JULY 14, 2004

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 June 17, 2004. 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 second quarter and six month interim financial statements, which results remain unchanged from those previously announced on June 17, 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 interim consolidated financial statements for Carnival Corporation & plc as of and for the three and six months ended May 31, 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 and six months ended May 31, 2004. However, the prior year reported comparative information only included six weeks of the consolidated results of P&O Princess Cruises plc from April 17, 2003, the date the DLC transaction was completed, to May 31, 2003. Included within the Form 10-Q is pro forma information for the three and six months ended May 31, 2003, which reflect Carnival Corporation and Carnival plc as if the companies had been consolidated throughout 2003. The Directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc.

In addition, in accordance with the requirements of the UK Listing Authority ("UKLA"), the Directors are today presenting in the attached Schedule C the unaudited interim group financial information for Carnival plc standalone as of and for the six months ended May 31, 2004. The Carnival plc group standalone financial information excludes the results of Carnival Corporation and is prepared under UK GAAP.

MEDIA CONTACTS	**INVESTOR RELATIONS CONTACT**
US	**US/UK**
Carnival Corporation & plc	Carnival Corporation & plc
Tim Gallagher	Beth Roberts
001 305 599 2600, ext. 16000	001 305 406 4832

UK
Brunswick
Sophie Fitton/Sarah Tovey
020 7404 5959

The full joint Quarterly Report on Form 10-Q (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 or the Carnival Corporation & plc Web site at www.carnivalcorp.com or 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, Seabourn Cruise Line, Windstar Cruises, AIDA, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, Swan Hellenic, and P&O Cruises Australia.

Together, these brands operate 77 ships totaling more than 128,000 lower berths with eight new ships scheduled for delivery between November 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 site at www.carnivalcorp.com or 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:

- risks associated with the DLC structure, including the uncertainty of its tax status;
- 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
- unusual 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 cruise segment 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, which are 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 our cruise segment 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 on our non U.S. cruise operations. We believe that this is a useful measure indicating the actual growth of our operations.

Our 2003 reported results only included the results of P&O Princess since April 17, 2003. Consequently, we believe that the most meaningful comparison of our financial results and revenue and cost metrics is to the comparable pro forma results and metrics, which reflect the operations of both Carnival Corporation and P&O Princess as if the companies had been consolidated throughout 2003. 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 2003 results of P&O Princess' operations, adjusted for acquisition adjustment reductions of $8 million and $4 million of depreciation expense and $3 million and $2 million of interest expense during the six and three months ended May 31, 2003, respectively, and excluding $51 million and $27 million of nonrecurring DLC transaction costs during the six and three months ended May 31, 2003, respectively, 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. On April 14, 2004, the Financial Accounting Standards Board ("FASB") decided that the Property, Plant and Equipment Draft Statement of Position ("PP&E SOP") should not be approved for issuance. Accordingly, the disclosure of the possible impact from this PP&E SOP included in our joint Annual Report on Form 10-K is no longer applicable, although it is still possible that all or certain provisions of the PP&E SOP could be required by future U.S. generally accepted accounting principles.

Outlook for Remainder of Fiscal 2004

On June 17, 2004, we said that we expected our net revenue yields for the full year of 2004 to increase approximately 6% to 8% (4% to 6% on a constant dollar basis), compared to pro forma 2003. We believe this increase in yields, which is a primary driver of our forecasted operating income growth, is due to a number of factors, including an improved economy and greater consumer confidence, a more stable geopolitical environment, and a weaker U.S. dollar compared to the euro and sterling. Also, our pro forma 2003 net revenue yields were negatively impacted by several exogenous events, including the Iraqi war. Net cruise costs per ALBD for full year 2004 are expected to be flat to up 2% (flat to down 2% on a constant dollar basis), compared to pro forma 2003. Based on these estimates, and including better than expected second quarter results, and assuming no major geopolitical events adversely impacting our business, we said that we expected full year 2004 earnings per share to be in the range of $2.10 to $2.20 per share. That guidance was based on an exchange rate of $1.19 to the euro and $1.77 to the sterling.

We also said that we expected third quarter 2004 net revenue yields will increase approximately 6% to 8% (4% to 6% on a constant dollar basis), compared to last year's third quarter. Net cruise costs per ALBD in the third quarter of 2004 are expected to be up 1% to 3% (down 1% to up 1% on a constant dollar basis), compared to 2003. Based on these estimates, we said that we expected third quarter 2004 earnings per share to be in the range of $1.16 to $1.20.

Our ALBD capacity is currently expected to increase 17.9% and 13.1% in the third and fourth quarters of fiscal 2004, respectively, as compared to the same period of fiscal 2003.

Subsequent to our earnings guidance, on July 1, 2004, the Emerging Issues Task Force (the "EITF") of the FASB reached a tentative conclusion that would require all shares that are contingently issuable under our outstanding convertible notes to be considered outstanding for our diluted earnings per share computations, if dilutive, using the "if converted" method of accounting from the date of issuance. Currently these shares are only included in the diluted earnings per share computation if Carnival Corporation's common stock price has reached certain conversion trigger prices. If approved, this EITF statement ("EITF 04-8") would also require us to retroactively restate our prior periods diluted earnings per share. It is believed likely that EITF 04-8 will be effective for periods ending after mid-October 2004. If adopted, EITF 04-8 would have no impact on our diluted earnings per share for the three and six months ended May 31, 2004 or the three months ended May 31, 2003 but it would reduce our diluted earnings per share by $0.01 for the six months ended May 31, 2003. Also its adoption is expected to reduce our June 17, 2004 forecasted third quarter 2004 diluted earnings per share by $0.01 to $0.02 and the 2004 full year diluted earnings per share by $0.02 to $0.03.

Seasonality

Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the Northern Hemisphere summer months. The consolidation of the 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 substantially all of their revenues generated between May and September in conjunction with the Alaska cruise season.

Six Months Ended May 31, 2004 ("2004") Compared to Pro Forma Six Months Ended May 31, 2003 ("pro forma 2003") and Reported Results for the Six Months Ended May 31, 2003 ("2003")

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

	Six Months Ended May 31,			Difference Between 2004 and	
	2004	Pro Forma 2003	2003	Pro Forma 2003	2003
	(dollars in millions)				
Revenues					
Cruise					
Passenger tickets	$3,218	$2,501	$1,808	$717	$1,410
Onboard and other	976	716	536	260	440
Other	45	39	33	6	12
	4,239	3,256	2,377	983	1,862
Costs and Expenses					
Operating					
Cruise					
Commissions, transportation and other	760	592	386	168	374
Onboard and other	178	123	72	55	106
Payroll and related	486	398	302	88	184
Food	264	211	158	53	106
Other ship operating	817	687	496	130	321
Other	43	41	33	2	10
Total	2,548	2,052	1,447	496	1,101
Selling and administrative	638	558	389	80	249
Depreciation and amortization	388	307	241	81	147
Operating Income	665	339	300	326	365
Nonoperating Expense, Net	(134)	(79)	(54)	(55)	(80)
Income Before Income Taxes	531	260	246	271	285
Income Tax Benefit, Net	4	12	9	(8)	(5)
Net Income	$ 535	$ 272	$ 255	$263	$ 280
Selected Statistical Information					
Passengers carried (in thousands)	2,929	2,461	2,076	468	853
Occupancy percentage	102.4%	99.3%	100.3%	3.1pts.	2.1pts.

The increases in our 2004 revenues and operating costs and expenses compared to the 2003 results were primarily due to the inclusion of P&O Princess results throughout 2004, but only since April 17, 2003 during 2003 (the date the DLC transaction was completed). Also impacting the comparison of 2004 results to 2003 reported results, and discussed below in the comparison to pro forma 2003 results, were our capacity growth, higher net revenue yields and the weaker U.S. dollar relative to the euro and sterling.

Revenues

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 cruise revenues, without rounding, by ALBDs as follows:

	Six Months Ended May 31, 2004	Pro Forma 2003	2003
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$3,218	$2,501	$1,808
Onboard and other	976	716	536
Gross cruise revenues	4,194	3,217	2,344
Less cruise costs			
Commissions, transportation and other	(760)	(592)	(386)
Onboard and other	(178)	(123)	(72)
Net cruise revenues	$3,256	$2,502	$1,886
ALBDs	21,183,100	17,710,254	13,465,330
Gross revenue yields	$198.02	$181.66	$174.11
Net revenue yields	$153.74	$141.30	$140.08

Net revenue yields in 2004 increased 8.8% (9.0% gross) compared to pro forma 2003 net revenue yields due to higher cruise ticket prices, onboard revenues and occupancy levels and, to a lesser extent, due to the weak U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 5.5% when compared with the same period last year. Onboard and other revenues included concession revenues of $120 million in 2004, $92 million in pro forma 2003 and $83 million in 2003.

Net revenue yields in 2004 increased 9.8% (13.7% gross) compared to 2003 primarily due to the same reasons noted above and, to a lesser extent, higher net revenue yields from the P&O Princess brands. Gross revenue yields increased more than net revenue yields primarily because of the higher proportion of customers of the P&O Princess brands who purchased air transportation from us.

Costs and Expenses

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:

	Six Months Ended May 31, 2004	Pro Forma 2003	2003
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$2,505	$2,011	$1,414
Cruise selling and administrative expenses	610	533	373
Gross cruise costs	3,115	2,544	1,787
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(760)	(592)	(386)
Onboard and other	(178)	(123)	(72)
Net cruise costs	$2,177	$1,829	$1,329
ALBDs	21,183,100	17,710,254	13,465,330
Gross cruise costs per ALBD	$147.06	$143.57	$132.64
Net cruise costs per ALBD	$102.78	$103.20	$ 98.61

Net cruise costs per ALBD in 2004 decreased 0.4% compared to pro forma 2003 net cruise costs. This decrease was achieved despite the impact of the weak dollar, which had the effect of significantly increasing cruise costs per ALBD. On a constant dollar basis, net cruise costs per ALBD declined 3.8% from the pro forma 2003 primarily due to the economies of scale associated with a 19.6% capacity increase, synergy savings from the DLC transaction and a 5.4% reduction in fuel prices. Gross cruise costs per ALBD in 2004 increased 2.4% compared to pro forma 2003.

Net cruise costs per ALBD in 2004 increased 4.2% (10.9% gross) compared to 2003 primarily because of the impact of the weak U.S. dollar and higher operating costs of the P&O Princess brands. Gross cruise costs per ALBD increased more than net cruise costs per ALBD primarily because of the higher proportion of the P&O Princess brands' customers who purchased air transportation from us.

Depreciation and amortization expense increased by $81 million, or 26.4%, to $388 million in 2004 from $307 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 $147 million, or 61.0%, to $388 million in 2004 from $241 million in 2003. This increase was primarily the result of the consolidation of P&O Princess, other capacity growth and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $144 million in 2004 from $80 million in 2003, or $64 million, which was comprised primarily of a $79 million increase in interest expense from our higher level of average borrowings and a weaker U.S. dollar, partially offset by a $19 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 P&O Princess debt and new ship deliveries. Net interest expense, excluding capitalized interest, increased by $25 million, or 21.0%, to $144 million in 2004 from $119 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 $4 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 less $16 million of costs primarily related to a DLC-related litigation matter.

Three Months Ended May 31, 2004 ("2004") Compared to Pro Forma Three Months Ended May 31, 2003 ("pro forma 2003") and Reported Results for the Three Months Ended May 31, 2003 ("2003")

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

	Three Months Ended May 31,			Difference Between 2004 and	
	2004	Pro Forma 2003	2003	Pro Forma 2003	2003
	(dollars in millions)				
Revenues					
Cruise					
Passenger tickets	$1,691	$1,239	$1,008	$452	$683
Onboard and other	529	364	305	165	224
Other	36	31	29	5	7
	2,256	1,634	1,342	622	914
Costs and Expenses					
Operating					
Cruise					
Commissions, transportation and other	376	280	212	96	164
Onboard and other	97	61	44	36	53
Payroll and related	249	207	172	42	77
Food	137	105	88	32	49
Other ship operating	437	351	283	86	154
Other	33	31	28	2	5
Total	1,329	1,035	827	294	502
Selling and administrative	322	276	212	46	110
Depreciation and amortization	200	156	135	44	65
Operating Income	405	167	168	238	237
Nonoperating Expense, Net	(73)	(49)	(44)	(24)	(29)
Income Before Income Taxes	332	118	124	214	208
Income Tax Benefit, Net		6	4	(6)	(4)
Net Income	$ 332	$ 124	$ 128	$208	$204
Selected Statistical Information					
Passengers carried (in thousands)	1,567	1,254	1,153	313	414
Occupancy percentage	102.8%	98.2%	98.5%	4.6 pts.	4.3 pts.

Revenues

Gross and net revenue yields were as follows:

	Three Months Ended May 31, 2004	Pro Forma 2003	2003
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$1,691	$1,239	$1,008
Onboard and other	529	364	305
Gross cruise revenues	2,220	1,603	1,313
Less cruise costs			
Commissions, transportation and other	(376)	(280)	(212)
Onboard and other	(97)	(61)	(44)
Net cruise revenues	$1,747	$1,262	$1,057
ALBDs	11,120,445	9,092,025	7,660,571
Gross revenue yields	$199.62	$176.30	$171.42
Net revenue yields	$157.06	$138.78	$137.97

Net and gross revenue yields in 2004 increased 13.2% compared to pro forma 2003 net and gross revenue yields primarily due to higher cruise ticket prices, onboard revenues and occupancy levels and, to a lesser extent, due to the weak U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 10.6% when compared to the same period last year. Onboard and other revenues included concession revenues of $64 million in 2004, $46 million in proforma 2003 and $43 million in 2003.

Net revenue yields in 2004 increased 13.8% (16.5% gross) compared to 2003 primarily due to the same reasons as noted above.

Costs and Expenses

Gross and net cruise costs per ALBD were as follows:

	Three Months Ended May 31, 2004	Pro Forma 2003	2003
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$1,296	$1,004	$ 799
Cruise selling and administrative expenses	308	264	203
Gross cruise costs	1,604	1,268	1,002
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(376)	(280)	(212)
Onboard and other	(97)	(61)	(44)
Net cruise costs	$1,131	$ 927	$ 746
ALBDs	11,120,445	9,092,025	7,660,571
Gross cruise costs per ALBD	$144.28	$139.49	$130.98
Net cruise costs per ALBD	$101.72	$101.97	$ 97.53

Net cruise costs per ALBD in 2004 were flat compared to pro forma 2003 net cruise costs. This result was achieved despite the impact of the weak U.S. dollar, which had the effect of increasing net cruise costs per ALBD. On a constant dollar basis, net cruise costs per ALBD declined 2.7% from the pro forma 2003 primarily due to the economies of scale associated with a 22.3% capacity increase, synergy savings from the DLC transaction and a 6.8% decrease in fuel prices. Gross cruise costs per ALBD in 2004 increased 3.4% compared to pro forma 2003.

Net cruise costs per ALBD in 2004 increased 4.3% (10.2% gross) compared to 2003 primarily because of the impact of the weak U.S. dollar and higher operating costs of the P&O Princess brands.

Depreciation and amortization expense increased by $44 million, or 28.2%, to $200 million in 2004 from $156 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 $65 million, or 48.1%, to $200 million in 2004 from $135 million in 2003. This increase was primarily the result of the consolidation of P&O Princess, other capacity growth and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $73 million in 2004 from $46 million in 2003, or $27 million, which was comprised primarily of a $32 million increase in interest expense from our higher level of average borrowings and a weaker U.S. dollar, partially offset by a $9 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 P&O Princess debt and new ship deliveries. Net interest expense, excluding capitalized interest, increased by $18 million, or 32.7%, to $73 million in 2004 from $55 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 expense was $11 million in 2003, which included $16 million related to litigation and other charges associated with the DLC transaction.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $1.71 billion of net cash from operations during the six months ended May 31, 2004, an increase of $1.05 billion, or 157%, compared to 2003, due primarily to the consolidation of the P&O Princess operations and significantly higher cash flows from our operations. We continue to generate substantial cash from operations and remain in a strong financial position.

During the six months ended May 31, 2004, our expenditures for capital projects were $2.65 billion, of which $2.50 billion was spent for our ongoing new shipbuilding program, including the final delivery payments for the Queen Mary 2, Carnival Miracle, Diamond Princess, Westerdam, Caribbean Princess and Sapphire Princess. The remaining capital expenditures consisted primarily of $89 million for ship improvements and refurbishments, and $57 million for Alaska tour assets, cruise port facility developments and information technology assets.

During the six months ended May 31, 2004, we borrowed $842 million, which was used primarily to finance a portion of the Diamond Princess and Sapphire Princess purchase prices. During the same six month period, we made $378 million of scheduled debt repayments and, in order to reduce our borrowing rates, we repaid $237 million of debt prior to its scheduled maturity date. We also paid cash dividends of $199 million in the first six months of fiscal 2004.

Future Commitments and Funding Sources

Our contractual cash obligations, with initial and remaining terms in excess of one year, remained generally unchanged at May 31, 2004 compared to November 30, 2003, except for the following:

- Final contractual payments to shipyards for six new ship deliveries.
- 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.
- Changes to our debt as discussed in Note 4 in the accompanying financial statements.

As of May 31, 2004, we had liquidity of $2.57 billion, which consisted of $445 million of cash, cash equivalents and short-term investments and $2.13 billion available for borrowing under our $2.45 billion revolving credit facilities. Our revolving credit facilities mature in May and June 2006, except for our 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)

	Six Months Ended May 31, 2004	Six Months Ended May 31, 2003	Three Months Ended May 31, 2004	Three Months Ended May 31, 2003
Revenues				
Cruise				
Passenger tickets	$3,218	$1,808	$1,691	$1,008
Onboard and other	976	536	529	305
Other	45	33	36	29
	4,239	2,377	2,256	1,342
Costs and Expenses				
Operating				
Cruise				
Commissions, transportation and other	760	386	376	212
Onboard and other	178	72	97	44
Payroll and related	486	302	249	172
Food	264	158	137	88
Other ship operating	817	496	437	283
Other	43	33	33	28
Total	2,548	1,447	1,329	827
Selling and administrative	638	389	322	212
Depreciation and amortization	388	241	200	135
	3,574	2,077	1,851	1,174
Operating Income	665	300	405	168
Nonoperating (Expense) Income				
Interest income	9	13	4	9
Interest expense, net of capitalized interest	(136)	(71)	(70)	(42)
Other (expense) income, net	(7)	4	(7)	(11)
	(134)	(54)	(73)	(44)
Income Before Income Taxes	531	246	332	124
Income Tax Benefit, Net	4	9		4
Net Income	$ 535	$ 255	$ 332	$ 128
Earnings Per Share				
Basic	$ 0.67	$ 0.40	$ 0.41	$ 0.19
Diluted	$ 0.66	$ 0.40	$ 0.41	$ 0.19
Dividends Per Share	$ 0.25	$ 0.21	$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)

	May 31, 2004	November 30, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	$ 443	$ 1,070
Accounts receivable, net	425	403
Inventories	211	171
Prepaid expenses and other	270	213
Fair value of derivative contracts	101	275
Total current assets	1,450	2,132
Property and Equipment, Net	19,948	17,522
Goodwill	3,212	3,031
Trademarks	1,349	1,324
Other Assets	444	482
	$26,403	$24,491
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 249	$ 94
Current portion of long-term debt	508	392
Convertible debt subject to current put option	600	-
Accounts payable	711	640
Accrued liabilities and other	410	426
Customer deposits	2,111	1,352
Dividends payable	100	100
Fair value of hedged firm commitments	101	264
Total current liabilities	4,790	3,268
Long-Term Debt	6,623	6,918
Other Long-Term Liabilities and Deferred Income	593	512
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; 212 shares at 2004 and 210 shares at 2003 issued	352	349
Additional paid-in capital	7,263	7,163
Retained earnings	7,526	7,191
Unearned stock compensation	(19)	(18)
Accumulated other comprehensive income	327	160
Treasury stock, 42 shares of Carnival plc at cost	(1,058)	(1,058)
Total shareholders' equity	14,397	13,793
	$26,403	$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)

	Six Months Ended May 31, 2004	2003
OPERATING ACTIVITIES		
Net income	$ 535	$ 255
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	388	241
Accretion of original issue discount	11	10
Other	12	4
Changes in operating assets and liabilities, excluding business acquired		
Increase in		
Receivables	(18)	(39)
Inventories	(42)	(4)
Prepaid expenses and other	(49)	(41)
Increase (decrease) in		
Accounts payable	64	56
Accrued and other liabilities	64	(34)
Customer deposits	742	217
Net cash provided by operating activities	1,707	665
INVESTING ACTIVITIES		
Additions to property and equipment	(2,648)	(613)
Cash acquired from the acquisition of P&O Princess, net		156
Proceeds from retirement of property and equipment	77	51
Other, net	(13)	(31)
Net cash used in investing activities	(2,584)	(437)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	842	898
Principal repayments of long-term debt	(624)	(284)
Proceeds from short-term borrowings, net	153	49
Dividends paid	(199)	(123)
Proceeds from exercise of stock options	97	14
Other	(4)	(12)
Net cash provided by financing activities	265	542
Effect of exchange rate changes on cash and cash equivalents	(15)	(56)
Net (decrease) increase in cash and cash equivalents	(627)	714
Cash and cash equivalents at beginning of period	1,070	667
Cash and cash equivalents at end of period	$ 443	$1,381

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

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

NOTE 1 – Basis of Presentation

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 only include the consolidated results of the former P&O Princess Cruises plc operations since April 17, 2003.

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.

The accompanying consolidated balance sheet at May 31, 2004, the consolidated statements of operations for the six and three months ended May 31, 2004 and 2003 and the consolidated statements of cash flows for the six months ended May 31, 2004 and 2003 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, except as noted in the second paragraph of Note 3, 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 data):

	Six Months Ended May 31, 2004	Six Months Ended May 31, 2003	Three Months Ended May 31, 2004	Three Months Ended May 31, 2003
Net income, as reported	$535	$255	$332	$128
Stock-based compensation expense included in net income, as reported	6	2	4	1
Total stock-based compensation expense determined under the fair value-based method for all awards	(45)(a)	(17)	(12)	(9)
Adjusted net income for basic earnings per share	496	240	324	120
Interest on dilutive convertible notes	13		9	
Adjusted net income for diluted earnings per share	$509	$240	$333	$120
Earnings per share				
Basic				
As reported	$0.67	$0.40	$0.41	$0.19
Adjusted	$0.62	$0.38	$0.40	$0.17
Diluted				
As reported	$0.66	$0.40	$0.41	$0.19
Adjusted	$0.62	$0.38	$0.40	$0.17

(a) During the six months ended May 31, 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 adjusted net income for the six months ended May 31, 2004.

NOTE 3 - DLC Transaction

The DLC transaction has been accounted for as an acquisition of P&O Princess by Carnival Corporation, using the purchase method of accounting. P&O Princess' accounting policies have been conformed to Carnival Corporation's policies. P&O Princess' 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. P&O Princess changed its name to Carnival plc upon completion of the DLC transaction. The P&O Princess purchase price was $5.36 billion and the number of additional shares effectively issued in the combined entity for purchase accounting purposes was 209.6 million.

During the three months ended May 31, 2004 we increased the fair values of the P&O Princess publicly traded debt, and correspondingly, goodwill, by $87 million to take into account the extension of Carnival Corporation's guarantee to cover this debt as of the acquisition date. The impact of this correction on our current and prior period financial statements was immaterial. There have been no other significant changes to our goodwill carrying amount since November 30, 2003, other than the changes resulting from using different foreign currency translation rates at each balance sheet date.

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.

	Six Months Ended May 31, 2003	Three Months Ended May 31, 2003
	(in millions, except earnings per share)	
Pro forma revenues	$3,256	$1,634
Pro forma net income (a)(b)	$ 221	$ 97
Pro forma earnings per share		
Basic	$0.28	$0.12
Diluted	$0.28	$0.12
Pro forma weighted-average shares outstanding		
Basic	795	796
Diluted	799	799

(a) In accordance with SFAS No. 141, "Business Combinations," pro forma net income was reduced by $51 million and $27 million for the six and three months ended May 31, 2003, respectively, for P&O Princess' nonrecurring costs related to its completion of the DLC transaction with Carnival Corporation, which were expensed by P&O Princess prior to April 17, 2003.
(b) Pro forma net income for the six and three months ended May 31, 2003 included a $16 million nonrecurring expense related to litigation and other charges associated with the DLC transaction. In addition, pro forma net income for the six months ended May 31, 2003, included $19 million of income related to the receipt of nonrecurring net insurance proceeds during the three months ended February 28, 2003.

NOTE 4 - Debt

In February and May 2004, we borrowed an aggregate of $739 million to finance a portion of the Diamond Princess and Sapphire Princess purchase prices, pursuant to committed financing arrangements. These loans have both a fixed and variable interest rate component, mature through May 2016, and had a weighted-average interest rate of 3.9% at May 31, 2004. In addition, in March 2004 we extinguished $237 million of unsecured debt, which bore interest at USDLibor plus 1.33%, before its July 2008 maturity date.

In March 2004, Carnival plc entered into a 600 million euro unsecured 364-day 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. At May 31, 2004, $101 million of short-term borrowings were outstanding under this facility, bearing interest at 2.34%. In connection with obtaining this 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 June 2004, Carnival plc established a U.S. dollar commercial paper program, which is supported by this 600 million euro revolving credit facility and, accordingly, any amounts outstanding under this commercial paper program will reduce the aggregate amount available under the facility.

At May 31, 2004, Carnival Corporation had $120 million outstanding under short-term commercial paper borrowings, bearing interest at 1.15%, and supported by its $1.4 billion credit facility. Also, at May 31, 2004, our $600 million 2% convertible notes were classified as a current liability since the first put option of these notes is in April 2005.

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 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 that reference a Carnival Cruise Lines product were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of travel agencies. 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"), our 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 May 31, 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 the 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 $287 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 $85 million, or alternatively provide mortgages in the aggregate amount of $85 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 May 31, 2004 have to pay a total of $177 million in stipulated damages. As of May 31, 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 May 31, 2004 and November 30, 2003, respectively, which is being amortized to nonoperating income through 2022.

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. We have not been required to make any material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

NOTE 6 – Comprehensive Income

Comprehensive income was as follows (in millions):

	Six Months Ended May 31, 2004	Six Months Ended May 31, 2003	Three Months Ended May 31, 2004	Three Months Ended May 31, 2003
Net income	$535	$255	$332	$128
Items included in accumulated other comprehensive income:				
Foreign currency translation adjustment	175	164	(33)	109
Changes related to cash flow derivative hedges	(8)	(9)	5	(6)
Unrealized losses on marketable securities		2		3
Total comprehensive income	$702	$412	$304	$234

NOTE 7 - Segment Information

Our cruise segment includes 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 represents 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 our cruise and other segments was as follows (in millions):

	Six Months Ended May 31,			
2004	**Revenues (a)**	**Operating expenses**	**Selling and administrative**	**Operating income (loss)**
Cruise	$4,194	$2,505	$610	$702
Other	54	52	28	(37)
Intersegment elimination	(9)	(9)		
	$4,239	$2,548	$638	$665
2003				
Cruise	$2,344	$1,414	$373	$322
Other	46	46	16	(22)
Intersegment elimination	(13)	(13)		
	$2,377	$1,447	$389	$300

2004	Three Months Ended May 31, Revenues (a)	Operating expenses	Selling and administrative	Operating income (loss)
Cruise	$2,220	$1,296	$308	$421
Other	43	40	14	(16)
Intersegment elimination	(7)	(7)		
	$2,256	$1,329	$322	$405
2003				
Cruise	$1,313	$ 799	$203	$178
Other	40	39	9	(10)
Intersegment elimination	(11)	(11)		
	$1,342	$ 827	$212	$168

(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):

	Six Months Ended May 31, 2004	Six Months Ended May 31, 2003(a)	Three Months Ended May 31, 2004	Three Months Ended May 31, 2003(a)
Net income	$ 535	$ 255	$ 332	$ 128
Interest on dilutive zero-coupon convertible notes	6		6	
Interest on dilutive 2% convertible notes	7		3	
Net income for diluted earnings per share	$ 548	$ 255	$ 341	$ 128
Weighted-average common and ordinary shares outstanding	801	638	803	689
Dilutive effect of zero-coupon convertible notes	9		17	
Dilutive effect of 2% convertible notes	15		15	
Dilutive effect of stock plans	5	1	4	1
Diluted weighted-average shares outstanding	830	639	839	690
Basic earnings per share	$0.67	$0.40	$0.41	$0.19
Diluted earnings per share	$0.66	$0.40	$0.41	$0.19

(a) The weighted-average shares outstanding for the six and three months ended May 31, 2003 included the pro rata Carnival plc shares since April 17, 2003.

Our diluted earnings per share computation for the six and three months ended May 31, 2004 did not include a maximum of 29.6 million shares (32.7 million shares in 2003) and 20.9 million shares (32.7 million shares in 2003), respectively, of Carnival Corporation common stock issuable upon conversion of its contingently convertible debt.

In addition, employee and director stock options to purchase 5.1 million (9.9 million in 2003) and 5.1 million (9.5 million in 2003) shares for the six and three months ended May 31, 2004 and 2003, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

Carnival Corporation's common stock price was above the defined trigger price for its zero coupon convertible notes for a defined duration of time during the three months ended May 31, 2004 and, therefore, these notes are convertible into 17.4 million shares of Carnival Corporation common stock during our 2004 third quarter at a per share conversion price of $31.57, and will be included in our third quarter diluted earnings per share computation, if dilutive. Carnival Corporation’s common stock price did not reach the defined trigger prices for its 1.75% and 2% convertible notes during the three months ended May 31, 2004 and, accordingly, these notes are not convertible in our 2004 third quarter. In accordance with current accounting principles, these two convertible notes will not be included in our third quarter dilutive earnings per share computation, unless the defined trigger prices of $43.05 and $63.73 are met in the third quarter, and their impact is dilutive. See Management’s Discussion and Analysis of Financial Condition and Results of Operations - Outlook for Remainder of Fiscal 2004 for further discussion of proposed changes to the computation of diluted earnings per share for our convertible notes.

SCHEDULE C

CARNIVAL PLC - UK GAAP INTERIM FINANCIAL INFORMATION
SUMMARISED GROUP PROFIT AND LOSS ACCOUNT

US$ millions	**Six Months to May 31, 2004 (Unaudited)**	**Five months to May 31, 2003 (Unaudited) Restated (note 1)**
Turnover (note 3)	1,612.6	1,411.1
Direct operating costs	(940.0)	(957.9)
Selling and administrative expenses before exceptional costs	(422.9)	(326.8)
Exceptional transaction costs (note 4)	-	(30.7)
Depreciation and amortisation	(144.5)	(126.2)
	(1,507.4)	(1,441.6)
Total operating profit/(loss) (note 3)	105.2	(30.5)
Profit on sale of businesses	-	2.5
Profit/(loss) on ordinary activities before interest	105.2	(28.0)
Net interest payable and similar items	(60.4)	(56.1)
Profit/(loss) on ordinary activities before taxation	44.8	(84.1)
Taxation	12.0	7.4
Profit/(loss) after taxation for the period	56.8	(76.7)
Dividends	(52.9)	(41.7)
Retained profit/(loss) for the period	3.9	(118.4)
Basic earnings/(loss) per share (in U.S. dollars)*	0.27	(0.37)
Diluted earnings/(loss) per share (in U.S. dollars)*	0.27	(0.37)
Dividend per share (in U.S. dollars)*	0.25	0.20
Weighted average number of shares in issues (in millions)		
-Basic*	211.2	208.6
-Diluted*	212.5	209.3

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

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

During the first half of 2004 Carnival Corporation & plc undertook a corporate restructuring of businesses within the DLC group. This involved the transfer of a number of subsidiaries from Carnival Corporation to Carnival plc and from Carnival plc to Carnival Corporation. The group has applied merger accounting principles to this restructuring with the effect that the profit and loss accounts and balance sheets for the periods ended May 31, 2003 and 2004 fully include the results and balances of the businesses transferred to Carnival plc by Carnival Corporation. The profit and loss account and balance sheet for the period ended May 31, 2003 also include the discontinued business and liabilities transferred to Carnival Corporation by Carnival plc, as ownership was transferred on December 1, 2003 (see notes 1, 2 and 3).

CARNIVAL PLC - UK GAAP INTERIM FINANCIAL INFORMATION
SUMMARISED GROUP BALANCE SHEET

	As at May 31, 2004 (Unaudited)	As at May 31, 2003 (Unaudited) Restated (note 1)
US$ millions		
Goodwill	708.8	691.7
Ships	5,998.7	7,260.3
Ships under construction	154.0	829.2
Properties and other fixed assets	514.8	539.1
Investments	22.6	25.2
Total fixed assets	7,398.9	9,345.5
Current assets		
Stocks	85.9	113.4
Debtors	500.2	525.8
Cash at bank and in hand	195.7	261.2
	781.8	900.4
Creditors: amounts falling due within one year	(1,936.1)	(4,187.6)
Net current liabilities	(1,154.3)	(3,287.2)
Total assets less current liabilities	6,244.6	6,058.3
Creditors: amounts falling due after more than one year and provisions for liabilities and charges	(2,378.3)	(4,278.9)
Net assets	3,866.3	1,779.4
Equity shareholders' funds	3,865.6	1,778.7
Equity minority interests	0.7	0.7
	3,866.3	1,779.4

See accompanying notes to the interim financial information. This interim 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 INTERIM FINANCIAL INFORMATION
SUMMARISED GROUP CASH FLOW STATEMENT

	Six Months to May 31, 2004 (Unaudited)	Five months to May 31, 2003 (Unaudited) Restated (note 1)
US$ millions		
Net cash inflow from operating activities	383.1	302.1
Returns on investments and servicing of finance	(68.1)	(78.2)
Taxation	(4.2)	(9.9)
Capital expenditure		
Purchase of ships	(1,039.7)	(633.7)
Purchase of other fixed assets	(40.1)	(45.7)
Disposal of ships	150.1	20.0
Disposal of other fixed assets	2.7	7.3
Net cash outflow for capital expenditure	(927.0)	(652.1)
Acquisitions and disposals		
Purchase of subsidiaries and long-term investments	-	(65.7)
Cash disposed on group reorganisation (note 2)	(29.3)	-
Equity dividends paid	(52.5)	(20.8)
Net cash outflow before financing	(698.0)	(524.6)
Net cash inflow from financing	663.5	596.8
(Decrease)/increase in net cash in the period	(34.5)	72.2
Reconciliation to net debt		
Net debt at beginning of period	(6,983.6)	(6,436.4)
(Decrease)/increase in net cash	(34.5)	72.2
Cash (inflow)/outflow from loans with Carnival Corporation	(1,068.6)	27.7
Movements in borrowings	435.5	(323.4)
Non-cash movements		
Carnival Corporation capital contribution	-	319.9
Carnival Corporation note receivable on group reorganisation and assumption of debt (note 2)	3,864.6	-
Debt disposed on group reorganisation (note 2)	748.8	-
Carnival Corporation note receivable on sale of ship	431.3	-
Amortisation of bond issue costs	(0.8)	(0.8)
Exchange adjustments	(147.2)	(240.3)
Net debt at end of period	(2,754.5)	(6,581.1)

See accompanying notes to the interim financial information. This interim 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
NOTES TO UK GAAP INTERIM FINANCIAL INFORMATION

Note 1. Basis of preparation

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented the Carnival Corporation & plc DLC structure. The DLC structure combined the businesses of Carnival Corporation and Carnival plc (collectively known as "Carnival Corporation & 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 ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc's ADS's are traded on the NYSE. However, the two companies operate as if they were a single economic enterprise. The contracts governing the DLC structure provide that both companies continue to have separate boards of directors, but the boards and senior executive management of both companies are identical.

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, consolidated financial statements and management commentary of Carnival Corporation & plc have been included in Schedules A and B to this announcement. The consolidated Carnival Corporation & plc financial statements have been prepared under purchase accounting principles whereby the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation. Therefore, the consolidated Carnival Corporation & plc financial statements include Carnival plc from April 17, 2003, being the effective date of its acquisition by Carnival Corporation. These consolidated Carnival Corporation & plc financial statements have 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.

The standalone Carnival plc UK GAAP interim financial information is required to satisfy reporting requirements of the UKLA and does not include the results of Carnival Corporation. However, the Directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc, which are included in the attached Schedule B.

The standalone Carnival plc UK GAAP interim financial information has been prepared on the basis of the accounting policies set out in the Carnival plc UK GAAP financial statements for the period ended November 30, 2003 and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The statutory accounts for the period ended November 30, 2003 have been delivered to the Registrar of Companies. The auditors' report on those statutory accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

As described in note 2, Carnival Corporation & plc undertook a corporate reorganisation during the first half of 2004. Given the nature of the DLC structure, the transactions have been accounted for as a group reconstruction applying merger accounting principles. As a result the financial information of Carnival plc for the periods ended May 31, 2004 and May 31, 2003 has been presented as if the Carnival plc group had always included the businesses represented by Cunard Line Limited, excluding Seabourn Cruise Line, ("Cunard"), Costa Finance S.A. ("Costa") and Carnival Corporation's North American, UK and Mexican land based operations. The difference between the fair value and net book value of the Princess Cruises business transferred to Carnival Corporation, approximately $1.5bn, has been accounted for as a movement in equity shareholders' funds.

Carnival plc will make available shortly the 2004 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.

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 July 14, 2004. 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 by the independent auditors in accordance with the requirements of the U.S. Securities and Exchange Commission.

Note 2. Corporate restructuring

On December 1, 2003 Carnival Corporation & plc commenced a corporate restructuring involving the transfer within the DLC group of subsidiary companies below Carnival Corporation and Carnival plc. These transactions were undertaken primarily to facilitate business integration and the flow of funds between affiliated companies.

The principal transactions of the reorganisation, which were substantially completed by April 2004, were:

- the transfer by Carnival plc to Carnival Corporation of Princess Cruise Lines Limited and a number of related ship owning entities which operate and own substantially all of Princess Cruises, together with Carnival plc's obligations under public and private U.S. dollar notes and related derivatives; and

- the transfer by Carnival Corporation to Carnival plc of the cruise operations of both Cunard and Costa, as well as Carnival Corporation's North American, UK and Mexican land based operations, including its Alaska and Canadian Yukon tour businesses.

The transfer of assets, liabilities and financial instruments between the two companies was based on fair market values.

Due to the nature of the DLC structure this series of transactions has been accounted for as a group reconstruction in accordance with Financial Reporting Standard 6 using merger accounting principles to reflect the combination with Cunard, Costa and the other assets being acquired from Carnival Corporation.

Note 3. Discontinued operations

Pursuant to the Corporate restructuring substantially all of the Princess Cruises operation is discontinued. The transfer of Princess Cruises was completed on December 1, 2003 and thus there is no trading activity to report in the six month period ended May 31, 2004. Accordingly, the profits and losses in the six month period to May 31, 2004 arose from continuing activities. Princess Cruises' turnover for the five month period ended May 31, 2003 was $614.1m and operating profit was $73.9m.

Note 4. Exceptional transaction costs

Carnival plc's results for the five months ended May 31, 2003 include $30.7m related to legal and professional expenses incurred in connection with the Royal Caribbean terminated transaction and the Carnival Corporation DLC transaction.