 53 million Carnival plc shares in the partial share offer was wrongfully rejected by Computershare, our UK Receiving and Escrow Agent.

Three Months Ended May 31, 2003 ("2003") Compared To Three Months Ended May 31, 2002 ("2002")

Revenues

Revenues increased $345 million, or 35%, in 2003 compared to 2002. Cruise revenues increased $341 million, or 35%, to $1.31 billion in 2003 from $968 million in 2002. Approximately $283 million of our cruise revenue increase was due to the consolidation of Carnival plc and $58 million was due to increased revenues in Carnival Corporation cruise brands. Carnival Corporation's cruise revenue change resulted primarily from a 16.6% increase in its standalone ALBD capacity in 2003 compared to 2002, offset by a decline in its gross revenue yields. Our pro forma ALBD capacity increase was 15.4% in 2003 compared to 2002. Historical and pro forma gross revenue yields declined 7.2% and 6.3%, respectively, in 2003 compared to 2002 for the same reasons as the decline in net revenue yields discussed below, as well as the reduced number of passengers purchasing air transportation from us. Historical net revenue yields and pro forma net revenue yields declined 8.6% and 6.7%, respectively, in 2003 compared to 2002 largely because of lower cruise ticket prices and lower occupancy levels. Our cruise revenue yields were adversely affected by consumer concerns about travel during the period leading up to the war with Iraq and its eventual outbreak, along with the uncertain world economy.

Onboard and other revenues, which are included in cruise revenues, increased $92 million in 2003 to $301 million from $209 million in 2002. Approximately $60 million of our onboard and other revenues increase was due to the consolidation of Carnival plc and $32 million was due to increased revenues from Carnival Corporation's cruise brands, primarily due to its 16.6% increase in ALBD capacity.

Costs and Expenses

Operating expenses increased $285 million, or 53%, in 2003 compared to 2002. Cruise operating expenses increased $283 million, or 55%, to $796 million in 2003 from $513 million in 2002. Approximately $187 million of our cruise operating cost increase was due to the consolidation of Carnival plc, and the remaining $96 million of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 16.6% increase in its ALBD capacity and higher fuel costs. Pro forma operating expenses increased $162 million, or 19%, to $1.03 billion in 2003 from $863 million in 2002 primarily as a result of the 15.4% increase in ALBD capacity and higher fuel costs.

Selling and administrative expenses increased $70 million, or 49%, to $212 million in 2003 from $142 million in 2002. Cruise selling and administrative expenses increased $69 million, or 51%, to $204 million in 2003 from $135 million in 2002. Approximately $53 million of our increase was due to the consolidation of Carnival plc and the remaining $16 million of the increase was from Carnival Corporation, which was primarily due to the 16.6% increase in ALBD capacity. Pro forma selling and administrative expenses increased $51 million, or 23%, to $273 million from $222 million in 2002, primarily as a result of the 15.4% increase in ALBD capacity, as well as the $13 million of major marketing, promotion and other costs related to the introduction of four ships by Carnival plc.

Historical and pro forma gross operating costs per ALBD increased 5.9% and 5.2%, respectively, in 2003 as compared to 2002. Historical and pro forma net operating costs per ALBD increased 8.4% and 9.2%, respectively, in 2003 compared to 2002. Historical gross and net operating costs per ALBD in 2003 were higher compared to 2002 largely because of Carnival plc's higher operating cost levels compared to Carnival Corporation and because of higher fuel costs. Pro forma gross and net operating costs per ALBD in 2003 compared to 2002 were largely higher because of higher fuel costs, and Carnival plc's marketing, promotion and other costs mentioned above.

Depreciation and amortization increased by $42 million, or 46%, to $135 million in 2003 from $93 million in 2002. This increase was primarily from the consolidation of Carnival plc, which accounted for approximately $25 million of the increase, and the majority of the remaining increase was primarily as a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures. Pro forma depreciation and amortization expense increased by $27 million, or 20%, to $160 million from $133 million largely due to the expansion of the pro forma combined fleet and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $46 million in 2003 from $28 million in 2002, or $18 million, which was comprised primarily of a $25 million increase in interest expense from our increased level of average borrowings, partially offset by a $6 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily due to the consolidation of Carnival plc's debt, which contributed $15 million of the increase in interest expense and Carnival Corporation's issuance of $575 million of convertible notes.

Other expense was $11 million in 2003, which includes $16 million related to the Computershare matter and other charges associated with the DLC transaction. Other expense was $12 million in 2002, which was primarily comprised of $9 million of losses, including related expenses, resulting from the sale of Holland America's former Nieuw Amsterdam, and $4 million of direct costs associated with cancelled cruises.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $661 million of net cash from operations during the six months ended May 31, 2003, a decrease of $46 million, or 6.5%, compared to the six months ended May 31, 2002.

During the six months ended May 31, 2003, our net expenditures for capital projects were $613 million, of which $511 million was spent for our ongoing shipbuilding program. The $102 million of nonshipbuilding capital expenditures consisted primarily of ship refurbishments, Alaska tour assets, cruise port facility developments and information technology assets. In addition, we received $156 million from Carnival plc's existing cash balances upon its acquisition, net of acquisition costs. Finally, we received an insurance reimbursement of $31 million related to the Wind Song casualty loss and $20 million from the sale of Cunard's Caronia, which we chartered back through November 2004.

During the six months ended May 31, 2003, we issued convertible notes for gross proceeds of $575 million for general corporate purposes, including financing our shipbuilding program and other capital commitments. We also borrowed $323 million under Costa's and POPCIL's revolving credit facilities and $49.5 million of net borrowings under our short-term loan agreements. In addition, we made principal repayments of $284 million, which included $50 million under our $1.4 billion revolver, $213 million on Costa's and POPCIL's revolving credit facilities and $21 million on Costa's and POPCIL's collaterized debt. We also paid cash dividends of $123 million in the first six months of fiscal 2003.

Future Commitments and Funding Sources

Our contractual cash obligations, with initial or remaining terms in excess of one year, and contingent obligations at May 31, 2003 compared to November 30, 2002 changed significantly because of the consolidation of Carnival plc. At May 31, 2003, the Carnival Corporation & plc outstanding debt was $7.05 billion, of which $346 million is due in one year. In addition, we had non-cancelable shipbuilding commitments for 16 new cruise ships and one river boat due over the next three years of approximately $6.7 billion, of which $4.2 billion is due in the twelve months ending May 31, 2004. See Notes 5, 6 and 7 in the accompanying financial statements for our debt, shipbuilding, other commitments and contingent obligations as of May 31, 2003.

At May 31, 2003, we had liquidity of $4.30 billion, which consisted of $1.45 billion of cash, cash equivalents and short-term investments, $1.79 billion available for borrowing under our $2.4 billion of revolving credit facilities obtained through a group of banks, which have strong credit ratings, and $1.06 billion under committed ship financing arrangements. Our revolving credit facilities mature in 2005, with respect to $710 million of availability, and in 2006, with respect to $1.7 billion of availability. A key to our access to liquidity is the maintenance of our strong long-term credit ratings. In the 2003 second quarter, Moody's Investors Service, Standard and Poor's and FitchRatings announced that they had lowered our senior unsecured debt rating from A2 to A3, from A to A- and from A to A-, respectively, in anticipation of, among other things, the DLC transaction with Carnival plc.

We believe that our liquidity, including cash and committed financings, and cash flows from future operations will be sufficient to fund most of our expected capital projects, debt service requirements, dividend payments, working capital and other firm commitments. Our forecasted cash flow from future operations, as well as our credit ratings, may be adversely affected by various factors, including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." To the extent that we are required, or choose, to fund future cash requirements, including our future shipbuilding commitments, from sources other than as discussed above, we believe that we will be able to secure financing from banks or through the offering of debt and/or equity securities in the public or private markets. No assurance can be given, however, that our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing, if necessary.

Market Risks

We have broadened our global presence as a result of the DLC transaction. Specifically, our new international business operations in the UK and Germany subject us to an increased level of foreign currency exchange risk related to the sterling and euro. Accordingly, these foreign currency exchange fluctuations against the dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar and the functional currency for our international operations is generally the local currency. Any weakening of the U.S. dollar against these local functional currencies has the financial statement effect of increasing the U.S. dollar values reported in our consolidated financial statements. Strengthening of the U.S. dollar has the opposite effect.

In addition, our higher level of debt resulting from the DLC transaction increases our exposure to interest rate movements. At May 31, 2003, the fixed and variable interest rate portions of our debt, after the effect of our interest rate swaps, was 59% and 41%, respectively. Our debt, after the effect of foreign currency swaps, was denominated 57% in U.S. dollars, 32% in euros and 11% in sterling.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities, that either have, or are reasonably likely to have, a current or future material effect on our financial statements.

CARNIVAL CORPORATION & PLC
HISTORICAL GAAP RECONCILING INFORMATION

Gross and net revenue yields and gross and net revenue per diems were computed as follows (1):

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	**2002**	**2003**	**2002**
	(in thousands, except yields and per diems)			
Cruise revenues	$2,336,532	$1,869,358	$1,309,057	$968,096
Less commissions, air transportation and other	(458,388)	(360,587)	(256,290)	(177,399)
Net cruise revenues	$1,878,144	$1,508,771	$1,052,767	$790,697
Available lower berth days ("ALBD's")(2)	13,465	10,319	7,661	5,258
Gross revenue yields (3)	$ 173.53	$ 181.16	$ 170.87	$ 184.12
Net revenue yields (4)	$ 139.48	$ 146.21	$ 137.42	$ 150.38
Passenger cruise days ("PCD's")(5)	13,512	10,559	7,544	5,359
Gross revenue per diems (6)	$ 172.92	$ 177.04	$ 173.52	$ 180.65
Net revenue per diems (7)	$ 139.00	$ 142.89	$ 139.55	$ 147.55

Gross and net operating costs per ALBD were comprised as follows (1):

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	**2002**	**2003**	**2002**
	(in thousands, except yields and per diems)			
Cruise operating expenses	$1,405,258	$1,025,315	$795,848	$513,079
Less commissions, air transportation and other	(458,388)	(360,587)	(256,290)	(177,399)
Cruise selling and administrative expenses	373,372	278,853	203,872	135,077
Net cruise costs	$1,320,242	$ 943,581	$743,430	$470,757
ALBD's	13,465	10,319	7,661	5,258
Gross operating costs per ALBD (8)	$ 132.09	$ 126.39	$ 130.49	$ 123.27

Net operating costs per

ALBD (9)	$ 98.05	$ 91.44	$ 97.04	$ 89.53

CARNIVAL CORPORATION & PLC
PRO FORMA GAAP RECONCILING INFORMATION

Our pro forma gross and net revenue yields and gross and net per diems, assuming that the DLC transaction was completed and Carnival plc was consolidated for the full periods noted below, would have been computed as follows (1)(10):

	Six months ended May 31,		Three months ended May 31,	
	2003	**2002**	**2003**	**2002**
	(in thousands, except yields and per diems)			
Cruise revenues	$3,192,346	$2,845,140	$1,592,937	$1,473,071
Less commissions, air transportation and other	(697,876)	(630,842)	(335,293)	(304,310)
Net cruise revenues	$2,494,470	$2,214,298	$1,257,644	$1,168,761
ALBD's (2)	17,710	15,273	9,087	7,877
Gross revenue yields (3)	$ 180.25	$ 186.29	$ 175.30	$ 187.01
Net revenue yields (4)	$ 140.85	$ 144.98	$ 138.40	$ 148.38
PCD's (5)	17,588	15,496	8,925	7,985
Gross revenue per diems (6)	$ 181.51	$ 183.60	$ 178.48	$ 184.48
Net revenue per diems (7)	$ 141.83	$ 142.89	$ 140.91	$ 146.37

Gross and net operating costs per ALBD were comprised as follows (1)(10):

	Six months ended May 31, 2003	Six months ended May 31, 2002	Three months ended May 31, 2003	Three months ended May 31, 2002
	(in thousands, except yields and per diems)			
Cruise operating expenses	$1,985,403	$1,642,625	$993,484	$824,350
Less commissions, air transportation and other	(697,876)	(630,842)	(335,293)	(304,310)
Cruise selling and administrative expenses	530,477	434,473	262,969	211,213
Net cruise costs	$1,818,004	$1,446,256	$921,160	$731,253
ALBD's	17,710	15,273	9,087	7,877
Gross operating costs per ALBD (8)	$ 142.06	$ 136.00	$ 138.27	$ 131.47
Net operating costs per ALBD (9)	$ 102.65	$ 94.69	$ 101.37	$ 92.83

For additional information related to our pro forma consolidated statements of operations and pro forma net cruise revenues and net cruise costs, refer to our joint Current Report on Form 8-K, filed with the SEC on June 25, 2003.

(1) We use net cruise revenue per available lower berth day ("net revenue yields"), net cruise revenue per passenger cruise day ("net revenue per diems") and net cruise costs per available lower berth day as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields and net revenue per diems are commonly used in the cruise industry to measure a company's pricing performance. These measures are also used for revenue management purposes. In calculating net revenue yields and net revenue per diems, we use net cruise revenues rather than gross cruise revenues. We believe that "net cruise revenues" is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues we received net of its most significant variable costs (travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard revenues). Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined.

Net operating costs per available lower berth day is the most significant measure we use to monitor our ability to control costs. In calculating this measure, we deduct the same variable costs as described above, which are included in the calculation of net revenues. This is done to avoid duplicating these variable costs in the non-GAAP financial measures described above because these variable costs are directly associated with the revenues we earn.

(2) Represent the total passenger capacity for the period, assuming two passenger per cabin, that we offer for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
(3) Represent gross cruise revenues divided by ALBD's.
(4) Represent net cruise revenues divided by ALBD's.
(5) Represent the number of cruise passengers multiplied by the number of revenue-producing ship operating days.
(6) Represent gross cruise revenues divided by PCD's.
(7) Represent net cruise revenues divided by PCD's.
(8) Represent gross operating expenses divided by ALBD's.
(9) Represent net cruise costs divided by ALBD's.
(10) For additional information related to the pro forma statements of operations see Note 2 in the accompanying financial statements.

SCHEDULE B

CARNIVAL CORPORATION & PLC – U.S. GAAP CONSOLIDATED FINANCIAL STATEMENTS

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except earnings per share)

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	**2002**	**2003**	**2002**
Revenues	$2,365,721	$1,896,430	$1,334,616	$989,899
Costs and Expenses				
Operating	1,435,175	1,054,340	819,981	534,777
Selling and administrative	389,186	293,524	212,068	142,122
Depreciation and amortization	241,208	182,343	134,725	92,589
	2,065,569	1,530,207	1,166,774	769,488
Operating Income	300,152	366,223	167,842	220,411
Nonoperating (Expense) Income				
Interest income	13,325	14,415	9,096	7,752
Interest expense, net of capitalized interest	(70,906)	(57,467)	(41,514)	(28,011)
Other income (expense), net	3,572	(7,129)	(11,156)	(12,087)
	(54,009)	(50,181)	(43,574)	(32,346)
Income Before Income Taxes	246,143	316,042	124,268	188,065
Income Tax Benefit, Net	8,531	7,799	3,527	6,136
Net Income	$ 254,674	$ 323,841	$ 127,795	$194,201
Earnings Per Share				
Basic	$0.40	$0.55	$0.19	$0.33
Diluted	$0.40	$0.55	$0.19	$0.33

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except par/stated values)

	May 31, 2003	November 30, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$1,381,033	$ 666,700
Short-term investments	67,999	39,005
Accounts receivable, net	347,054	108,327
Inventories	157,779	91,310
Prepaid expenses and other	292,136	148,420
Fair value of derivative contracts	255,715	
Fair value of hedged firm commitments	45,370	78,390
Total current assets	2,547,086	1,132,152
Property and Equipment, Net	16,708,612	10,115,404
Goodwill	3,649,236	681,056
Other Assets	325,116	297,175
Fair Value of Derivative Contracts	133,415	
Fair Value of Hedged Firm Commitments		109,061
	$23,363,465	$12,334,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 49,500	$
Current portion of long-term debt	296,802	154,633
Accounts payable	615,782	268,687
Accrued liabilities	482,663	290,391
Customer deposits	1,436,914	770,637
Dividends payable	82,476	61,612
Fair value of derivative contracts	10,440	73,846
Fair value of hedged firm commitments	280,447	
Total current liabilities	3,255,024	1,619,806
Long-Term Debt	6,707,841	3,013,758
Deferred Income and Other Long-Term Liabilities	307,495	170,814
Fair Value of Derivative Contracts	17,250	112,567
Fair Value of Hedged Firm Commitments	82,279	
Commitments and Contingencies (Notes 2, 6 and 7)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960,000 shares at 2003 and 960,000 at 2002 authorized; 628,727 shares at 2003 and 586,788 shares at 2002 issued and outstanding	6,288	5,868
Ordinary shares of Carnival plc; $1.66 stated value; 225,300 shares authorized; 209,067 shares issued	347,052	
Additional paid-in capital	7,117,454	1,089,125
Retained earnings	6,434,958	6,325,850
Unearned stock compensation	(19,404)	(11,181)
Accumulated other comprehensive income	165,878	8,241
Treasury stock, 41,881 shares of Carnival plc at cost	(1,058,650)	
Total shareholders' equity	12,993,576	7,417,903
	$23,363,465	$12,334,848

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

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

	Six Months Ended May 31, 2003	Six Months Ended May 31, 2002
OPERATING ACTIVITIES		
Net income	$ 254,674	$ 323,841
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	241,208	182,343
Accretion of original issue discount	10,022	9,644
Other	4,593	9,218
Changes in operating assets and liabilities, excluding business acquired		
Decrease (increase) in		
Receivables	(38,742)	(17,020)
Inventories	(4,606)	3,323
Prepaid expenses and other	(41,413)	(42,268)
Increase (decrease) in		
Accounts payable	56,306	2,490
Accrued and other liabilities	(33,830)	(59,125)
Customer deposits	216,645	294,367
Net cash provided by operating activities	664,857	706,813
INVESTING ACTIVITIES		
Additions to property and equipment, net	(612,564)	(594,355)
Acquired from (expended for) the acquisition of Carnival plc, net	156,042	(16,841)
Purchase of short-term investments	(26,098)	(159,888)
Proceeds from retirement of property and equipment	50,919	
Other, net	(4,680)	(2,088)
Net cash used in investing activities	(436,381)	(773,172)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	898,410	77,739
Principal repayments of long-term debt	(284,239)	(10,743)
Dividends paid	(123,245)	(123,120)
Proceeds from short-term borrowings, net	49,500	
Proceeds from issuance of common stock and ordinary shares, net	13,922	4,966
Other	(12,204)	(191)
Net cash provided by (used in) financing activities	542,144	(51,349)
Effect of exchange rate changes on cash and cash equivalents	(56,287)	(6,490)
Net increase (decrease) in cash and cash equivalents	714,333	(124,198)
Cash and cash equivalents at beginning of period	666,700	1,421,300
Cash and cash equivalents at end of period	$1,381,033	$1,297,102

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

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

NOTE 1 – General

Description of Business

Carnival Corporation is a Panamanian corporation and Carnival plc (formerly known as P&O Princess Cruises plc) is incorporated in England and Wales and, along with their consolidated subsidiaries, are referred to collectively in these consolidated financial statements and elsewhere in this announcement as "Carnival Corporation & plc," "our," "us," and "we."

We are a global cruise company and one of the largest vacation companies in the world. A summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed is as follows:

Cruise Brands	Number of Cruise Ships	Passenger Capacity (1) (in thousands)	Primary Market
Carnival Cruise Lines ("CCL") (2)	19	41,322	North America
Princess Cruises ("Princess") (2)(3)(6)	11	19,880	North America
Holland America Line ("Holland America")(2)(6)	12	16,342	North America
Costa Cruises ("Costa")	9	12,868	Europe
P&O Cruises	4	7,730	United Kingdom
AIDA	3	3,730	Germany
Cunard Line ("Cunard")(4)	2	2,458	United Kingdom/ North America
Ocean Village	1	1,610	United Kingdom
A'ROSA (5)	1	1,590	Germany
P&O Cruises Australia (2)(3)	1	1,200	Australia
Swan Hellenic	1	676	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	70	110,634	

(1) In accordance with the cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.
(2) CCL includes the Carnival Glory, Princess includes the Island Princess, and Holland America includes the Oosterdam, which were all delivered after May 31, 2003. In addition, included within the CCL capacity is the 1,486-passenger Jubilee, which we expect to transfer to P&O Cruises Australia in the fall of 2004.
(3) One ship, the Pacific Princess, which is only included in Princess' capacity, operates on a split deployment between Princess and P&O Cruises Australia.
(4) Cunard includes the Caronia, which was sold in May 2003 and is chartered back for use by Cunard until November 2004.
(5) A'ROSA also operates our three river cruise vessels on Europe's Danube River, which have a total passenger capacity of 600 lower berths.
(6) Holland America and Princess also operate the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours, respectively, that primarily complement their cruise operations.

Basis of Presentation

The accompanying consolidated balance sheet at May 31, 2003 and the consolidated statements of operations and cash flows for the six and three months ended May 31, 2003 and 2002 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. Our consolidated financial statements include the consolidated results of operations of Carnival Corporation for the entire six and three month periods and Carnival plc's consolidated results of operations have been included since April 17, 2003 (see Note 2). Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation 2002 Annual Report on Form 10-K and the Carnival plc 2002 Annual Report on Form 20-F.

Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. Reclassifications have been made to prior period amounts to conform to the current period presentation.

NOTE 2 – Dual Listed Company ("DLC") Transaction

On April 17, 2003, Carnival Corporation and Carnival plc completed a DLC transaction, which implemented Carnival Corporation's and Carnival plc's DLC structure. The DLC transaction combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities, and each company's shares continue to be publicly traded on the New York Stock Exchange for Carnival Corporation and the London Stock Exchange for Carnival plc. However, both companies operate as if they were a single economic enterprise. The contracts governing the DLC structure provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The amendments to the constituent documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation's shareholders may differ from the interests of Carnival plc's shareholders (a "class rights action"), each shareholder body will vote separately as a class, such as transactions primarily designed to amend or unwind the DLC structure. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

Upon the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed the Equalization and Governance Agreement, which provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC structure. Because the current equalization ratio is 1 to 1, one Carnival plc ordinary share is entitled to the same distributions, subject to the terms of the Equalization and Governance Agreement, as one share of Carnival Corporation common stock. In a liquidation of either company or both companies, if the hypothetical potential per share liquidation distributions to each company's shareholders are not equivalent, taking into account the relative value of the two companies' assets and the indebtedness of each company, to the extent that one company has greater net assets so that any liquidation distribution to its shareholders would not be equivalent on a per share basis, the company with the ability to make a higher net distribution is required to make a payment to the other company to equalize the possible net distribution to shareholders.

At the closing of the DLC transaction, Carnival plc and Carnival Corporation also executed deeds of guarantee. Under the terms of Carnival Corporation's deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. In addition, Carnival Corporation and Carnival plc may agree that the Carnival Corporation deed of guarantee may apply to any other indebtedness or obligations of Carnival plc, whether incurred before or after the closing of the DLC transaction. The terms of Carnival plc's deed of guarantee are identical to those of Carnival Corporation's. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third party beneficiaries of such deed of guarantee.

The deeds of guarantee are governed and construed in accordance with the laws of the Isle of Man. Subject to the terms of the guarantees, the holders of indebtedness and other obligations that are subject to the guarantees will have recourse to both Carnival plc and Carnival Corporation though a Carnival plc creditor must first make written demand on Carnival plc and a Carnival Corporation creditor on Carnival Corporation. Once the written demand is made by letter or other form of notice, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor. There is no requirement under the deeds of guarantee to obtain a judgment, take other enforcement actions or wait any period of time prior to taking steps against the relevant guarantor. All actions or proceedings arising out of or in connection with the deeds of guarantee must be exclusively brought in courts in England.

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans or investments in each other and otherwise enter into intercompany transactions. The companies expect to enter into such transactions in the future to take advantage of the flexibility provided by the DLC structure and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flow and assets of one company are required to be used to pay the obligations of the other company, if necessary. Given the DLC structure as described above, we believe that providing separate financial statements for each of Carnival Corporation and Carnival plc would not present a true and fair view of the economic realities of their operations. Accordingly, separate financial statements for both Carnival Corporation and Carnival plc have not been presented.

Simultaneously with the completion of the DLC transaction, a partial share offer ("PSO") for 20% of Carnival plc's shares was made and accepted, which enabled 20% of Carnival plc shares to be exchanged for 41.7 million Carnival Corporation shares. The 4l.7 million shares of Carnival plc held by Carnival Corporation as a result of the PSO, which cost $1.05 billion, are being accounted for as treasury stock in the accompanying balance sheet. The holders of Carnival Corporation shares, including the new shareholders who exchanged their Carnival plc shares for Carnival Corporation shares under the PSO, now own an economic interest equal to approximately 79%, and holders of Carnival plc shares now own an economic interest equal to approximately 21%, of Carnival Corporation & plc.

The management of Carnival Corporation and Carnival plc ultimately agreed to enter into the DLC transaction because, among other things, the creation of Carnival Corporation & plc would result in a company with complementary well-known brands operating globally with enhanced growth opportunities, benefits of sharing best practices and generating cost savings, increased financial flexibility and access to capital markets and a DLC structure, which allows for continued participation in the global cruise industry for Carnival plc's shareholders who wish to continue to hold shares in a United Kingdom ("UK")-listed company.

Carnival plc was the third largest cruise company in the world and operated many well-known global brands with leading positions in the UK, Germany, Australia and the United States ("U.S."). The combination of Carnival Corporation with Carnival plc under the DLC structure has been accounted for under U.S. generally accepted accounting principles ("GAAP") as an acquisition of Carnival plc by Carnival Corporation pursuant to SFAS No. 141, "Business Combinations." The purchase price of $25.31 per share was based upon the average of the quoted closing market price of Carnival Corporation's shares beginning two days before and ending two days after January 8, 2003, the date the Carnival plc board agreed to enter into the DLC transaction. The number of additional shares effectively issued in the combined entity for purchase accounting purposes was 209.6 million. In addition, Carnival Corporation has estimated that it will incur approximately $60 million of direct acquisition costs, which have been included in the purchase price. The aggregate purchase price of $5.37 billion, computed as described above, has been preliminarily allocated to the assets and liabilities of Carnival plc as follows (in millions):

Ships	$5,159
Ships under construction	406
Other tangible assets	856
Goodwill	2,912
Debt	(2,930)
Other liabilities	(1,038)
	$5,365

We have engaged an appraisal firm who has not yet completed its valuation work, which is being performed to assist us in establishing the fair value of Carnival plc's cruise ships and amortizable and non-amortizable intangible assets and liabilities. However, based on the information currently available, it is not expected that the amount of separately identifiable amortizable intangible assets will be material to the Carnival Corporation & plc financial statements. Prior to the completion of this valuation work, we have assumed that the fair values of ships in use and under construction are the same as their net book value at the date of acquisition. However, as noted above, we are having an appraisal performed of these cruise ships, and we believe it is possible that the fair value of some of these ships could be less than their carrying value, thus reducing depreciation expense. No assurance can be given that the preliminary fair value estimates noted above will not be materially changed as a result of these valuations or other additional information being obtained and, accordingly, the amounts preliminarily allocated to Carnival plc's opening balance sheet assets and liabilities may change, which would also change the pro forma information provided below.

The information presented below gives pro forma effect to the DLC transaction between Carnival Corporation and Carnival plc. Management has prepared the pro forma information based upon the companies' historical financial information and, accordingly, the above information should be read in conjunction with the companies' historical financial statements, as well as the pro forma information included in the companies' joint Current Reports on Form 8-K, dated May 29, 2003 and June 25, 2003.

As noted above, the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation, using the purchase method of accounting. Carnival plc's accounting policies have been conformed to Carnival Corporation's policies. Carnival plc's reporting period has been changed to the Carnival Corporation reporting period and the information presented below covers the same periods of time for both companies.

The pro forma information presented below has been prepared as if the DLC transaction had occurred on December 1, 2001, rather than April 17, 2003, and has not been adjusted to reflect any net transaction benefits. In addition, the pro forma information does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2001 or what those results will be for any future periods.

	Six months ended May 31,		**Three months ended May 31,**	
	2003	**2002**	**2003**	**2002**
	(in millions, except earnings per share and shares)			
Pro forma revenues	$3,241	$2,902	$1,624	$1,513
Pro forma net income (a)(b)(c)(d)	$ 221	$ 396	$ 98	$ 242
Pro forma earnings per share				
Basic	$ 0.28	$ 0.50	$ 0.12	$ 0.31
Diluted	$ 0.28	$ 0.49	$ 0.12	$ 0.30
Pro forma weighted-average				

shares outstanding				
Basic	795	795	796	795
Diluted	799	800	799	800

(a) In accordance with SFAS No. 141, the above pro forma net income includes Carnival plc's costs related to its terminated Royal Caribbean transaction and the completion of the DLC transaction with Carnival Corporation, which were expensed by Carnival plc prior to April 17, 2003. If the above pro forma net income excluded these transaction costs, as required by Article 11 of the Securities and Exchange Commission Regulation S-X, then the pro forma net income would have been $266 million and $407 million for the six months ended May 31, 2003 and 2002, respectively, and $122 million and $250 million for the three months ended May 31, 2003 and 2002, respectively.

(b) The six and three months ended May 31, 2003 includes expenses totalling approximately $20 million and $13 million, respectively, due to the major marketing, promotion and other expenses incurred by Carnival plc's introduction into UK service of four vessels: the Oceana; Minerva II; Ocean Village; and Adonia.

(c) Carnival plc is expected to receive insurance company and/or shipyard payments related to the Diamond Princess fire and the Island Princess delayed delivery. The present value of these payments, which approximates $99 million, has been recorded on the balance sheet of Carnival Corporation & plc as a Carnival plc fair value acquisition adjustment.

(d) The excess of purchase price over net assets acquired from Carnival plc through the DLC transaction is primarily estimated to include the value attributed to Carnival plc's trademarks, brand names and goodwill. Management believes that these trademarks and brand names have indefinite lives and, accordingly, based on SFAS No. 142, "Goodwill and Other Intangible Assets," no adjustment for pro forma amortization is required. It is not possible at this time to reasonably estimate the separate amounts attributable to identifiable intangible assets or goodwill since the measurement of these assets requires the expertise of the appraisal firm who has not yet completed its valuation work. Accordingly, the entire amount of the excess of the purchase price has currently been allocated to goodwill in the accompanying May 31, 2003 balance sheet, but is expected to be allocated between goodwill and other identifiable intangible assets such as brand names and trademarks, subsequent to the completion of the DLC transaction based primarily on the appraisal firm's valuation. However, since it is expected that the material intangibles that will be identified and valued will have indefinite lives, no material impact on the statement of operations is expected as a result of this presentation on the Carnival Corporation & plc balance sheet, as neither goodwill nor these indefinite lived intangibles are allowed to be amortized under SFAS No. 141.

Computershare Investor Services plc ("Computershare") acted as the UK Receiving Agent and Escrow Agent for Carnival Corporation in connection with the PSO to shareholders of Carnival plc. Computershare wrongfully rejected the tender of over 53 million Carnival plc shares. Chase Nominees Limited tendered the rejected shares on behalf of these Carnival plc shareholders. On July 3, 2003, we entered into a cash settlement agreement with Chase Nominees Limited, on behalf of itself and the affected Carnival plc shareholders, to settle this dispute. Our nonoperating expenses for the three months ended May 31, 2003 included estimated expenses of $16 million related to this dispute and other costs associated with the DLC transaction.

NOTE 3 - Stock-Based Compensation

Pursuant to Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, we elected to use the intrinsic value method of accounting for our employee and director stock-based compensation awards. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. As recommended by SFAS No. 123, the fair values of options were estimated using the Black-Scholes option-pricing model. Our adjusted net income and adjusted earnings per share had we elected to adopt the fair value approach of SFAS No. 123, which charges earnings for the estimated fair value of stock options, would have been as follows (in thousands, except per share amounts):

	Six Months ended May 31,		Three months ended May 31,	
	2003	**2002**	**2003**	**2002**
Net income, as reported	$254,674	$323,841	$127,795	$194,201
Stock-based compensation expense included in net income, as reported	2,719	2,577	1,431	1,337
Total stock-based compensation expense determined under the fair value-based method for all awards	(17,332)	(14,990)	(9,032)	(7,543)
Adjusted net income	$240,061	$311,428	$120,194	$187,995
Earnings per share				
Basic				
As reported	$ 0.40	$ 0.55	$ 0.19	$ 0.33
Adjusted	$ 0.38	$ 0.53	$ 0.17	$ 0.32
Diluted				
As reported	$ 0.40	$ 0.55	$ 0.19	$ 0.33
Adjusted	$ 0.38	$ 0.53	$ 0.17	$ 0.32

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting or trading restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including expected stock price volatility. Because our options have characteristics different from those of traded options, the existing models do not necessarily provide a reliable single measure of the fair value of our options.

NOTE 4 – Property and Equipment

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

	May 31, 2003	November 30, 2002
Ships (a)	$16,715,131	$10,665,958
Ships under construction	1,234,755	712,447
	17,949,886	11,378,405
Land, buildings and improvements, and port facilities	467,048	314,448
Transportation equipment and other	549,209	409,310
Total property and equipment	18,966,143	12,102,163
Less accumulated depreciation and amortization	(2,257,531)	(1,986,759)
	$16,708,612	$10,115,404

(a) At May 31, 2003, 11 ships with an aggregate net book value of $3.04 billion were pledged as collateral pursuant to mortgages related to $1.48 billion of debt and a $469 million contingent obligation (see Notes 5 and 7).

At May 31, 2003, ship costs included a preliminarily estimated fair value of approximately $5.16 billion for Carnival plc ships, which were acquired on April 17, 2003. As previously noted, this estimate will be adjusted to a final estimated fair value when the appraisals of these cruise ships are completed (see Note 2).

Capitalized interest, primarily on our ships under construction, amounted to $22 million and $16 million for the six months ended May 31, 2003 and 2002, respectively, and $13 million and $8 million for the three months ended May 31, 2003 and 2002, respectively.

NOTE 5 - Debt

Short-term borrowings consisted of unsecured fixed rate notes, bearing interest at libor plus 0.15% (1.48% weighted-average interest rate at May 31, 2003), payable to a bank through August 2003.

Long–term debt consisted of the following (in thousands):

	May 31, 2003(a)	November 30, 2002(a)
Secured		
Floating rate notes, collateralized by ships, bearing interest at rates ranging from libor plus 1.25% to libor plus 1.33% (2.63% to 2.69% at May 31, 2003), due through 2016	$ 602,112	
Euro floating rate notes, collateralized by ships, bearing interest at rates ranging from euribor plus 0.5% to euribor plus 1.37% (3.0% to 3.85% at May 31, 2003 and 4.0% at November 30, 2002), due through 2016	565,684	$ 118,727
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74% , due through 2012 (b)	198,574	
Capitalized lease obligations, collateralized by ships, implicit interest at 3.66%, due through 2005	116,251	
Other	20,401	
	1,503,022	118,727
Unsecured		
Fixed rate notes, bearing interest at rates ranging from 4.4% to 8.2%, due through 2028 (c)(d)	1,740,952	856,680
Euro floating rate notes, bearing interest at rates ranging from euribor plus 0.35% to euribor plus 0.47% (3.2% to 3.4% and 3.8% to 4.0% at May 31, 2003 and November 30, 2002, respectively), due through 2006 (e)	682,730	570,187
Euro revolving credit facilities, bearing interest at euribor plus 0.53% and euro libor plus 0.98% (3.0% to 3.6% and 3.6% at May 31, 2003 and November 30, 2002, respectively), due through 2006	607,245	110,190
Sterling fixed rate bonds, bearing interest at 6.4%, due in 2012 (d)	343,393	
Euro fixed rate notes, bearing interest at 5.57%, due in 2006	355,965	297,195
Revolving credit facilities, bearing interest at rates ranging from libor plus 0.17% to libor plus 0.98% (2.3% at May 31, 2003 and 1.6% at November 30, 2002), due through 2006	16,500	50,000
Other	48,956	44,468
Convertible notes, bearing interest at 2%, due in 2021, with first put option in 2005	600,000	600,000
Zero-coupon convertible notes, net of discount, with a face value of $1.05 billion, due in 2021, with first put option in 2006	530,804	520,944
Convertible notes, net of discount, with a face value of $889 million, due in 2033, with first put in option 2008 (f)	575,076	
	5,501,621	3,049,664
	7,004,643	3,168,391
Less portion due within one year	(296,802)	(154,633)
	$6,707,841	$3,013,758

(a) All borrowings are in U.S. dollars unless otherwise noted. Euro and sterling denominated notes have been translated to U.S. dollars at the period-end exchange rates.
(b) We have entered into interest rate swap agreements, which mature through 2012, and convert this fixed rate debt to floating rate debt. In addition, we have entered into foreign currency swap transactions, which have effectively converted this euro debt into sterling debt.
(c) We have entered into interest rate swap agreements, which mature through 2010, and effectively converted $594 million ($225 million at November 30, 2002) of this fixed rate debt to floating rate debt. In addition, we have entered into foreign currency swap transactions, which have effectively converted $225 million of this dollar debt into sterling debt.
(d) At May 31, 2003, $1.23 billion of Carnival plc's debt was unconditionally guaranteed by P&O Princess Cruises International Limited ("POPCIL"), a 100% direct wholly-owned subsidiary of Carnival plc. POPCIL's 2002 consolidated financial statements are included in its Registration Statement on Form F-3, filed with the Securities and Exchange Commission on June 19, 2003. On June 19, 2003, POPCIL, Carnival Corporation and Carnival plc executed a deed of guarantee under which POPCIL agreed to guarantee all indebtedness and related obligations of both Carnival Corporation and Carnival plc incurred under agreements entered into after April 17, 2003, the date the DLC transaction was completed. Under this deed of guarantee, POPCIL also agreed to guarantee all other indebtedness and related obligations that Carnival Corporation and Carnival plc agreed to guarantee under their deeds of guarantee. Carnival Corporation expects to guarantee all or a substantial portion of the existing indebtedness of Carnival plc, subject to some amendments being made to the terms of that indebtedness.
(e) Euro floating rate notes in the amount of $333 million ($278 million at November 30, 2002) have been swapped into euro fixed rate notes through 2005.
(f) These convertible notes, issued on April 29, 2003, are convertible into a maximum of 20.9 million shares of Carnival Corporation common stock and are guaranteed by Carnival plc and POPCIL. These notes are convertible at a conversion price of $53.11 per share, subject to adjustment, during any fiscal quarter between August 31, 2003 through April 29, 2008, for which the closing price of the Carnival Corporation common stock is greater than $63.73 per share, for a defined duration of time. Thereafter, the $63.73 per share conversion trigger price increases each quarter at an annual rate of 1.75%, until maturity. In addition, holders may also surrender the notes for conversion if they have been called for redemption or, for other specified occurrences, including the credit rating assigned to the notes being Baa3 or lower by Moody's Investors Service and BBB- or lower by Standard & Poor's Rating Services, as well as certain corporate transactions. The conditions for conversion of these notes were not met during the second fiscal quarter of 2003. Upon conversion, redemption or repurchase of the above notes, we may choose to deliver Carnival Corporation common stock, cash or a combination of cash and Carnival Corporation common stock with a total value equal to the value of the consideration otherwise deliverable. If these convertible notes were to be put back to us, we expect to settle them for cash and, accordingly, they are not included in our diluted earnings per share common stock calculations. However, no assurance can be given that we will have sufficient liquidity to make such cash payments. See Note 11.

    These notes bear interest at 1.132% per year on the principal amount at maturity, payable in cash semi-annually in arrears, commencing October 29, 2003 through April 29, 2008. Effective April 30, 2008, these notes no longer require a cash interest payment, but interest will accrete on the principal amount of the notes at a semi-annual rate of 1.75% per year.

At May 31, 2003, we were in compliance with all of our debt covenants.

At May 31, 2003, the scheduled annual maturities of our long-term debt was as follows (in thousands):

Fiscal	
Remaining six months of 2003	$ 206,898
2004	254,279
2005	1,625,858(a)
2006	1,645,602(a)
2007	443,023
Thereafter	2,828,983(a)
	$7,004,643

(a) Includes $600 million of our 2% convertible notes in 2005, $531 million of our zero-coupon convertible notes in 2006, and $575 million of our convertible notes in 2008, based in each case on the date of the noteholders' first put option.

NOTE 6 – Commitments

Ship Commitments

A description of our ships under contract for construction at May 31, 2003 was as follows (in millions, except passenger capacity data):

Brand and Ship	**Expected Service Date**(a)	**Shipyard**	**Passenger Capacity**	**Estimated Total Cost**(b)
CCL				
Carnival Glory	7/03	Fincantieri(c)	2,974	$ 510
Carnival Miracle	3/04	Masa-Yards (d)	2,124	375
Carnival Valor	12/04	Fincantieri(d)	2,974	510
Carnival Liberty	8/05	Fincantieri	2,974	460
Total CCL			11,046	1,855
Princess				
Island Princess	7/03	Chantiers de l'Atlantique(c)(d)(e)	1,970	480
Diamond Princess	3/04	Mitsubishi (e)	2,670	535
Caribbean Princess	4/04	Fincantieri (d)	3,110	500
Sapphire Princess	6/04	Mitsubishi (e)	2,670	535
Newbuild	6/06	Fincantieri	3,110	500
Total Princess (g)			13,530	2,550
Holland America				
Oosterdam	8/03	Fincantieri(c)(d)	1,848	410
Westerdam	5/04	Fincantieri(d)	1,848	410
Newbuild	2/06	Fincantieri(d)	1,848	410
Total Holland America			5,544	1,230
Costa				
Costa Fortuna	12/03	Fincantieri(f)	2,720	510
Costa Magica	11/04	Fincantieri(f)	2,720	545
Total Costa			5,440	1,055
Cunard				
Queen Mary 2	1/04	Chantiers de l'Atlantique(d)	2,620	780
Queen Victoria	4/05	Fincantieri (d)	1,968	410
Total Cunard			4,588	1,190
A'ROSA (river boat)				
Newbuild	4/04	Meyer Werft	200	20
Total			40,348	$7,900

(a) The expected service date is the date the ship is currently expected to begin its first revenue generating cruise.
(b) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items.
(c) The Island Princess, Carnival Glory and Oosterdam were delivered to us by the shipyard on June 18, June 27 and July 11, 2003, respectively.
(d) These construction contracts are denominated in euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(e) At May 31, 2003, we had arranged committed financing for $1.06 billion to fund the delivery payments for these ships.
(f) These construction contracts are denominated in euros, which is Costa's functional currency. The estimated total costs have been translated into U.S. dollars using the May 31, 2003 exchange rate.
(g) The estimated fair value of these contracts are being evaluated by an appraisal firm as part of our accounting for the acquisition of Carnival plc and, accordingly, we believe the amounts that ultimately are recorded on our balance sheet for these ships may be lower than their

estimated total cost (see Note 2).

In connection with our ships under contract for construction, we have paid $1.2 billion through May 31, 2003 and anticipate paying $4.2 billion during the twelve months ending May 31, 2004 and $2.5 billion thereafter.

NOTE 7 - Contingencies

Litigation

In 2002, three actions (collectively, the "Facsimile Complaints") were filed against Carnival Corporation on behalf of purported classes of persons who received unsolicited advertisements via facsimile, alleging that Carnival Corporation and other defendants distributed unsolicited advertisements via facsimile in contravention of the U.S. Telephone Consumer Protection Act. The plaintiffs seek to enjoin the sending of unsolicited facsimile advertisements and statutory damages. The advertisements referred to in the Facsimile Complaints were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of travel agencies that referenced a CCL product. We do not advertise directly to the traveling public through the use of facsimile transmission. The ultimate outcomes of the pending Facsimile Complaints cannot be determined at this time. We believe that we have meritorious defenses to these claims and, accordingly, we intend to vigorously defend against these actions.

In February 2001, Holland America Line-USA, Inc. ("HAL-USA"), a Carnival Corporation wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America ships in Alaska. HAL-USA responded to the subpoena. The ultimate outcome of this matter cannot be determined at this time.

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska requesting that they appear before a grand jury. One subpoena also requested the production of Holland America documents, which Holland America has produced. Holland America is also complying with a recent subpoena for additional documents. If the investigation results in charges being filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The State of Alaska is separately investigating this incident. The ultimate outcome of these matters cannot be determined at this time. However, if Holland America were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

Costa has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a 79 million euro denominated contract for the conversion and lengthening of the ship. Costa has also given notice of termination of the contract. It is now expected that the arbitration tribunal's decision will be made in mid-2004 at the earliest. In the event that an award is given in favor of Cammell Laird, the amount of damages, which Costa will have to pay, if any, is not currently determinable. The ultimate outcome of this matter cannot be determined at this time.

On April 23, 2003, Festival Crociere S.p.A. commenced an action against the European Commission (the "Commission") in the Court of First Instance of the European Communities in Luxembourg seeking to annul the Commission's antitrust approval of the DLC transaction (the "Festival Action"). We have recently sought leave to intervene in the Festival Action and intend to contest such action vigorously. A successful third party challenge of an unconditional Commission clearance decision would be unprecedented, and based on a review of the law and the factual circumstances of the DLC transaction, as well as the Commission's approval decision in relation to the DLC transaction, we believe that the Festival Action will not have a material adverse effect on the companies or the DLC transaction. However, the ultimate outcome of this matter cannot be determined at this time.

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

Operating Leases

At May 31, 2003, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year were approximately as follows (in thousands):

Fiscal	
Remaining six months of 2003	$ 18,000
2004	33,000
2005	31,000
2006	21,000
2007	16,000
Thereafter	82,000
	$201,000

Port Facilities and Other

At May 31, 2003 we had commitments through 2027, with initial or remaining terms in excess of one year, to pay minimum amounts for our annual usage of port facilities and other contractual commitments approximately as follows (in thousands):

Fiscal	
Remaining six months of 2003	$ 29,000
2004	46,000
2005	32,000
2006	33,000
2007	34,000
Thereafter	185,000
	$359,000

Contingent Obligations

At May 31, 2003, we had contingent obligations totaling $1.06 billion to participants in lease out and lease back type transactions for three of our ships. At the inception of the leases, the entire amount of the contingent obligations was paid by us to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither funds nor the contingent obligations have been included on our balance sheets. We would only be required to make any payments under these lease contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, we obtained a direct guarantee from another AAA rated financial institution for $291 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. If the major financial institutions' credit ratings fall below AA-, we would be required to move a majority of the funds from these financial institutions to other highly-rated financial institutions. If Carnival Corporation's credit rating falls below

BBB, we would be required to provide a standby letter of credit for $87 million, or alternatively provide mortgages in the aggregate amount of $87 million on two of Carnival Corporation's ships.

In the unlikely event that we were to terminate the three lease agreements early or default on our obligations, we would, as of May 31, 2003 have to pay a total of $168 million in stipulated damages. As of May 31, 2003, $177 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. Between 2017 and 2022, we have the right to exercise options that would terminate these transactions at no cost to us. As a result of entering into these three transactions we received $67 million, which was recorded as deferred income on our balance sheets and is being amortized to nonoperating income through 2022. In the event we were to default under our $1.4 billion revolving credit facility, we would be required to post cash collateral to support the stipulated damages standby letters of credit.

Other contingent obligations

Some of the debt agreements that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, increased lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for indemnification is probable.

We have provided counter-indemnities of approximately $335 million relating to bonds provided by third parties in support of our obligations arising in the normal course of business. Generally, these bonds are required by travel industry regulators in the various jurisdictions in which we operate.

NOTE 8 - Shareholders' Equity

Carnival Corporation's Articles of Incorporation and Carnival plc's Memorandum and Articles of Association authorize their boards of directors, at their discretion, to issue up to 40 million shares and 100,000 shares of preferred stock, respectively. At May 31, 2003 and November 30, 2002, no Carnival Corporation nor Carnival plc preferred stock had been issued.

During the six months ended May 31, 2003 and 2002, Carnival Corporation declared quarterly cash dividends of $0.105 per share in each quarter, or an aggregate of $123 million for each six month period to its stockholders. In addition, Carnival plc also declared dividends of $.105 per share in the 2003 second quarter, or an aggregate of $18 million, which was paid in June 2003.

NOTE 9 – Comprehensive Income

Comprehensive income was as follows (in thousands):

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	**2002**	**2003**	**2002**
Net income	$254,674	$323,841	$127,795	$194,201
Foreign currency translation adjustment, net	163,723	24,745	109,165	32,901
Unrealized gains on				

marketable securities, net	2,492	6,280	3,629	3,847
Changes related to cash flow derivative hedges	(8,578)	4,571	(6,484)	(8)
Total comprehensive income	$412,311	$359,437	$234,105	$230,941

NOTE 10 - Segment Information

Our cruise segment included thirteen cruise brands since April 17, 2003, and six Carnival Corporation cruise brands from December 1, 2001 to April 16, 2003, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics. Cruise revenues are comprised of sales of passenger cruise tickets, and in some cases the sale of air transportation to and from our cruise ships. The cruise ticket price includes the overall cruise vacation experience, including accommodations, meals, entertainment and many onboard activities. Cruise revenues also include the sale of goods and/or services on board our cruise ships, which are made available to our passengers to enhance their cruise experience, while generating additional revenues for us. These revenues include bar and beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales and pre- and post cruise land packages. These onboard activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues. The other segment represents the transportation, hotel and tour operations of Holland America Tours, the hotel and transportation operations of Princess Tours and the business to business travel agency operations of P&O Travel Ltd., the latter two since completion of the DLC transaction on April 17, 2003.

Selected segment information was as follows (in thousands):

	Six Months Ended May 31,			
	2003(a)		**2002**(a)(b)	
	Revenues	**Operating income (loss)**	**Revenues**	**Operating income (loss)**
Cruise	$2,336,532	$321,389	$1,869,358	$386,602
Other	41,983	(21,237)	33,495	(20,379)
Intersegment elimination	(12,794)		(6,423)	
	$2,365,721	$300,152	$1,896,430	$366,223

	Three Months Ended May 31,			
	2003(a)		**2002**(a)(b)	
	Revenues	**Operating income (loss)**	**Revenues**	**Operating income (loss)**
Cruise	$1,309,057	$177,832	$968,096	$229,619
Other	36,464	(9,990)	27,788	(9,208)
Intersegment elimination	(10,905)		(5,985)	
	$1,334,616	$167,842	$989,899	$220,411

(a) Cruise revenues included billings to Holland America Tours for the cruise portion of a tour, when a cruise is sold as part of a tour package. In addition, other revenues included billings by Princess Tours for the land portion of a tour, when a tour is sold as part of a cruise package, and billings by Holland America Tours and Princess Tours to some of our cruise brands for providing port hospitality services to cruise passengers. These intersegment billings are eliminated from revenues in the line "Intersegment elimination."

(b) Revenue amounts in 2002 have been reclassified to conform to the 2003 presentation. In addition, in 2003 we commenced allocating all corporate expenses to our cruise segment. Accordingly, the 2002 presentation has been restated to allocate the previously unallocated 2002 corporate expenses to our cruise segment.

In addition, at May 31, 2003, substantially all of our assets are included within the cruise segment.

NOTE 11 - Earnings Per Share

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

	Six Months Ended May 31,		Three Months Ended May 31,	
	2003	2002	2003	2002
Net income	$254,674	$323,841	$127,795	$194,201
Weighted-average common shares outstanding	637,916	586,395	688,937	586,520
Dilutive effect of stock plans	1,033	1,799	1,181	2,259
Diluted weighted-average shares outstanding	638,949	588,194	690,118	588,779
Basic earnings per share	$0.40	$0.55	$0.19	$0.33
Diluted earnings per share	$0.40	$0.55	$0.19	$0.33

The weighted-average common shares outstanding for the six and three months ended May 31, 2003 includes the pro rata Carnival plc shares since April 17, 2003. In addition, our diluted earnings per share computation for the six and three months ended May 31, 2003 and 2002 did not include a maximum of 53.6 million and 32.7 million shares of Carnival Corporation common stock issuable upon conversion of all its convertible debt, as this common stock was not issuable under the contingent conversion provisions of these debt instruments.

If Carnival Corporation's common stock price reaches $33.77 per share for a defined duration of time in the three months ended August 31, 2003, then an additional 17.4 million shares of its stock, which is issuable under its zero-coupon notes, will be considered outstanding for our diluted third quarter earnings per share computation. In addition, we would increase third quarter net income to eliminate the imputed interest expense we recorded on these zero-coupon notes for the diluted third quarter earnings per share computation.

NOTE 12 - Recent Accounting Pronouncements

In November 2002, Financial Accounting Standards Board Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantors, Including Indirect Guarantees of Indebtedness of Others" was issued. FIN No. 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. Guarantors will also be required to meet expanded disclosure obligations. The initial recognition and measurement provisions of FIN No. 45 are effective for guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for annual and interim financial statements that end after December 15, 2002. We have adopted FIN No. 45 in the first quarter of 2003.

In December 2002, SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of SFAS No. 123" was issued. SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee and director compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual financial statements for fiscal years ending after December 15, 2002 and for interim financial statements commencing after such date. We adopted the disclosure requirements of SFAS No. 148 for our quarter ended May 31, 2003 (see Note 3).

SCHEDULE C

CARNIVAL PLC – UK GAAP GROUP FINANCIAL INFORMATION

SUMMARISED GROUP PROFIT AND LOSS ACCOUNTS

	Five months to 31 May 2003 (unaudited)	Six months to 30 June 2002 (unaudited)	Twelve months to 31 December 2002 (unaudited)
		--restated (note 2)--	
US$ millions			
Turnover	1,048.0	1,148.4	2,519.5
Direct operating costs	(734.1)	(731.7)	(1,578.2)
Selling and administrative expenses before exceptional costs	(187.9)	(161.6)	(356.6)
Exceptional transaction costs	(30.7)	-	(117.0)
Depreciation and amortisation	(87.1)	(83.2)	(173.9)
	(1,039.8)	(976.5)	(2,225.7)
Total operating profit	8.2	171.9	293.8
Profit on sale of assets	2.5	1.2	1.2
Profit on ordinary activities before interest	10.7	173.1	295.0
Net interest payable and similar items	(38.2)	(35.0)	(74.0)
(Loss)/profit on ordinary activities before taxation	(27.5)	138.1	221.0
Taxation	-	(6.3)	(17.1)
(Loss)/profit after taxation for the period	(27.5)	131.8	203.9
Dividends	(41.7)	(41.6)	(83.2)
Retained (loss)/profit for the period	(69.2)	90.2	120.7
Basic (loss)/earnings per share (in cents)*	(13.2c)	63.4c	98.0c
Diluted (loss)/earnings per share (in cents)*	(13.1c)	62.9c	97.6c
Dividend per share (in cents)*	21.0c	20.0c	39.9c
Weighted average number of shares in issues (in millions)			
-Basic*	208.6	207.9	208.0
-Diluted*	209.3	209.5	209.0

* Stated after the share consolidation (which took place on completion of the dual listed company ("DLC") transaction with Carnival Corporation on 17 April 2003, in which every 3.3289 shares of Carnival plc were consolidated into 1 share of Carnival plc).

See accompanying notes to the group financial information. In all three periods all profits and losses arose from continuing activities. This financial information only presents the UK GAAP results of Carnival plc, and does not include the consolidated results of Carnival Corporation.

CARNIVAL PLC – UK GAAP GROUP FINANCIAL INFORMATION

SUMMARISED GROUP BALANCE SHEETS

	As at 31 May 2003 (unaudited)	As at 30 June 2002 (unaudited)	As at 31 December 2002 (unaudited)
		--restated (note 2)--	
US $ millions			
Goodwill	139.6	121.7	127.1
Ships	5,290.1	4,287.9	4,472.6
Ships under construction	449.6	473.5	907.4
Properties and other fixed assets	247.0	249.7	249.4
Investments	12.8	16.6	16.3
Total fixed assets	6,139.1	5,149.4	5,772.8
Stocks	92.5	85.0	87.4
Debtors	286.1	225.3	225.0
Cash at bank and in hand	231.6	166.6	162.1
	610.2	476.9	474.5
Creditors: amounts falling due within one year	(1,224.4)	(971.7)	(996.7)
Net current liabilities	(614.2)	(494.8)	(522.2)
Total assets less current liabilities	5,524.9	4,654.6	5,250.6
Creditors falling due after more than one year and provisions for liabilities and charges	(2,877.2)	(1,989.9)	(2,530.5)
Net assets	2,647.7	2,664.7	2,720.1
Equity shareholders' funds	2,647.5	2,664.5	2,719.9
Equity minority interests	0.2	0.2	0.2
	2,647.7	2,664.7	2,720.1

See accompanying notes to the group financial information. This financial information only presents the UK GAAP results of Carnival plc, and does not include the consolidated results of Carnival Corporation.

CARNIVAL PLC – UK GAAP GROUP FINANCIAL INFORMATION

SUMMARISED GROUP CASH FLOW STATEMENTS

	Five months to 31 May 2003 (unaudited)	Six months to 30 June 2002 (unaudited)	Twelve months to 31 December 2002 (unaudited)
US $ million			
Net cash inflow from operating activities	202.1	417.5	576.1
Returns on investments and servicing of finance	(21.6)	(60.6)	(104.0)
Taxation	(9.7)	(0.5)	6.4
Capital expenditure			
Purchase of ships	(299.1)	(673.5)	(1,124.1)
Purchase of other fixed assets	(9.0)	(20.1)	(32.4)
Net cash outflow for capital expenditure	(308.1)	(693.6)	(1,156.5)
Acquisitions and disposals			
(Purchase)/disposal of subsidiaries and long-term investments	(65.7)	3.1	3.1
Equity dividends paid	(20.8)	(42.3)	(85.0)
Net cash outflow before financing	(223.8)	(376.4)	(759.9)
Net cash inflow from financing	293.3	414.4	815.3
Increase in cash in the period	69.5	38.0	55.4
Reconciliation to net debt			
Net debt at beginning of period	(2,471.9)	(1,436.4)	(1,436.4)
Increase in net cash	69.5	38.0	55.4
Movements in borrowings	(290.4)	(412.5)	(811.4)
Non-cash movements in borrowings			
Inception of ship leases	-	-	(129.9)
Amortisation of bond issue costs	(0.8)	(0.9)	(1.9)
Exchange adjustments	(72.2)	(76.4)	(147.7)
Net debt at end of period	(2,765.8)	(1,888.2)	(2,471.9)

See accompanying notes to the group financial information. This financial information only presents the UK GAAP results of Carnival plc, and does not include the consolidated results of Carnival Corporation.

The prior year adjustments have no impact on the cash flow as previously reported for the periods to 30 June 2002 and 31 December 2002.

CARNIVAL PLC – UK GAAP GROUP FINANCIAL INFORMATION

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

US $ million	Five months to 31 May 2003 (unaudited)	Six months to 30 June 2002 (unaudited)	Twelve months to 31 December 2002 (unaudited)
		--restated (note 2)--	
(Loss)/profit for the period	(27.5)	131.8	203.9
Exchange movements	41.4	32.0	44.2
Total recognised gains for the period	13.9	163.8	248.1
Dividends	(41.7)	(41.6)	(83.2)
New shares issued	12.9	1.9	3.9
Shares to be issued	(57.5) *	-	10.7
Net (decrease)/increase in shareholders' funds	(72.4)	124.1	179.5
Shareholders' funds at beginning of period (originally 2,629.4 at 1 January 2002 before deducting prior year adjustments of 88.8)	2,720.1	2,540.6	2,540.6
Shareholders' funds at end of period	2,647.7	2,664.7	2,720.1

* Represents outstanding consideration at 31 December 2002, which was expected to be settled by the issue of shares but, which following the formation of the DLC, has been paid in cash.

See accompanying notes to the group financial information. This financial information only presents the UK GAAP results of Carnival plc, and does not include the consolidated results of Carnival Corporation.

CARNIVAL PLC

NOTES TO UK GAAP GROUP FINANCIAL INFORMATION

Note 1. Basis of preparation

On 17 April 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) implemented a DLC structure. Under the DLC structure, the businesses of Carnival Corporation and Carnival plc have been combined through a series of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities, but the two companies now share a single senior executive management team, have identical boards of directors and operate as if they were a single economic enterprise.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful picture of their economic interest in the DLC formed by Carnival Corporation and Carnival plc (collectively known as "Carnival Corporation & plc"), consolidated financial information and management commentary of Carnival Corporation & plc has been included in Schedules A and B to this announcement. The consolidated Carnival Corporation & plc financial information has been prepared under purchase accounting principles and includes Carnival plc from 17 April 2003, being the effective date of acquisition by Carnival Corporation, to 31 May 2003. This consolidated Carnival Corporation & plc financial information has been prepared under U.S. GAAP on the basis that all significant financial and operating decisions affecting the DLC companies are taken on the basis of U.S. GAAP information and consequences.

In accordance with UK Listing Authority regulatory requirements, we are required to present the Carnival plc financial information under UK GAAP. The Carnival plc standalone group financial information presents the profits and cash flows for the five months ended 31 May 2003, and the balance sheet as at that date, following the change of Carnival plc's year end to 30 November. As a result of entering into the DLC transaction, Carnival plc has changed certain of its accounting policies in order to conform these with those of Carnival Corporation. These conforming changes are detailed in Note 2 below. This Carnival plc financial information does not include the consolidated results of Carnival Corporation.

The Carnival plc interim financial information does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Carnival plc figures for the year ended 31 December 2002 have been extracted from the P&O Princess Cruises plc Annual Report and Accounts, which have been filed with the Registrar of Companies, except for the accounting policy changes detailed within Note 2 below. The auditor's report on those accounts was unqualified and did not contain any statement under section 237 of the Companies Act 1985.

Carnival plc will make available shortly the 2003 summarised Carnival Corporation & plc U.S. GAAP interim results to its shareholders by way of a newspaper advertisement and the complete Carnival plc and Carnival Corporation & plc interim results will be available for inspection from that time at the registered offices of Carnival plc at Carnival House, 5 Gainsford Street, London SE1 2 NE.

CARNIVAL PLC

NOTES TO UK GAAP GROUP FINANCIAL INFORMATION

Note 1. Basis of preparation (continued)

The Carnival plc and Carnival Corporation & plc interim financial information was approved by duly appointed and authorised committees of the boards of directors of both Carnival plc and Carnival Corporation on 15 July 2003. The interim financial information is neither audited nor reviewed in accordance with UK review procedures. However, the Carnival Corporation & plc U.S. GAAP interim financial information has been subjected to various timely review procedures performed in accordance with the requirements of the U.S. Securities and Exchange Commission.

Note 2. Prior year adjustments

The Carnival plc financial information for the five month period ended 31 May 2003 has been prepared on the basis of the accounting policies set out in the 2002 P&O Princess Cruises plc Annual Report and Accounts, with the exception of the following. The financial information for Carnival plc within the Carnival Corporation & plc consolidated financial information has also been prepared on the same basis, except for the differences between U.S. GAAP and UK GAAP.

(a) Cruise revenues and expenses

Carnival plc’s previous accounting policy was initially to record deposits received on sales of cruises as deferred income and recognise them, together with revenues from onboard activities and all associated direct costs of a voyage, on a pro rata basis at the time of the voyage. Carnival plc’s new accounting policy is to recognise these items 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.

(b) Dry-docking costs

Carnival plc’s previous accounting policy was to capitalise dry-docking costs, comprising major repairs and replacements, and expense them using the straight-line method through the date of the next scheduled dry-dock, which typically was over two to three years. Carnival plc’s new accounting policy is to defer major repairs performed during dry-dock and expense them over one year, being the estimated period of benefit. Replacements during a dry-dock are now capitalised as fixed assets on a component basis and depreciated over their estimated useful lives.

CARNIVAL PLC

NOTES TO UK GAAP GROUP FINANCIAL INFORMATION

Note 2. Prior year adjustments (continued)

(c) Marketing and promotion costs

Carnival plc's previous accounting policy was to expense all marketing and promotion costs over the period of benefit, not exceeding one year from the end of the year the cost was incurred. Carnival plc's new accounting policy is to expense all such costs as incurred, except for brochures and media production costs, which are recorded as prepaid expenses and charged to expense as the brochures are consumed or upon the first airing of the advertisement. See note 4 below.

As a result of these three prior year adjustments, the net effect on Carnival plc's net assets and shareholders' funds as at 1 January 2002 is a reduction of $88.8 million.

Note 3. Exceptional transaction costs

Carnival plc's results for the five months ended 31 May 2003 and twelve months ended 31 December 2002 included an expense of $30.7 million and $117.0 million, respectively, due to transaction costs. Transaction costs consisted of a break-fee related to the Royal Caribbean terminated transaction of $nil (2002: $62.5m) together with $30.7m (2002: $54.5m) of legal and professional fees in connection with this terminated transaction and the Carnival Corporation DLC transaction. None of these 2002 transaction costs were expensed in the six months ended 30 June 2002.

Note 4. Marketing, promotion and other costs

Carnival plc's results for the five months ended 31 May 2003 included expenses of approximately $18 million due to the major marketing, promotion and other expenses incurred by Carnival plc's introduction into UK service of four vessels: the Oceana; Minerva II; Ocean Village; and Adonia.

Note 5. Seasonal trends

Carnival plc's results for the five months ended 31 May 2003 are not directly comparable to the six months ended 30 June 2002, primarily because the 2002 interim results include the seasonally strong summer month of June, as well as the items discussed in Notes 3 and 4 above.