April 8, 2004

FOR IMMEDIATE RELEASE

CARNIVAL CORPORATION & PLC QUARTERLY REPORT ON FORM 10-Q

Carnival Corporation & plc reported its first quarter ended February 29, 2004 earnings in its release issued on March 22, 2004. 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 2004 first quarter financial statements, which earnings and outlook remain unchanged from those previously reported on March 22, 2004.

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 consolidated financial statements for Carnival Corporation & plc as of and for the three months ended February 29, 2004, 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 of America ("U.S. GAAP"), and include the consolidated results of Carnival Corporation and Carnival plc for the entire three month period ended February 29, 2004. However, the prior year reported comparative information for the three months ended February 28, 2003 only included Carnival Corporation, since the results of Carnival plc (formerly known as P&O Princess Cruises plc) were not consolidated with Carnival Corporation until April 17, 2003, the date the DLC transaction was completed. Included within the Form 10-Q is pro forma information for the three months ended February 28, 2003, which reflects Carnival Corporation and Carnival plc as if the companies had been consolidated for that period.

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The full joint Quarterly Report on Form 10-Q (including the portion extracted for this release) 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 on Form 10-Q 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 12 cruise brands in North America, Europe and Australia, comprised of Carnival Cruise Lines, Holland America Line, Princess Cruises, Windstar Cruises, Seabourn Cruise Line, AIDA, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, Swan Hellenic, and P&O Cruises Australia.

Together, these brands operate 75 ships totaling more than 123,000 lower berths with 10 new ships scheduled for delivery between April 2004 and December 2006. Carnival Corporation & plc also operates 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 joint Quarterly Report on Form 10-Q are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, plans, outlook, 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 involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this joint Quarterly Report on Form 10-Q. Forward-looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, costs per available lower berth day ("ALBD"), estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- 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 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;
- risks associated with operating internationally;
- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, including the risk of attack at the 2004 Summer Olympics in Athens, Greece, for which we have chartered four of our ships to third parties, availability of air service, other world events and adverse publicity, and their impact on the demand for cruises;
- accidents and other incidents 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 business worldwide;
- our ability to attract and retain qualified 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, payroll, 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; and
- weather patterns or natural disasters.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant listing rules, we expressly disclaim any obligation to disseminate, after the date of this joint Quarterly Report on Form 10-Q, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Key Performance Indicators, Pro Forma Information and Critical Accounting Estimates

We use net cruise revenues per ALBD ("net revenue yields") and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's revenue performance. This measure is also used for revenue management purposes. In calculating net revenue yields, we use "net cruise revenues" rather than "gross cruise revenues." We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned by us net of 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 cruise costs per ALBD is the most significant measure we use to monitor our ability to control costs. In calculating this measure, we exclude the same variable costs as described above, which are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in the two non-GAAP financial measures described above.

We have not provided estimates of future gross revenue yields or future gross cruise costs per ALBD because the reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the "air/sea mix"). Since the forecasting of future air/sea mix involves several significant variables that are relatively difficult to forecast and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues and costs rather than gross cruise revenues and costs. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues or forecasted net cruise costs. As such, management does not believe that this reconciling information would be meaningful.

In addition, because a significant portion of our operations utilize the euro or sterling to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies, and decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies. Accordingly, we also monitor our key indicators assuming the 2004 exchange rates have remained constant with the prior year's comparable rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates. We believe that this is a useful measure indicating the actual growth of our operations.

Our reported results for 2004 included Carnival Corporation and Carnival plc, and our 2003 reported results only included Carnival Corporation. Consequently, we believe that the most meaningful comparison of our financial results and operating metrics is to the comparable pro forma results and metrics which reflect the operations of both Carnival Corporation and the former P&O Princess acquired operations' 2003 first quarter as if the companies had been consolidated for that period. Accordingly, we have disclosed pro forma information, as well as the required reported information, in the discussion of our results of operations.

The 2003 pro forma information was computed by adding the former P&O Princess acquired operations' 2003 results, adjusted for acquisition adjustments (reductions of $4 million of depreciation expense and $2 million of interest expense) and excluding $24 million of nonrecurring DLC transaction costs, to the 2003 Carnival Corporation reported results. For additional information related to the pro forma results of operations see Note 3 in the accompanying financial statements.

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in Carnival Corporation & plc's 2003 joint Annual Report on Form 10-K.

Outlook For Remainder of Fiscal 2004

We expect that second quarter 2004 net revenue yields will increase 10% to 12% (7% to 9% on a constant dollar basis), compared to last year's pro forma second quarter, which was the period most significantly impacted by the Iraq war. Net cruise costs per ALBD are expected to increase approximately 1% to 3% (flat to down 2% on a constant dollar basis), compared to pro forma 2003. Based on these estimates, we expect second quarter 2004 earnings per share to be in the range of $0.34 to $0.36.

Net revenue yields for the last nine months of 2004 are expected to increase in the range of 6% to 8% (3% to 5% on a constant dollar basis), compared to pro forma 2003. Net cruise costs per ALBD for the remainder of 2004 are expected to be flat to up 2% (down 1% to 3% on a constant dollar basis), compared to pro forma 2003. Based on these estimates, we expect full year 2004 earnings to be in the range of $2.05 to $2.15 per share. Our current guidance is based on an exchange rate of $1.23 to the euro and $1.81 to the sterling.

Assuming that the DLC transaction was completed and the former P&O Princess' acquired operations were consolidated for the full period in 2003, our ALBD capacity is currently expected to increase 22.3%, 17.9% and 13.5% in the second, third and fourth quarters of fiscal 2004, as compared to pro forma ALBD for the same period of fiscal 2003.

Seasonality

Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the northern hemisphere summer months. The consolidation of the former P&O Princess brands has caused our quarterly results to be more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. Revenues from Holland America Tours and Princess Tours 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.

Three Months Ended February 29, 2004 ("2004") Compared to Pro Forma Three Months Ended February 28, 2003 ("pro forma 2003") and Reported Results for the Three Months Ended February 28, 2003 ("2003")

Our reported and pro forma results of operations and selected statistical information were as follows:

	Three Months Ended February 29/28,			2004 vs.	
	2004	Pro Forma 2003	2003	Pro Forma 2003	2003
			(dollars in millions)		
Revenues					
Cruise					
Passenger tickets	$1,527	$1,263	$ 800	$264	$727
Onboard and other	445	352	232	93	213
Other	8	7	3	1	5
	1,980	1,622	1,035	358	945
Costs and Expenses					
Operating					
Cruise					
Commissions, transportation and other	384	312	174	72	210
Onboard and other	81	62	28	19	53
Payroll and related	236	192	130	44	106
Food	127	105	69	22	58
Other ship operating	378	335	212	43	166
Other	10	10	7		3
Total	1,216	1,016	620	200	596
Selling and administrative	316	283	177	33	139
Depreciation and amortization	188	151	106	37	82
Operating Income	260	172	132	88	128
Nonoperating Expense, Net	(61)	(30)	(10)	(31)	(51)
Income Before Income Taxes	199	142	122	57	77
Income Tax Benefit, Net	4	5	5	(1)	(1)
Net Income	$ 203	$ 147	$ 127	$ 56	$ 76
Selected Statistical Information					
Passengers carried (in thousands)	1,362	1,206	923	156	439
Occupancy percentage	102.0%	100.4%	102.8%	1.6 pts.	(0.8)pts.

Revenues

Approximately $745 million of our reported cruise revenue increase was due to the consolidation of the former P&O Princess acquired brands. The remaining increase of $195 million (an 18.9% increase over 2003) resulted primarily from a 16.8% increase in Carnival Corporation's standalone ALBD capacity in 2004 compared to 2003 and higher revenue yields (revenue per ALBD). Onboard and other revenues included concession revenues of $56 million in 2004 and $40 million in 2003.

We use net revenue yields to measure our cruise segment revenue performance. Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	Three Months Ended February 29/28,		
	2004	Pro Forma 2003	2003
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$1,527	$1,263	$ 800
Onboard and other	445	352	232
Gross cruise revenues	1,972	1,615	1,032
Less cruise costs			
Commissions, transportation and other	(384)	(312)	(174)
Onboard and other	(81)	(62)	(28)
Net cruise revenues	$1,507	$1,241	$ 830
ALBDs	10,062,655	8,618,229	5,804,759
Gross revenue yields	$196.04	$187.31	$177.67
Net revenue yields	$149.86	$143.94	$142.85

Net revenue yields in 2004 increased 4.1 percent (4.7 percent gross) compared to pro forma 2003 net revenue yields largely due to the weak U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis were in line with the same period last year.

Net revenue yields in 2004 increased 4.9 percent (10.3 percent gross) compared to 2003 primarily due to the weaker U.S. dollar and, to a lesser extent, higher net revenue yields from the former P&O Princess brands. Gross revenue yields increased more than net revenue yields because of the higher proportion of customers of the former P&O Princess brands who purchased air transportation from us.

Costs and Expenses

Approximately $578 million of the increase in our 2004 cruise operating and selling and administrative expenses compared to 2003 was due to the consolidation of the former P&O Princess brands. The remaining increase of $147 million (a 18.8% increase over 2003) resulted primarily from the 16.8% increase in Carnival Corporation standalone capacity in 2004 compared to 2003 and the weaker U.S. dollar relative to the euro and sterling. Finally, the increase in each of the individual cruise operating expense line items was primarily the result of the same factors as discussed within this section.

We use net cruise costs per ALBD to monitor our ability to control our cruise segment costs. Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Three Months Ended February 29/28,		
	2004	Pro Forma 2003	2003
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$1,206	$1,006	$ 613
Cruise selling and administrative expenses	302	269	170
Gross cruise costs	1,508	1,275	783
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(384)	(312)	(174)
Onboard and other	(81)	(62)	(28)
Net cruise costs	$1,043	$ 901	$ 581
ALBDs	10,062,655	8,618,229	5,804,759
Gross cruise costs per ALBD	$149.93	$147.87	$134.85
Net cruise costs per ALBD	$103.75	$104.50	$100.03

Net cruise costs per ALBD in 2004 were 0.7 percent less than pro forma 2003 net cruise costs. This decrease was achieved despite the impact of the weak dollar, which has the effect of significantly increasing cruise costs per ALBD. On a constant dollar basis, net cruise costs per ALBD declined 5.1 percent from the pro forma 2003 primarily due to the timing of advertising and other expenditures which are expected to be incurred later in the 2004 fiscal year, benefits of scale associated with a larger fleet of ships and synergy savings from the DLC transaction. Gross cruise costs per ALBD in 2004 increased 1.4 percent compared to pro forma 2003.

Net cruise costs per ALBD in 2004 increased 3.7 percent (11.2 percent gross) compared to 2003 primarily because of the impact of the weak U.S. dollar and higher operating costs of the former P&O Princess brands. Gross cruise costs per ALBD increased more than net cruise costs per ALBD because of the higher proportion of the former P&O Princess brands' customers who purchased air transportation from us.

Depreciation and amortization expense increased by $37 million, or 24.5%, to $188 million in 2004 from $151 million in pro forma 2003 largely due to the expansion of the combined fleet and ship improvement expenditures, as well as the impact of a weaker U.S. dollar. Depreciation and amortization increased by $82 million, or 77.4%, to $188 million in 2004 from $106 million in 2003. Approximately $54 million of this increase was from the consolidation of the former P&O Princess acquired operations. The majority of the remaining increase was a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $71 million in 2004 from $34 million in 2003, or $37 million, which increase was comprised primarily of a $53 million increase in interest expense from our increased level of average borrowings and a weaker U.S. dollar, partially offset by a $16 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of the former P&O Princess debt and new ship deliveries. Net interest expense, excluding capitalized interest, increased by $7 million, or 10.9%, to $71 million in 2004 from $64 million in pro forma 2003. This increase was primarily due to the increased level of average borrowings and the weaker U.S. dollar.

Other nonoperating income was $15 million in 2003, which included $19 million from net insurance proceeds, $10 million as a result of Windstar Cruise's Wind Song casualty loss and $9 million as a reimbursement of expenses incurred in prior years.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $542 million of net cash from operations during the three months ended February 29, 2004, an increase of $371 million, or 217%, compared to 2003, due primarily to the consolidation of the former P&O Princess operations and higher cash flows from our existing Carnival Corporation operations. We continue to generate substantial cash from operations and remain in a strong financial position.

During the first quarter of 2004, our expenditures for capital projects were $1.36 billion, of which $1.30 billion was spent for our ongoing new shipbuilding program, including the final delivery payments for the Queen Mary 2, Carnival Miracle and the Diamond Princess. The remaining capital expenditures consisted primarily of $41 million for ship improvements and refurbishments, and $22 million for Alaska tour assets, cruise port facility developments and information technology assets.

During the three months ended February 29, 2004, we borrowed net proceeds of $253 million, which was used to finance a portion of the Diamond Princess purchase price and was net of debt repayments. We also paid cash dividends of $100 million in the first quarter of 2004.

Future Commitments and Funding Sources

Our contractual cash obligations, with initial and remaining terms in excess of one year, and contingent liabilities remained generally unchanged at February 29, 2004 compared to November 30, 2003, except for the following:

- Final contractual payments to shipyards for three new ship deliveries during the 2004 first quarter.
- In March 2004, Costa exercised its letter of intent and entered into a ship construction contract for a 3,004-passenger ship with Fincantieri for a summer 2006 delivery date at an estimated total cost of 450 million euros.
- In March 2004, we entered into a ship construction contract for a 1,850-passenger ship with Fincantieri for a December 2006 delivery date at an estimated total cost of 390 million euros.
- Changes to our debt and contingent obligations are discussed in Notes 4 and 5 in the accompanying financial statements.

As of February 29, 2004, as adjusted for the March 2004 replacement of the POPCIL revolving credit facilities with a new Carnival plc 600 million euro facility, we had liquidity of $3.14 billion, which consisted of $563 million of cash and cash equivalents, $2.22 billion available for borrowing under our $2.47 billion revolving credit facilities, and $355 million under a committed ship financing arrangement. Our revolving credit facilities mature in May and June 2006, except for our new Carnival plc 600 million euro facility, which expires in March 2005 (see Note 4 in the accompanying financial statements). A key to our access to liquidity is the maintenance of our strong credit ratings.

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

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.

SCHEDULE B

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

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

	Three Months Ended February 29/28, 2004	2003
Revenues		
Cruise		
Passenger tickets	$1,527	$ 800
Onboard and other	445	232
Other	8	3
	1,980	1,035
Costs and Expenses		
Operating		
Cruise		
Commissions, transportation and other	384	174
Onboard and other	81	28
Payroll and related	236	130
Food	127	69
Other ship operating	378	212
Other	10	7
Total	1,216	620
Selling and administrative	316	177
Depreciation and amortization	188	106
	1,720	903
Operating Income	260	132
Nonoperating (Expense) Income		
Interest income	4	4
Interest expense, net of capitalized interest	(65)	(29)
Other income, net		15
	(61)	(10)
Income Before Income Taxes	199	122
Income Tax Benefit, Net	4	5
Net Income	$ 203	$ 127
Earnings Per Share		
Basic	$ 0.25	$ 0.22
Diluted	$ 0.25	$ 0.22
Dividends Per Share	$0.125	$0.105

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

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

	February 29, 2004	November 30, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	$ 563	$ 1,070
Accounts receivable, net	445	403
Inventories	200	171
Prepaid expenses and other	237	213
Fair value of derivative contracts	147	275
Total current assets	1,592	2,132
Property and Equipment, Net	18,928	17,522
Goodwill	3,123	3,031
Trademarks	1,357	1,324
Other Assets	506	482
	$25,506	$24,491
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 101	$ 94
Current portion of long-term debt	479	392
Accounts payable	689	645
Accrued liabilities and other	455	468
Customer deposits	1,561	1,352
Dividends payable	100	100
Fair value of hedged firm commitments	144	264
Total current liabilities	3,529	3,315
Long-Term Debt	7,247	6,918
Deferred Income and Other Long-Term Liabilities	548	465
Contingencies (Note 5)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares authorized; 633 shares at 2004 and 630 shares at 2003 issued and outstanding	6	6
Ordinary shares of Carnival plc; $1.66 stated value; 226 shares authorized; 211 shares at 2004 and 210 shares at 2003 issued	352	349
Additional paid-in capital	7,254	7,163
Retained earnings	7,294	7,191
Unearned stock compensation	(22)	(18)
Accumulated other comprehensive income	356	160
Treasury stock, 42 shares of Carnival plc at cost	(1,058)	(1,058)
Total shareholders' equity	14,182	13,793
	$25,506	$24,491

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

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

	Three Months Ended February 29/28, 2004	2003
OPERATING ACTIVITIES		
Net income	$ 203	$ 127
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	188	106
Accretion of original issue discount	5	5
Other	3	(4)
Changes in operating assets and liabilities		
(Increase) decrease in		
Receivables	(53)	2
Inventories	(26)	(3)
Prepaid expenses and other	(8)	(26)
Increase (decrease) in		
Accounts payable	23	27
Accrued and other liabilities	20	(19)
Customer deposits	187	(44)
Net cash provided by operating activities	542	171
INVESTING ACTIVITIES		
Additions to property and equipment	(1,363)	(112)
Proceeds from retirement of property and equipment	77	31
Other, net	(1)	(5)
Net cash used in investing activities	(1,287)	(86)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	457	148
Principal repayments of long-term debt	(204)	(109)
Dividends paid	(100)	(62)
Proceeds from exercise of stock options	87	1
Other	2	
Net cash provided by (used in) financing activities	242	(22)
Effect of exchange rate changes on cash and cash equivalents	(4)	3
Net(decrease) increase in cash and cash equivalents	(507)	66
Cash and cash equivalents at beginning of period	1,070	667
Cash and cash equivalents at end of period	$ 563	$ 733

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

NOTE 1 - General

Basis of Presentation

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc or "P&O Princess") completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented Carnival Corporation & 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, however, they operate as if they were a single economic enterprise.

Carnival Corporation is a Panamanian corporation, and Carnival plc is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this joint Quarterly Report on Form 10-Q as "Carnival Corporation & plc," "our," "us," and "we." Our consolidated financial statements include the consolidated results of Carnival Corporation for all periods presented and Carnival plc's consolidated results of operations since April 17, 2003.

The accompanying consolidated balance sheet at February 29, 2004 and the consolidated statements of operations and cash flows for the three months ended February 29/28, 2004 and 2003 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2003 joint Annual Report on Form 10-K. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Commencing with the third quarter of fiscal 2003, we changed the reporting format of our consolidated statements of operations to present our significant revenue sources and their directly related variable costs and expenses. In addition, we have separately identified certain ship operating expenses, such as payroll and related expenses and food costs. Reclassifications have been made to prior period amounts to conform to the current period presentation.

NOTE 2 - Stock-Based Compensation

Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended, we elected to use the intrinsic value method of accounting for our employee and director stock-based compensation awards instead of the fair value method. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. 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 millions, except per share amounts):

	Three Months Ended February 29/28,	
	2004	2003
Net income, as reported	$ 203	$ 127
Stock-based compensation expense included in net income, as reported	2	1
Total stock-based compensation expense determined under the fair value-based method for all awards	(33) (a)	(8)
Adjusted net income for basic earnings per share	172	120
Interest on dilutive 2% convertible notes	4	
Adjusted net income for diluted earnings per share	$ 176	$ 120
Earnings per share		
Basic		
As reported	$0.25	$0.22
Adjusted	$0.22	$0.20
Diluted		
As reported	$0.25	$0.22
Adjusted	$0.22	$0.20

(a) During the three months ended February 29, 2004, we completed a corporate reorganization. As a result of that reorganization, 2.3 million unvested options held by employees vested immediately. This vesting occurred either in accordance with the terms of the option plan or to avoid having these employees and Carnival Corporation incur unduly burdensome taxes upon the exercise of such options at a later date. As a result of this accelerated vesting we included an additional nonrecurring amount of $23 million of stock-based compensation expense determined under the fair value-based method in the first quarter of 2004.

NOTE 3 - DLC Transaction

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 Carnival Corporation's reporting period, and the pro forma information presented below covers the same period of time for both companies.

The following pro forma information has been prepared as if the DLC transaction had occurred on December 1, 2002 rather than April 17, 2003 and has not been adjusted to reflect any net transaction benefits. In addition, the pro forma information presented below does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2002 or what those results will be for any future periods. Management has prepared the pro forma information based upon the companies' reported financial information.

	Three Months Ended February 28, 2003 (in millions, except earnings per share)
Pro forma revenues	$1,622
Pro forma net income (a)(b)	$ 123
Pro forma earnings per share	
Basic	$ 0.15
Diluted	$ 0.15
Pro forma weighted-average shares outstanding	
Basic	795
Diluted	799

(a) In accordance with SFAS No. 141, "Business Combinations," pro forma net income was reduced by $24 million for Carnival plc's nonrecurring costs related to its completion of the DLC transaction with Carnival Corporation, which were expensed by Carnival plc prior to April 17, 2003.
(b) Pro forma net income included $19 million of income related to the receipt of nonrecurring net insurance proceeds.

NOTE 4 - Debt

In February 2004, we borrowed $381 million to finance a portion of the Diamond Princess purchase price, pursuant to a committed financing arrangement. This loan has both a fixed and variable interest rate component and at February 29, 2004 had a weighted-average interest rate of 3.5%. This loan matures through May 2016.

In March 2004, Carnival plc entered into a 600 million euro unsecured multi-currency revolving credit facility, guaranteed by Carnival Corporation, which currently bears interest at eurolibor plus 30 basis points ("BPS"), which interest rate spread over the base rate will vary based on changes to Carnival plc's senior unsecured credit rating. This facility also has a nine BPS commitment fee on the undrawn portion and expires in March 2005, but provides Carnival plc with the option to extend the repayment date of the then existing outstanding borrowings to June 2006. In connection with obtaining this new revolver, Carnival plc repaid the $93 million outstanding under the P&O Princess Cruises International Limited ("POPCIL") $710 million revolving credit facilities, which facilities were then terminated prior to their September 2005 maturity dates.

In connection with a corporate reorganization that was completed in late February 2004, the POPCIL deed of guarantee dated June 19, 2003, which guaranteed substantially all of Carnival Corporation's and Carnival plc's debt was terminated in accordance with its terms. The deeds of guarantee between Carnival Corporation and Carnival plc are still in effect, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and other monetary obligations.

NOTE 5 - Contingencies

Litigation

In 2002, two 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 Carnival Cruise Lines product. We do not advertise directly to the traveling public through the use of facsimile transmission. The ultimate outcomes of the 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 wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America Line 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 Line's Ryndam involving a wastewater discharge from the ship. As a result of this incident, the Office of the U.S. Attorney in Anchorage, Alaska initiated a grand jury proceeding. The State of Alaska is separately investigating this incident.

On March 5, 2004, Holland America Line notified the United States and Netherlands governmental authorities that one of its chief engineers had admitted to improperly processing bilge water on the Noordam. A subsequent internal investigation has determined that the improper operation may have begun in January 2004 and may have continued sporadically through March 4, 2004. Holland America Line and three shipboard engineers have received grand jury subpoenas from the Office of the U.S. Attorney in Tampa, Florida.

If either the Ryndam or the Noordam investigations result 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 ultimate outcomes of these matters cannot be determined at this time. However, if Holland America Line 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 Cruises ("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 late-2004 at the earliest. In the event that an award is given in favor of Cammell Laird, the amount of damages, which Costa would 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 been granted leave to intervene in the Festival Action and are contesting 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.

Contingent Obligations

At February 29, 2004, Carnival Corporation had contingent obligations totaling $1.06 billion to participants in lease out and lease back type transactions for three of its ships. At the inception of the leases, the entire amount of the contingent obligations was paid by Carnival Corporation to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither funds nor the contingent obligations have been included on our balance sheets. Carnival Corporation would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, Carnival Corporation obtained a direct guarantee from another AAA rated financial institution for $284 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-, Carnival Corporation 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, it would be required to provide a standby letter of credit for $84 million, or alternatively provide mortgages in the aggregate amount of $84 million on two of its ships.

In the unlikely event that Carnival Corporation were to terminate the three lease agreements early or default on its obligations, it would, as of February 29, 2004 have to pay a total of $177 million in stipulated damages. As of February 29, 2004, $186 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. In the event Carnival Corporation were to default under its $1.4 billion revolving credit facility, it would be required to post cash collateral to support the stipulated damages standby letters of credit. Between 2017 and 2022, Carnival Corporation has the right to exercise options that would terminate these transactions at no cost to it. As a result of these three transactions, we have $39 million and $40 million of deferred income recorded on our balance sheets as of February 29, 2004 and November 30, 2003, respectively, which is being amortized to nonoperating income through 2022.

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, changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. Based upon current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 6 - Comprehensive Income

Comprehensive income for the three months ended February 29/28, 2004 and 2003 was as follows (in millions):

	Three Months Ended February 29/28,	
	2004	2003
Net income	$203	$127
Foreign currency translation adjustment	209	54
Changes related to cash flow derivative hedges	(13)	(2)
Unrealized losses on marketable securities		(1)
Total comprehensive income	$399	$178

NOTE 7 - Segment Information

Our cruise segment included all of our cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics. Our other segment represented the hotel, tour and transportation operations of Holland America Tours and 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 for the three months ended February 29/28, 2004 and 2003 for our cruise and other segments was as follows (in millions):

	Revenues (a)	Operating expenses	Selling and administrative	Operating income (loss)
2004				
Cruise	$1,972	$1,206	$302	$281
Other	10	12	14	(21)
Intersegment elimination	(2)	(2)		
	$1,980	$1,216	$316	$260
2003				
Cruise	$1,032	$ 613	$170	$143
Other	5	9	7	(11)
Intersegment elimination	(2)	(2)		
	$1,035	$ 620	$177	$132

(a) Revenue amounts in 2003 have been reclassified to conform to the 2004 presentation.

NOTE 8 - Earnings Per Share

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

	Three Months Ended February 29/28, 2004	2003
Net income	$ 203	$ 127
Interest on dilutive 2% convertible notes	4	
Net income for diluted earnings per share	$ 207	$ 127
Weighted-average common and ordinary shares outstanding	800	587
Dilutive effect of 2% convertible notes	15	
Dilutive effect of stock plans	5	1
Diluted weighted-average shares outstanding	820	588
Basic earnings per share	$0.25	$0.22
Diluted earnings per share	$0.25	$0.22

The weighted-average shares outstanding for the three months ended February 29, 2004 included the Carnival plc shares.

Carnival Corporation's common stock price was above the defined trigger prices for two of its convertible notes for a defined duration of time during the three months ended February 29, 2004 and, therefore, its zero-coupon notes and 2% convertible notes are convertible into Carnival Corporation common stock during its 2004 second quarter at conversion prices of $31.28 and $39.14 per share, respectively. The assumed conversion of the zero-coupon notes into a maximum of 17.4 million shares was anti-dilutive in the first quarter of 2004 and, therefore, did not affect our earnings per share computation.

Our diluted earnings per share computation for the three months ended February 29, 2004 did not include a maximum of 20.9 million shares (32.7 million in 2003) of Carnival Corporation common stock issuable upon conversion of its other convertible debt, as this common stock was not issuable under the contingent conversion provisions of these debt instruments. In addition, options to purchase 5.0 million and 9.5 million shares for the three months ended February 29/28, 2004 and 2003, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.