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

FORM 10-K

(Mark One)

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

For the fiscal year ended November 30, 2015 or

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

For the transition period from ______________ to ________________

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

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

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

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

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

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

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

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

Large Accelerated Filers	☑	Accelerated Filers	☐
Non-Accelerated Filers	☐	Smaller Reporting Companies	☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $20.1 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $8.5 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At January 20, 2016, Carnival Corporation had outstanding 577,744,614 shares of its Common Stock, $0.01 par value.

At January 20, 2016, Carnival plc had outstanding 216,456,140 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 577,744,614 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

CARNIVAL CORPORATION & PLC
FORM 10-K
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

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DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2015 annual report to shareholders to be furnished to the U.S. Securities and Exchange Commission pursuant to Rule 14a-3(b) of the Securities Exchange Act of 1934 is shown in Exhibit 13 and is incorporated by reference into this joint 2015 Annual Report on Form 10-K ("Form 10-K").

Part and Item of the Form 10-K

Part II

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

Item 6. Selected Financial Data.

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

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

Item 8. Financial Statements and Supplementary Data.

Portions of the Registrants' 2016 joint definitive Proxy Statement, to be filed with the U.S. Securities and Exchange Commission, are incorporated by reference into this Form 10-K under the items described below.

Part and Item of the Form 10-K

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Item 11. Executive Compensation.

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

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

Item 14. Principal Accountant Fees and Services.

PART I

Item 1. Business.

A. Overview

I. Summary

Carnival Corporation was incorporated in Panama in 1972 and Carnival plc was incorporated in England and Wales in 2000. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Carnival Corporation and Carnival plc are both public companies with separate stock exchange listings and their own shareholders. See Note 3, "DLC Arrangement" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively in this Form 10-K as "Carnival Corporation & plc," "our," "us" and "we."

We are the largest leisure travel company in the world, and among the most profitable and financially strong with a market capitalization of over $38 billion at January 22, 2016. We are also the largest cruise company having carried 47% of global cruise guests and a leading provider of vacations to all major cruise destinations throughout the world (see Part I, Item 1. Business. C. "Our Global Cruise Business – Cruise Programs"). We operate 99 cruise ships within a portfolio of ten leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences in all the world's most important vacation geographic areas. We believe having global and regional brands that are serving multiple countries and national brands that are tailored to serve individual countries provides us with a unique advantage to compete within the entire travel and leisure market for consumers' discretionary vacation spending. The descriptions of the principal vacation geographic areas where we source substantially all of our guests and our brands that market primarily to these guests are discussed in Part I, Item1. Business. C. "Our Global Cruise Business – Principal Source Geographic Areas and Cruise Brands."

II. Vision, Goals and Related Strategies

Our vision is to deliver unmatched joyful vacation experiences and breakthrough total shareholder returns by exceeding guest expectations and achieving the full benefits inherent in our scale. We believe our portfolio of global, regional and national brands is instrumental to us achieving our vision and maintaining our cruise industry leadership positions, which includes having a leading cruise brand selling in each of our primary source geographic areas targeting specific guest segments. Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital, reaching double digit returns in the next two to three years, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund our capital investments. As we drive toward double digit returns with increasing operating cash flows, we are committed to returning free cash flows to our shareholders in the form of dividends and/or share buybacks. In 2015, we increased our quarterly dividend by 20% to $0.30 per share from $0.25 per share and repurchased $276 million of our shares. In addition, we are committed to maintaining our strong investment grade credit ratings.

To reach our primary financial goals, we continue to implement initiatives to create additional demand for our brands, ultimately leading to higher revenue yields. We believe measured capacity growth further drives higher revenue yields. We will continue to identify opportunities to enhance our cruise products and services and optimize our cost structure while preserving the unique identities of our individual brands. We have made significant investments to gain insight into our guests' decision making by evaluating data included in our global database of guests to identify vacationers' needs enabling us to further grow our share of their vacation spend. We have also implemented strategies to grow demand by increasing consumer awareness and consideration of our cruise brands and the global cruise industry through coordinated media communication, expanded trade-show presence and advertising.

Furthermore, we continue to identify and implement new strategies and tactics to strengthen our cruise ticket revenue management processes and systems across our portfolio of brands, such as optimizing our pricing methodologies and improving our pricing models. In addition, we are in the process of developing a state-of-the-art revenue management system that will ultimately enable our brands to further optimize pricing and inventory. We are also implementing new initiatives to better coordinate and optimize our brands' global deployment strategies to maximize guest satisfaction and itinerary profits. We have tools and are implementing big data analytic solutions that will continue to enable us to perform customer segmentation analyses, evaluate our guests' decision making process and identify new growth opportunities to expand our customer base. We are also implementing initiatives to strengthen our onboard revenue programs.

We believe that we have significant opportunities to continue to grow our presence in China due to its large and growing middle-class population and expansion of their international tourism. It is estimated that Chinese cruise demand will increase to over 4 million annual cruisers by 2020. The Chinese government has expressed a strong desire to transform China into a leading global cruise region and is making substantial investments in cruise-related infrastructure. As we execute our strategy to accelerate growth in China, we have the benefit of nine years of local experience to help guide our expansion and enhance our cruise products and services to make them even more attractive to our Chinese guests.

With 99 ships and more than 10.8 million guests in 2015, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies as well as implementing cross-brand initiatives aimed at cost containment. We have established global leadership positions for communications, guest experience, maritime, procurement, revenue management and strategy to increase collaboration and communication across our brands and help coordinate our global efforts and initiatives. In addition, we are integrating certain back office functions to achieve the full benefits of our scale.

We are building new, innovative, purpose-built ships that are larger with a greater number of balconies, more fuel efficient and have a wider range of onboard amenities and features. These ships enable us to better compete with other vacation options for consumers' vacation spend while achieving greater economies of scale resulting in improving returns on invested capital. As of January 22, 2016, we have a total of 17 cruise ships scheduled to be delivered between 2016 and 2020. Some of these ships will replace existing capacity as less efficient ships exit our fleet. Since 2006, we have removed 17 ships from our fleet and will remove one more ship in March 2016. We have a disciplined, measured approach to capacity growth so that we achieve an optimal balance of supply and demand to maximize our profitability. We continue to make substantial investments in our existing ship enhancement programs to improve our onboard product offerings and enrich our guests' vacation experiences.

Our vision is based on four key pillars that are linked to each other:

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

Health, Environment, Safety, Security and Sustainability

We consider health, environment, safety, security and sustainability matters to be core guiding principles. Our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business. We are committed to operating a safe and reliable fleet and protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, illness and loss. We continue to focus on further enhancing the safety measures onboard all of our ships. We are also devoted to protecting the environment in which our vessels sail and the communities in which we operate. We are dedicated to fully complying with, or exceeding, all relevant legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business. See Part I, Item 1. Business. C. "Our Global Cruise Business" for further information.

Guests

Our goal is to consistently exceed our guests' expectations while providing them with a wide variety of exceptional vacation experiences. We believe that we can achieve this goal by continually focusing our efforts on helping our guests choose the cruise brand that will meet their unique needs and desires, improving their overall vacation experiences and building state-of-the-art ships with innovative onboard offerings and unequaled guest services. We are continuing to work on the next generation of innovative guest experiences so as to ensure we will be consistently exceeding our guest expectations.

Employees

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

Shareholders and Other Stakeholders

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

Strong relationships with our travel agents are especially vital to our success. We continue to strengthen our relationship with the travel agent community by increasing our communication and outreach, implementing changes based on travel agent feedback and improving our educational programs to assist agents in stimulating cruise demand.

B. Global Cruise Industry

I. Overview

The multi-night global cruise industry has grown significantly but still remains a relatively small part of the wider global vacation industry, which includes a large variety of land-based vacation alternatives around the world. Within the global vacation industry, cruise companies compete for the discretionary income spent by vacationers. A 2015 Nielsen Global Consumer Confidence Survey found that after providing for savings and living expenses, the number one global spending priority is for vacations. As a result of these and other favorable cruise industry characteristics, we believe that the global cruise industry has the opportunity to capture a greater share of consumers' spending.

Cruising offers a broad range of products and services to suit vacationing guests of many ages, backgrounds and interests. Cruise brands can be broadly classified as offering contemporary, premium and luxury cruise experiences. The contemporary experience typically includes cruises that last seven days or less, have a more casual ambiance and are less expensive than premium or luxury cruises. The premium experience typically includes cruises that last from seven to 14 days and appeal to those who are more affluent and older. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries, and the average pricing is normally higher than contemporary cruises. The luxury experience is usually characterized by smaller vessel size, very high standards of accommodation and service, higher prices and exotic itineraries to ports that are inaccessible to larger ships. We have product and service offerings in each of these three broad classifications. Notwithstanding these classifications, there generally is overlap and competition among all cruise products and services.

II. Favorable Characteristics of the Global Cruise Industry

a. Exceptional Value Proposition

We believe that the cost of a cruise vacation represents an exceptional value in comparison to alternative land-based vacations. Cruising provides many relatively unique benefits, such as transportation to various destinations while also providing accommodations, a generous diversity of food choices and a selection of daily entertainment options for one all-inclusive, competitive price. To make cruising even more cost effective and more easily accessible to vacationers, the cruise industry typically offers a number of drive-to home ports, which enables many cruise guests to reduce their overall vacation costs by eliminating or reducing air and other transportation costs.

b. Relatively Low Penetration Levels

Based on industry data, the 2015 annual penetration rates when computed based on the number of annual cruise guests as a percentage of the total population are as follows (a):

- 4.0% for Australia and New Zealand,
- 3.4% for North America (b),
- 2.7% for the United Kingdom ("UK") and
- 1.9% for continental Europe (c).
  - (a) 2015 annual penetration rates were computed based on the historical number of cruise guests carried for at least two consecutive nights obtained from G.P. Wild (International Limited) ("G.P. Wild"), an independent cruise research company and internal estimates.
  - (b) For the purpose of the penetration rate calculation, North America is comprised of the United States of America ("U.S.") and Canada.
  - (c) For the purpose of the penetration rate calculation, continental Europe includes Germany, Italy, France, Spain and Portugal.

Cruising in China is in the early stages of development. Over the past decade China has been, by far, the world's fastest growing tourism source area. With a growing middle class, almost 135 million Chinese tourists are expected to have traveled abroad in 2015 and it is expected to grow to 200 million by 2020. About 90% of Chinese outbound travel happens in Asia, with most destinations reachable by sea. We believe the cruise segment of the Chinese vacation region has significant long-term growth potential given its early stage of development with healthy demand from a large and growing middle-class population, the easing of travel restrictions and increasing support from the Chinese government.

c. Wide Appeal

Cruising appeals to a broad range of ages and income levels. Cruising provides something for every generation, from kids' clubs to an array of onboard entertainment designed to appeal to teens and adults. Cruising also offers transportation to a variety of destinations and a diverse range of ship types and sizes, as well as price points, to attract guests with varying tastes and from most income levels. To encourage first-time and repeat cruisers and better compete with other vacation alternatives the cruise industry has done, among other things, the following:

- Expanded entertainment options,
- Provided flexible dining options including open-seating dining,
- Added branded specialty restaurants, bars and cafés,
- Enhanced internet and communication capabilities,
- Offered shorter cruises from a variety of home ports,
- Offered money-back guarantees,
- Added more shipboard attractions,
- Refocused marketing efforts,
- Enhanced training of travel agents and
- Collaborated with well-known brands to attract more families.

d. Positive Demand Trends

The average age of populations in established cruise regions is increasing. The average age of a cruise guest, which varies by brand, ranges from approximately 40 years to 60 years in established cruise regions. Between 2015 and 2025, the number of people in the cruise business' primary age group of 45 years and older is expected to grow by 18 million, or 12%, in the U.S. and Canada, 13 million, or 9%, in the major Western European countries and 1.5 million, or 17%, in Australia.

The baby boomer generation, or those born between 1946 and 1964, is the most active older population group in history. The youngest in this group, who are in their fifties, are typically experiencing their peak earning years. Some of the oldest in this group, who are in their late sixties, are defying traditional stereotypes by continuing to work, having more active lifestyles and enjoying multi-generational cruising.

The fastest growing segment of the vacation industry is the millennial generation, or those born between 1980 and 2000. The millennial generation has surpassed the size of the baby boomers generation and now represents the largest generation size in history. The millennial generation has a strong desire for travel and shared experiences and should continue to offer growth to the vacation industry, especially as they evolve into more frequent travelers.

Furthermore, many emerging international regions are experiencing growing economies and a rapid growth in middle-class consumers. As their earnings power and disposable income increase, these middle-class consumers are becoming more eager to purchase entertainment, travel and discretionary products and services. This demand growth provides the cruise industry the opportunity to expand its reach in these regions.

We believe the cruise industry is well-positioned to take advantage of these positive demand trends.

e. Ship Mobility

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

f. High Guest Satisfaction Rates

Cruise guests tend to rate their overall satisfaction with a cruise vacation higher than comparable land-based hotel and resort vacations. According to industry surveys, the cruise experience consistently exceeds expectations of repeat and first-time cruisers on a wide range of important vacation attributes, such as value and service levels. Cruising continues to receive high guest satisfaction rates because of the unique vacation experiences it offers, including visiting multiple destinations without having to pack and unpack, all-inclusive product offerings and state-of-the-art cruise ships with entertainment, relaxation and fun, all at an outstanding value.

g. Favorable Supply Versus Demand Balance

The cruise industry continues to maintain a disciplined, measured rate of growth in established source areas, such as North America and Western Europe, and is investing in emerging source areas, such as China, where it believes it has greater growth opportunities. In addition, less efficient cruise ships will continue to be retired from service as they reach the end of their economic lives, no longer provide guests with the vacation experiences that they desire or do not provide sufficient cash flows. We believe this favorable supply versus demand balance will continue to have a positive impact on the cruise industry's ability to grow profitably.

III. Passenger Capacity and Cruise Guests Carried

The weighted-average passenger (lower berth) capacities for the global cruise industry and for us are as follows (a):

Year	Global Cruise Industry	Carnival Corporation & plc
2011 (b)	387,000	195,000
2012 (b)	399,000	200,000
2013 (b)	415,000	205,000
2014 (b)	428,000	210,000
2015 (b)	445,000	215,000
2016 (c)	466,000	221,000
2017 (c)	494,000	230,000
2018 (c)	521,000	235,000

(a) In accordance with cruise industry practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers. For contracted capacity increases, see Part I, Item1. Business. C. "Our Global Cruise Business – Ships Under Contract for Construction" below.
(b) Global Cruise Industry amounts were obtained from internal estimates and data provided by the Cruise Line Industry Association ("CLIA"), which is a non-profit marketing and training organization formed to promote cruising.
(c) Our estimates of future passenger capacity do not include any assumptions related to unannounced ship withdrawals and, accordingly, our estimates could indicate a higher growth in passenger capacity than will actually occur.

The number of cruise guests carried by the global cruise industry and by us are as follows:

	Global Cruise Industry			Carnival Corporation & plc
Year (a)	North America	Europe, Australia, Asia and Other	Total	Total
2011	11,561,000	8,959,000	20,520,000	9,559,000
2012	11,767,000	9,046,000	20,813,000	9,829,000
2013	11,820,000	9,523,000	21,343,000	10,061,000
2014	12,281,000	9,759,000	22,040,000	10,566,000
2015 (b)	12,361,000	10,612,000	22,973,000	10,837,000

(a) The estimates of the total guests carried for 2011 through 2014 were obtained from G.P. Wild and are based upon where the guests were sourced and not the cruise brands on which they sailed.
(b) The estimates of the total guests carried for 2015 are based on internally developed global guests' growth rates.

C. Our Global Cruise Business

I. Segment Information

Each of our nine leading global, regional and national cruise brands sailing in 2015 is an operating segment that we aggregate into either the (1) North America or (2) Europe, Australia & Asia ("EAA") reportable cruise segments based on the similarity of their economic and other characteristics.

As of January 22, 2016, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity	Percentage of Total Capacity	Number of Cruise Ships
North America			
Carnival Cruise Line	62,366	29%	24
Princess Cruises ("Princess")	44,340	20	18
Holland America Line	21,069	10	13
Seabourn	1,374	1	3
North America Cruise Brands	129,149	60	58
EAA			
Costa Cruises ("Costa")	35,924	17	15
AIDA Cruises ("AIDA")	18,656	9	10
P&O Cruises (UK)	18,383	8	8
P&O Cruises (Australia)	7,324	3	5
Cunard	6,694	3	3
EAA Cruise Brands	86,981	40	41
	216,130	100%	99

We also have a Cruise Support segment that includes our cruise port and related facilities located in Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Puerto Plata, Dominican Republic; and Roatán, Honduras, which are operated for the benefit of our cruise brands. Cruise Support also includes other services that are provided for the benefit of all our cruise brands and Fathom's pre-launch selling, general and administrative expenses.

In addition to our cruise operations, we own Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Our tour company owns and operates 11 hotels or lodges, over 300 motorcoaches and 20 glass-domed railcars and is the eighth largest motorcoach company in North America. This tour company and three cruise ships, the former *Costa Celebration*, *Costa Europa* and *Grand Holiday*, which we own and charter-out under long-term leases, comprise our Tour and Other segment as of January 22, 2016.

See Note 12, “Segment Information” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional segment and geographic information.

II. Ships Under Contract for Construction

As of January 22, 2016, summary information of our ships under contract for construction is as follows (a) (b):

Cruise Brands and Ships	**Expected Delivery Date**	**Passenger Capacity**
North America		
Carnival Cruise Line		
Carnival Vista	4/16	3,912
Newbuild	3/18	3,880
Princess		
Majestic Princess	3/17	3,560
Newbuild	10/19	3,560
Holland America Line		
Koningsdam	3/16	2,650
Newbuild	11/18	2,650
Seabourn		
Seabourn Encore	11/16	600
Seabourn Ovation	4/18	600
North America Cruise Brands		21,412
EAA		
AIDA		
AIDAprima	2/16	3,286
Newbuild	3/17	3,286
Newbuild	11/18	5,210
Newbuild	5/20	5,210
Costa		
Newbuild	2/19	4,200
Newbuild	10/19	5,176
Newbuild	7/20	4,200
Newbuild	10/20	5,176
P&O Cruises (Australia)		
Newbuild	11/19	4,200
EAA Cruise Brands		39,944
		61,356

(a) Our ship construction agreements cannot be cancelled by either party without cause, and such cancellation will subject the defaulting party to contractual liquidated damages. All of our ship construction contracts are with Fincantieri in Italy, Meyer Werft in Germany and Finland and Mitsubishi Heavy Industries in Japan.

(b) Refer to Note 7, “Commitments” and Note 11, “Fair Value Measurements, Derivative Instruments and Hedging Activities” to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K for additional ship commitment information.

III. Cruise Brands

a. North America

Carnival Cruise Line is a leader in contemporary cruising and operates 24 ships designed to provide fun and exceptional vacation experiences that appeal to a wide variety of consumers, all at an outstanding value. Founded in 1972, Carnival Cruise Line is one of the most recognizable brands in the cruise industry and carried over 4.5 million guests in 2015, the most of any individual cruise brand. Carnival Cruise Line identifies their target customers as "The Spirited" or those who like to live life to the fullest, look at the glass as half full, feel comfortable in their own skin and make their own fun. Carnival Cruise Line's cruises have a broad appeal to families, couples, singles and seniors and carried more than 700,000 children in 2015. In January 2016, Carnival Cruise Line was voted "Best Cruise Line" in *USA Today's* 10 Best Readers' Choice Awards. The line has one 3,912-passenger capacity ship, *Carnival Vista*, scheduled to be delivered in April 2016 and one 3,880-passenger capacity ship scheduled to be delivered in March 2018. These newbuilds will increase existing passenger capacity by 12%.

Carnival Cruise Line offers cruises generally from three to eight days with almost all of its ships departing from 15 convenient U.S. home ports located along the East, Gulf and West coasts, Puerto Rico and Hawaii. Carnival Cruise Line is the leading provider of year-round cruises in The Bahamas, the Caribbean and Mexico and also operates seasonal cruises in New England, Canada, Alaska, Hawaii and Europe. In addition, Carnival Cruise Line will continue to deploy two contemporary ships from Australia, one on a year-round basis and one seasonally-based. These ships offer cruises from three to 19 days to the South Pacific Islands and New Zealand. These ships have been refurbished to ensure they are tailored to this market, pairing the best mix of award winning American innovations to suit Australian tastes. Since October 2012 when Carnival Cruise Line began its Australia cruise program, the line has carried more than 350,000 guests and has proven to be extremely popular in the cruise segment of the Australian vacation region.

The brand's focus continues to be on enhancing its products and services with innovations that appeal to new consumers, as well as past guests. In Spring 2016, the launch of *Carnival Vista* will continue the expansion of the line's Fun Ship® 2.0 enhancement program with the introduction of new ground-breaking features as follows:

- A Thrill Theater, a multi-dimensional experience where seats move in multiple directions and viewers are sprayed with water and bubbles,
- The world's first IMAX Theater at sea, with a three-deck-high-screen,
- An onboard brewery in the RedFrog Pub,
- Expanded water park featuring the colorful Kaleid-O-Slide, the line's first raft-riding water tube slide,
- Seafood Shack, a delectable New England-inspired eatery and
- SkyRide, a breakthrough suspended open-air cycling experience.

Princess, whose brand name was originally made famous by the *Love Boat* television series, has been providing cruises since 1965 and is the world's largest premium cruise line based on passenger capacity. In 2015, the line celebrated its 50th anniversary with an array of celebratory activities and entertainment throughout the year to commemorate half a century of cruising, including a reunion of the original cast of the *Love Boat*, and an award winning float in the New Years' Rose Bowl Parade.

Princess operates a fleet of 18 ships and has two 3,560-passenger capacity ships, *Majestic Princess* and another newbuild, scheduled to be delivered in March 2017 and October 2019. Princess has one ship, *Ocean Princess*, that was sold in 2014 and will be leaving its fleet in March 2016. In mid-2017, Princess will transfer the 2,000-passenger capacity *Dawn Princess* to

P&O Cruises (Australia). The passenger capacity of Princess will increase by 10% after taking into consideration these two newbuilds, net of *Ocean Princess* withdrawal and *Dawn Princess* transfer.

Princess offers 150 unique itineraries with cruises ranging from three to 20 days with longer exotic sailings from 25 to 111 days, including two world cruises. Most of its cruises sailing in Asia are from three to five days and cater to its Asian guests. In the summer, Princess ships generally sail in Alaska, Europe and Asia. Princess has been voted "Best Cruise Line" in Alaska by the readers of *Travel Weekly* in 11 of the past 12 years. In the winter, its ships generally sail in the Caribbean, Australia, Asia and other destinations. When sailing in the Caribbean, most of Princess' ships visit its award-winning private island in The Bahamas, Princess Cays®.

Princess' Come Back New™ product initiative is designed to enhance the onboard experience by providing guests with lifelong memories and meaningful stories to share from their cruise vacation. The program includes several new products and services, such as three new dining options for guests as well as the SHARE specialty restaurant crafted by celebrity chef Curtis Stone and "Chocolate Journey's" dessert experience featuring master chocolatier Norman Love. Onboard entertainment has also been enhanced by the creation of the Voice of the Ocean that is modeled after the wildly popular international singing competition as well as four original musical productions created by Steven Schwartz, which includes songs written exclusively for Princess. The line continues its collaboration with Discovery Channel to offer interactive onboard activities and shore excursions designed to entertain and delight families about the nature, wildlife and history of the regions their guest are sailing.

Holland America Line®
SAVOR THE JOURNEY

Holland America Line has been providing cruises for over 140 years and visits over 400 ports of call in almost 100 countries and territories on all seven continents. The brand operates a fleet of 13 premium mid-sized ships and has two 2,650-passenger capacity ships, *Koningsdam* and another newbuild, scheduled to be delivered in March 2016 and November 2018. These newbuilds will increase existing passenger capacity by 25%. In addition, the brand recently announced that it will be investing approximately $300 million for suite upgrades, such as new furnishing, decor and amenities, retail space upgrades and enhanced ship entertainment areas on most of its ships.

Holland America Line's cruises range from three to 35 days with longer, exotic Grand Voyages from 55 to 116 days, including an annual Grand World Voyage. In the summer, Holland America Line ships generally sail in Alaska and Europe. In the winter, its ships generally sail in the Caribbean, Australia and other destinations. When sailing in the Caribbean, most of Holland America Line's ships visit its award-winning private island in The Bahamas, Half Moon Cay, known for its pristine beaches, diverse shore excursions, exclusive beach cabanas and family-friendly activities.

The brand recently entered into two new marquee partnerships to bring unique onboard experiences to its guests. In 2015, Holland America Line announced the launch of Lincoln Center Stage, a new onboard live music venue created in an exclusive partnership with the Lincoln Center for the Performing Arts, a leader in artistic programming and education. In addition, when *Koningsdam* enters service in 2016, it will feature a new live interactive music experience called *Billboard Onboard* that will debut as part of a new Music Walk complex.

Furthermore, all of Holland America Line's ships have Culinary Arts Centers presented by *Food & Wine* magazine, where guests enjoy cooking demonstrations, private cooking lessons, wine tastings and lifestyle seminars, as well as cuisine from the recipes of an esteemed Culinary Council.

Seabourn, which began operations in 1988, provides ultra-luxury cruising vacations on smaller ships that focus on personalized service and guest recognition. The line's fleet of three 458-passenger ships offer spacious all-suite accommodations, award-winning gourmet dining, and unique experiences such as the Officer on Deck culinary event, Shopping with the Chef excursions and complimentary shore events. Over the last decade, Seabourn was voted the "Best Small-Ship Cruise Line" by readers of *Travel + Leisure* and *Condé Nast Traveler*. In addition, *Saveur* named Seabourn "Finest Cruise Line Dining" in 2015 by its panel of travel experts and editors. In 2015, Seabourn partnered with world-renowned American chef and restaurateur Thomas Keller and developed an array of menus and culinary options for multiple dining venues aboard Seabourn's fleet and will introduce a new signature restaurant. Seabourn also pampers its guests with complimentary value-added extras such as Massage Moments[SM] on deck and Caviar in the Surf[SM] beach parties. All of the Seabourn ships have a service ratio of nearly one staff member per guest and an intimate, sociable atmosphere that has been the hallmark of the Seabourn lifestyle.

Seabourn's ships cruise to destinations throughout the world, including Europe, Asia, the South Pacific Islands, Australia and New Zealand, the Americas and Antarctica, with cruises generally from seven to 14 days, with a number of longer voyages. Seabourn also continues to have a multi-year agreement with the United Nations Educational Scientific and Cultural Organization to support its mission of safeguarding unique cultural and natural features around the world and promote sustainable tourism, thus providing its guests with unique access to, and a greater understanding of more than 150 World Heritage Sites visited by the line.

Seabourn has two new 600-passenger capacity ships, *Seabourn Encore* and *Seabourn Ovation,* scheduled for delivery in November 2016 and April 2018. These newbuilds will almost double Seabourn's existing passenger capacity. With the addition of these two new ships, Seabourn will have one of the youngest fleets in the ultra-luxury segment of the cruise industry.

Beginning in April 2016, Fathom, a social impact travel brand, will embark from Miami on seven-day voyages onboard the 704-passenger capacity ship, *Adonia.* Fathom offers purpose driven travelers the opportunity to engage in cultural exchanges and experience people-to-people programs that will include humanitarian, cultural, artistic, faith-based and educational activities.

b. Europe, Australia & Asia

Costa has been providing cruises for 68 years and visits more than 270 ports around the world. The brand operates a fleet of 15 contemporary ships and has two 5,176-passenger capacity ships and two 4,200-passenger capacity ships scheduled for delivery between February 2019 and October 2020. These newbuilds will increase existing passenger capacity by 52%.

In 2015, Costa carried 1.8 million guests sourced from around the world and is a leading cruise line in Italy, France, Spain and Asia. Costa offers a wide range of unique itineraries, with cruises generally ranging from seven to 20 days and also has three to five day mini-cruises in the Mediterranean Sea, longer exotic sailings from 20 to 30 days and two world cruises. Most of its cruises sailing in Asia are from four to five days and cater to its Asian guests. In the summer, Costa deploys its ships in the Mediterranean Sea, Northern Europe and Asia. In the winter, Costa deploys its ships in the Mediterranean Sea, the Caribbean, Asia, Brazil, Argentina, the Arabian Gulf and the Indian Ocean. Costa is a leader in the Mediterranean where it boasts a tradition spanning close to seven decades and was the first cruise company to operate Mediterranean cruises year-round.

Costa considers itself the world's ambassador of Italy’s finest. Its ships represent the best of Italy by offering beautiful Italian art, unique interior decorations with superb Italian mosaics, precious Murano chandeliers, fine Italian wines, excellent Mediterranean food selections and unique shops that carry well-known Italian fashion brands. Costa attracts international guests due to its multi-lingual service and is considered in Europe to be a top vacation provider. Costa is also known for offering innovative itineraries that combine the excitement of new destinations with pampering onboard service and ambiance. The spectacular Samsara spa wellness center includes a dedicated restaurant and cabins with direct access to the spa.

In early 2016, *Costa Diadema*, its flagship, began offering its guests new dining options created by Bruno Barbieri, who has earned multiple Michelin Stars. Lastly, Costa recently announced a new communication campaign featuring world-renowned recording artist Shakira.

AIDA, which began operating in 1996, is the leader and most recognized cruise brand in the German cruise industry. Since 2007, AIDA has been our fastest growing cruise brand and has taken delivery of seven ships in the past nine years. AIDA operates 10 premium ships featuring a resort casual atmosphere.

AIDA has four ships scheduled for delivery through 2020. One 3,286-passenger capacity ship is scheduled for delivery in early 2016 and another sister ship in 2017. These ships are larger than AIDA’s current generation of vessels and have advanced technological platforms featuring new energy efficient hull designs along with innovative guest features. These ships feature several unique amenities, such as two foil-domed outside decks that can be used year-round, the new Four Elements Activity Park with the world’s largest indoor water slide at sea, a Lazy River, where guests can drift and relax, an ice-skating rink, Lanai cabins with private winter gardens, as well as AIDA’s onboard hallmarks, such as a theater in the center of the ship’s atrium and a micro-brewery. In addition, AIDA has two 5,210-passenger capacity ships scheduled to be delivered in November 2018 and May 2020. These newbuilds will almost double AIDA's existing passenger capacity.

AIDA offers its guests cruises generally from three to 21 days, while visiting over 190 ports. In the summer, AIDA ships generally sail in the North Sea, the Baltic Sea, the Atlantic and the Mediterranean Sea. In the winter, AIDA ships generally sail in the Caribbean, Southeast Asia, the Arabian Gulf, Central America, the Atlantic Isles and the Mediterranean Sea.

AIDA’s current product is especially tailored for German-speaking guests and includes a German-speaking crew as well as German-style food and entertainment. AIDA’s ships include a variety of informal and formal dining options, including buffets, grills and exclusive restaurants. AIDA offers an exceptionally relaxed, yet active, cruising experience for all generations with an emphasis on a healthy and youthful lifestyle, choice, informality, family friendliness and activity. German consumers have voted AIDA the "Most Trusted Brand" in 2015 in a *Reader's Digest* poll and for the fifth time in a row AIDA has won the highly regarded Pegasus Award.

P&O Cruises (UK) is the leading and most recognized cruise brand in the UK and can trace its roots back 178 years to the formation of the Peninsular & Oriental Steam Navigation Company. P&O Cruises (UK) operates a fleet of eight premium ships. Three of its ships offer holidays exclusively for adults while the other ships are well-suited for families. P&O Cruises (UK)’s ships visit over 200 destinations worldwide, with cruises generally from seven to 17 days, with a number of longer voyages, including two world cruises of over 100 days in 2016. In the summer, cruises generally depart from Southampton, England to the Mediterranean Sea, Scandinavia and the Baltic Sea, New England and Canada, the Atlantic Isles and the Caribbean. P&O Cruises (UK) also offers during the summer seven or 14 day Mediterranean voyages departing from Venice and Genoa, Italy. In the winter, the line generally offers cruises in the Caribbean, the Mediterranean, the Canary Islands and world cruises.

In March 2015, P&O Cruises (UK) launched its 3,647 passenger-capacity ship, *Britannia*, which increased the fleet's capacity by 25%, and received the *British Travel Awards'* "Best New Cruise Ship" designation, as voted on by more than 250,000 British consumers. *Britannia* was christened by Her Majesty the Queen and is the largest cruise ship built exclusively for British guests. *Britannia* features new innovations for guests including The Cookery Club, a fully interactive culinary school in collaboration with James Martin, and new dining options, such as the Market Café and the Limelight Club, which combines great food with dazzling entertainment. In addition, the ship will be the location of Battlechefs, the award-winning UK-based television show that will feature celebrity chefs onboard *Britannia.*

P&O Cruises (UK) delivers exceptional service, dining, exploration and entertainment uniquely tailored to British tastes. This is enhanced through partnerships with its "Food Heroes", a line-up of British celebrity chefs including Marco Pierre White and James Martin. The line also offers themed cruises in conjunction with BBC's *Strictly Come Dancing*, where professional dancers, judges and guests bring all the glamour of the ballroom to the sea.

Cunard is globally renowned as operating the most famous ocean liners in the world and for offering legendary travel experiences with a heritage of iconic ships and outstanding service. Cunard has a unique and distinct position within the luxury travel market and recently received the *British Travel Awards'* "Best Luxury Cruise Line" designation. The line operates three premium/luxury ships, *Queen Elizabeth*, *Queen Mary 2* and *Queen Victoria,* and has one of the youngest fleets in the cruise industry. During 2016, Cunard ships, which have between 2,000 and 2,600-passenger capacity, will sail a variety of seasonal itineraries that are designed to appeal to an internationally-sourced mix of guests with nearly 50% of guests sourced from markets outside the UK. Cunard offers cruises to destinations in Northern Europe, the Mediterranean Sea and New England and Canada, as well as their iconic transatlantic voyages on *Queen Mary 2*. Most of Cunard's cruises are generally from seven to 14 days with three world cruises of over 100 days.

Cunard's appeal is a combination of British elegance, exemplary service and sophistication. The brand sits in a unique space offering something no one else can; luxury on a grand scale. Guests enjoy a unique experience that celebrates the line's British heritage including an enviable association with the British Royal Family. Her Majesty the Queen is Godmother to both *Queen Elizabeth* and *Queen Mary 2*.

In 2015, Cunard celebrated its 175th anniversary in cities around the world that climaxed in May with the first ever meeting of the three Queens in Liverpool, England. This event attracted more than 1.3 million shoreside spectators, in what may have been the largest attendance at a single day maritime event anywhere in the world.

P&O Cruises (Australia) is a leader in the Australian cruise industry with five contemporary ships and is recognized by nine out of ten Australians as the brand synonymous with cruising. For the third consecutive year, P&O Cruises (Australia) was voted one of Australia's "Most Trusted Cruise Operator" by *Readers Digest* in 2015.

P&O Cruises (Australia) sails to more South Pacific Island destinations than any other cruise line. In addition, remote idyllic ports of Papau New Guinea and a "taste" of Asia are also included in their itineraries. P&O Cruises (Australia) also offers year round itineraries to Australia's magnificent coast line and to New Zealand. Most of its cruises generally range from three to ten days.

In November 2015, P&O Cruises (Australia) took delivery of the 1,260-passenger capacity *Ryndam* and *Statendam* from Holland America Line, which were refurbished and renamed *Pacific Aria* and *Pacific Eden.* As part of their refurbishments, these ships have replaced the traditional cruise buffet with an international market place of fresh food outlets reflecting the many flavors Australians love to eat. In mid-2017, Princess will transfer the 2,000-passenger capacity *Dawn Princess* to P&O Cruises (Australia) who will rename her *Pacific Explorer*. P&O Cruises (Australia) has one 4,200-passenger capacity ship scheduled to be delivered in November 2019.

With over 80 years of cruising experience, P&O Cruises (Australia) provides a holiday experience inspired by the modern Australian and New Zealand traveler. The onboard atmosphere is laid back with a focus on modern design, great food, friendly service and exciting entertainment. Australian and New Zealand travelers enjoy active lifestyles and the line caters to that by offering numerous activities while also giving its guests flexibility and freedom of choice during their cruises. P&O Cruises (Australia) has partnered with leading restaurateur and celebrity chef, Luke Mangan, and created a new signature fine-dining restaurant, Salt Grill, onboard all of its ships.

IV. Principal Source Geographic Areas

a. North America

Almost 53% of the cruise guests in the world are sourced from North America. Approximately 12.2 million North America-sourced guests took multi-night cruise vacations in 2014, and we estimate that a similar number of guests cruised in 2015. The most popular location visited by North America-sourced cruise guests in 2015 was the Caribbean (including The Bahamas) and other locations include the Mediterranean Sea, Alaska, Northern Europe, Mexican Riviera, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, such as South and Central America, the South Pacific Islands, Australia, New Zealand, China, Japan, South Korea, Vietnam, Singapore and Thailand. We serve this vacation region mainly through Carnival Cruise Line, Holland America Line, Princess, Seabourn and Cunard although some of our other brands also source guests from North America but to a lesser extent.

b. Continental Europe

The main countries in continental Europe for sourcing cruise guests are Germany, Italy, France and Spain. Approximately 4.8 million continental European-sourced guests took multi-night cruise vacations in 2014 compared to 12.2 million North American-sourced guests. Additionally, we estimate that approximately 5.0 million continental European-sourced guests cruised in 2015 and were sourced from:

	Guests
Germany	1,860,000
Italy	880,000
France	620,000
Spain	480,000
Rest of continental Europe	1,170,000
	5,010,000

The most popular location visited by continental European-sourced cruise guests in 2015 was the Mediterranean Sea and other locations include Atlantic Isles (including the Canary Islands and Madeira), Northern Europe (including Scandinavia), the Caribbean, Bermuda, the Arabian Gulf and the Indian Ocean, China, Japan, South Korea, South America, New York, New England and Canada. We serve this vacation region mainly through AIDA and Costa although some of our other brands also source guests from continental Europe but to a lesser extent.

c. United Kingdom

Approximately 1.6 million UK-sourced guests took a multi-night cruise vacation in 2014, and we estimate that 1.7 million guests cruised in 2015. The most popular location visited by UK-sourced cruise guests in 2015 were the Mediterranean Sea, Scandinavia and the Baltic Sea, New England and Canada, the Atlantic Isles and the Caribbean. We serve this vacation region mainly through Cunard and P&O Cruises (UK) although some of our other brands also source guests from the UK but to a lesser extent.

d. Australia

Approximately one million Australian and New Zealand guests took multi-night cruise vacations in 2014, and we estimate that 1.1 million guests cruised in 2015. The most popular location visited by Australian and New Zealand-sourced cruise guests in 2015 were Australia, New Zealand, South Pacific islands, such as New Caledonia, Fiji, New Guinea and southeast Asia, such as Indonesia and Thailand. We serve this vacation region mainly through P&O Cruises (Australia), Princess and Carnival Cruise Line although some of our other brands also source guests from Australia and New Zealand but to a lesser extent.

e. China

Approximately 700,000 Chinese guests took multi-night cruise vacations in 2014, and we estimate that 1.0 million guests cruised in 2015. The most popular locations visited by Chinese-sourced guests in 2015 were Japan and South Korea. We serve this vacation region mainly through Costa and Princess although some of our other brands also source guests from China but to a lesser extent. We also intend to expand our brand portfolio in China in the future.

V. Cruise Programs

Our ships sail to all of the world’s major cruise destinations and the percentage of our passenger capacity deployed in each of these regions is as follows:

Region	2016	2015	2014
Caribbean	31%	34%	35%
Mediterranean	15	16	17
Europe without Mediterranean	14	13	12
Australia and New Zealand	9	7	7
Asia	8	6	5
Alaska	5	5	5
Other	18	19	19
	100%	100%	100%

VI. Cruise Pricing and Payment Terms

Each of our cruise brands publishes prices for the upcoming seasons primarily through the internet, although published materials such as brochures and direct mailings are also used. Our brands have multiple pricing levels that vary by cruise line, category of cabin, ship, season, duration and itinerary. Cruise prices frequently change in a dynamic pricing environment and are impacted by a number of factors, including the number of available cabins for sale in the marketplace and the level of guest demand. Some cruise prices are increased due to higher demand. Conversely, some cruise prices are reduced through special promotions and early booking, past guest recognition and other programs. We are in the process of developing a state-of-the-art revenue management system that will ultimately enable our brands to further optimize pricing and inventory. In addition, we are implementing new initiatives to better coordinate and optimize our brands' global deployment strategies to maximize guest satisfaction and itinerary profits.

Our bookings are generally taken several months in advance of the cruise departure date. Typically, the longer the cruise itinerary the further in advance the bookings are made. This lead time allows us to manage our prices in relation to demand for available cabins through the use of advanced revenue management capabilities and other initiatives, with the typical strategy of marketing our ships to fill them while achieving the highest possible overall net revenue yields. See “Key Performance Non-GAAP Financial Indicators” in our "Management Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 to this Form 10-K for a discussion of net revenue yields.

The cruise ticket price typically includes the following:

- Accommodations,
- Most meals, including snacks at numerous venues,
- Access to amenities such as swimming pools, water slides, water parks, whirlpools, a health club, and sun decks,
- Child care and supervised youth programs,
- Entertainment, such as theatrical and comedy shows, live music and nightclubs and
- Access to exclusive private islands and destinations.

Our brands’ payment terms generally require that a guest pay a deposit to confirm their reservation and then pay the balance due before the departure date. Our guests are subject to a cancellation fee if they cancel their cruise within a pre-defined period before sailing, unless they purchase a vacation protection package for the ability to obtain a refund.

As a convenience to our guests, we offer to arrange air transportation to and from airports near the home ports of our ships. In 2015, approximately10% of our guests purchased air transportation from us. In addition, we charter aircraft to facilitate our g
uests’ travel to distant locations for some of our European brands’ cruise itineraries. We also offer ground transfers from and to the airport near the ship’s home port as part of our transfer programs.

VII. Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours’ revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

VIII. Onboard and Other Revenues

Onboard and other activities are provided either directly by us or by independent concessionaires, from which we receive either a percentage of their revenues or a fee. In 2015, we earned 25% of our revenues from onboard and other revenue activities and services not included in the cruise ticket price including the following:

- Substantially all liquor and some non-alcoholic beverage sales,
- Casino gaming,
- Internet and communication services,
- Full service spas,

- Shore excursions,
- Gift shop sales,
- Photo sales,
- Specialty themed restaurants,
- Art sales and
- Laundry and dry cleaning services.

We enhance our guests' onboard experiences and increase our onboard revenues by offering all-inclusive beverage packages, spa packages and specialty restaurants. We are also implementing initiatives to strengthen our onboard revenue programs, such as bar and casino programs. We use various marketing and promotional tools and are supported by point-of-sale systems permitting "cashless" transactions for the sale of these onboard and other products and services. As a convenience to our guests, all our brands allow their guests to pre-book, and in most cases, pre-pay certain of their onboard and other revenue-producing activities in advance of the cruise.

We offer a variety of shore excursions at each ship's ports-of-call that include beach experiences, general sightseeing, cultural tours, adventure outings and local boat rides. We typically utilize local operators who provide shore excursions with guides who speak the same languages as most of our shore excursion guests. For our sailings to destinations in Alaska, shore excursions are operated by our wholly owned company, Holland America Princess Alaska Tours, or provided by local independent operators. We also offer revenue-producing activities on the private islands and port destinations that we operate that include beach bars and restaurants, water sports, cabana rentals and chair lift and surf rider attractions.

Our casinos are all owned and operated directly by us and are equipped according to the unique requirements of our individual brands, which are driven by the ships' itineraries and the market from which their guests are sourced. We offer a wide variety of slot and gaming machines and a diverse mix of both traditional and specialty table games designed to meet the desires of our guests. We have also developed marketing and promotional arrangements with land-based casino companies in order to increase the number of casino players onboard certain of our brands. The casinos are only open when our ships are at sea in international waters or when otherwise permitted by law.

In conjunction with our cruise vacations, many of our cruise brands sell pre-and post-cruise land packages of one to four days that include guided tours, hotel accommodations and related transportation services. In Alaska and the Canadian Yukon, we utilize, to a large extent, our own hotel and transportation assets. Additionally, we earn revenues from various promotional and other programs with destination retailers, parking facilities, credit card providers and other destination-based incentives.

IX. Marketing Activities

Guest feedback and research support the development of our overall marketing and business strategies to drive demand for cruises and increase the number of first-time cruisers. We measure and evaluate key drivers of guest loyalty and their satisfaction with our products and services that provide valuable insights about guests' cruise experiences. We closely monitor our net promoter scores, which reflect the likelihood that our guests will recommend our brands' cruise products and services to friends and family. We also regularly initiate customer research studies among guests, travel agents, tour operators and others for input on business decisions that enhance our cruise products and services for our guests.

With increased collaboration between our brands and access to vast databases of past guest information, we are able to perform psychographic segmentation studies that allow us to better understand our guests' needs, wants and expectations. The results of these studies shape how we communicate, advertise and refine the booking process, overall onboard experience, as well as post-cruise interactions. Our ability to identify the psychographic mix is a powerful differentiator, which allows us to guide guests to the right experiences with the appropriate brands and build advocates for life.

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

We continue with our multi-brand marketing initiative with print, digital, social and field marketing elements with the goal of inspiring consumers to purchase a cruise. In addition, we have tools and are implementing big data analytic solutions that will continue to enable us to perform customer segmentation analyses, evaluate our guests' decision making processes and identify new market growth opportunities to expand our customer base. We have implemented strategies to generate new demand by targeting new cruisers who typically vacation at land-based destinations.

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

X. <u>Sales Relationships</u>

We sell our cruises mainly through travel agents and tour operators that serve our guests in their local regions. These parties typically sell cabins to individuals and groups and also charter full or partial ships. In China, we sell cruises to our Chinese-sourced guests by chartering our ships and packaging groups of cabins to travel organizations that have travel agent licenses authorized to sell outbound travel products in China. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands. Our travel agent relationships are generally not exclusive and travel agents generally receive a base commission, plus the potential of additional commissions, including complimentary tour conductor cabins, based on the achievement of pre-defined sales volumes. During fiscal 2015, no controlled group of travel agencies accounted for 10% or more of our revenues.

Travel agents are an integral part of our long-term cruise distribution network and are critical to our success. We utilize local sales teams to motivate travel agents to support our products and services with competitive sales and pricing policies and joint marketing and advertising programs. We also employ a wide variety of educational programs, including websites, seminars and videos, to train agents on our cruise brands and their products and services.

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

We are a customer service driven company and continue to invest in our service organization to assist travel agents and guests before, during and after their cruise. We believe that our support systems and infrastructure are among the strongest in the vacation industry. Our investment in customer service includes the development of employees, processes and systems. We continually improve our systems within the reservations and customer relationship management functions, emphasizing the continuing support and training of the travel agency community.

XI. Employees

Our shipboard and shoreside employees are sourced from over 100 countries. We employ an average of 82,200 crew members, including officers, onboard the 99 ships we currently operate, which excludes employees who are on a leave. Our shoreside operations have an average of 10,000 full-time and 2,400 part-time/seasonal employees. Holland America Princess Alaska Tours significantly increases its work force during the late spring and summer months in connection with the Alaskan cruise season, which seasonal employees are included above. We have entered into agreements with unions covering certain employees on our ships and in our shoreside hotel and transportation operations. We consider our employee and union relationships to be strong. The percentages of our shipboard and shoreside employees that are represented by collective bargaining agreements are 47% and 15%, respectively.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. The remaining crew positions are sourced from around the world, with the largest contingent from the Philippines, Indonesia and India. We utilize a limited number of manning agencies to help locate and hire most of our shipboard employees.

XII. Training

CSMART
Center for Simulator Maritime Training
Part of the Carnival Corporation & plc Group

Our cruise brands are committed to providing appropriate hotel and marine-related training to ensure that our shipboard crew, including officers, have the knowledge and skills to properly perform their jobs. We have a maritime training program for shipboard officers that includes two training facilities with one located in Almere, the Netherlands, known as the Center for Simulator Maritime Training (“CSMART”), and the other located in Rostock, Germany. Our goal is to be a leader in delivering high quality professional maritime training. Participants receive a maritime training experience that fosters critical thinking, problem solving, ethical decision making and skill development. These facilities have numerous bridge and engine room simulators that are used for training. We are investing over $90 million to build a new CSMART training and accommodation facility that will open in mid-2016. We expect to train annually more than 6,000 shipboard officers at this expanded facility.

We have enhanced our Health, Environment, Safety & Security ("HESS") Management System risk assessment and management capabilities by implementing shipboard quality assurance initiatives that will further strengthen bridge and engine control room resource management training and operational performance. We have also established the European Cruise Academy in Rostock, which offers advanced training certificates in the maritime sciences primarily related to the cruise business.

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

XIII. Information Technology

With the increasing size and sophistication of cruise ships, the technologies employed to create guest experiences and operate ships have grown ever more complex and integrated. Our global information technology model is designed to contribute to exceeding expectations of our guests, crew, shoreside employees and other stakeholders. Our global technology model is focused on creating innovative platforms and solutions to create exceptional guest experiences while leveraging common technologies to drive process efficiency and effectiveness across our portfolio of brands. In order to achieve our goals, we are focusing on applications, connectivity, cybersecurity, infrastructure and innovation. In the area of cybersecurity, we are striving to provide consistent protection of guest, employee and company data and develop best practices and tools to combat threats and malicious activity.

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

XIV. Supply Chain

Our largest non-payroll operating expenditures are for fuel, food and beverages, repairs and maintenance including dry-docking, travel agency services, port facility utilization, advertising and marketing, transportation services, hotel and restaurant products and supplies, entertainment expenses and credit card fees. Our largest capital investments are for the construction of new ships and improvements to existing ships, including exhaust gas cleaning systems ("EGCS") and energy efficiency investments.

Although we utilize a select number of suppliers for most of our food and beverages, communication services, air transportation services and hotel and restaurant products and supplies, most of these products and services are available from multiple sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility services at some of our ports-of-call from a limited number of maritime suppliers. Almost 54% of our fuel purchases are provided by seven suppliers.

Our global procurement team continues to implement cost savings strategic initiatives including:

- Reviewing our processes for purchasing food, beverages, hotel supplies, restaurant products and technical spares to identify synergistic opportunities and to negotiate more favorable commercial terms,
- Combining warehousing facilities and optimizing logistics,
- Negotiating company-wide contracts for port services and shore excursions and
- Streamlining the use of manning agencies.

We perform our major dry-dock and ship improvement work at dry-dock facilities in The Bahamas, Europe, the U.S., Canada, Singapore and Australia. At January 22, 2016, we have agreements in place for the construction of 17 cruise ships with three shipyards. We also purchase some of our repair, maintenance and refurbishment items from a limited number of maritime suppliers. We believe there are sufficient dry-dock and shipbuilding facilities and related suppliers to meet our anticipated repair, maintenance, ship improvement and newbuild requirements.

XV. Insurance

a. General

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

b. Protection and Indemnity (“P&I”) Coverages

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

We are members of two P&I clubs, which are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the “IG”). The IG insures directly, and through broad and established reinsurance markets, a large portion of the world’s shipping fleets. Coverage is subject to the P&I clubs’ rules and the limits of coverage are determined by the IG.

c. Hull and Machinery Insurance

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

d. War Risk Insurance

We maintain war risk insurance for legal liability to crew, guests and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist incidents. Items excluded from this coverage are claims arising from chemical, nuclear and biological attacks. Our primary war risk insurance coverage is provided by international marine insurers and our excess war risk insurance is provided by our two P&I clubs. Under the terms of our war risk insurance coverage, which are typical for war risk policies in the marine industry, insurers can give us seven days' notice that the insurance policies will be cancelled. However, the policies can be reinstated at different premium rates. This gives insurers the ability to increase our premiums following events that they determine have increased their risk.

e. Other Insurance

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

XVI. Cruise Ports and Destination Developments

Our cruise brands provide guests with unique vacation experiences and additional home and transit ports through the development and management of new or enhanced cruise port facilities. Creating leading destinations as well as securing preferred ports enables us to grow demand and deliver unique experiences to our guests. Our involvement is usually in cooperation with governmental entities and local operators and typically includes providing development and management expertise and financial commitments that are connected to long-term port usage and preferential berthing agreements. However, sometimes we provide direct financial support or develop the port infrastructure ourselves, including the development and operation of mixed-use commercial properties. Commercial property lease revenues are included in other cruise revenues. We currently operate or are developing:

- Leased or owned port facilities or have interests in joint ventures that operate leased or owned port facilities in Barcelona, Spain; Civitavecchia, Naples, Savona and Trieste, Italy; Juneau and Ketchikan, Alaska; Long Beach, California and Marseilles, France for the benefit of our cruise brands and
- Leased or owned port facilities that we have developed as destinations in Cozumel, Mexico; Grand Turk, Turks & Caicos Islands; Puerto Plata, Dominican Republic and Roatán, Honduras; as well as private island destinations in The Bahamas, Half Moon Cay and Princess Cays®, principally for the benefit of our North America cruise brands. The facility in Puerto Plata, Dominican Republic, known as Amber Cove, is a new port destination strategically located in the central Caribbean cruise region and opened in October 2015.

These destinations offer a variety of features, including shore excursions, cultural and historic exhibits, water sports, beaches, retail outlets and a variety of themed-dining options.

In addition, we are involved with the development, enhancement and/or financing of government-owned and operated cruise port facilities in Cape Canaveral, Fort Lauderdale and Miami, Florida; Galveston, Texas; New Orleans, Louisiana; New York City, New York; San Juan, Puerto Rico and St. Maarten, Kingdom of the Netherlands.

XVII. Principal Joint Ventures

a. Cruise Ship Repair Facility

We own a 40% interest in Grand Bahamas Shipyard Ltd. ("GBSL") located in Freeport, Grand Bahamas. Royal Caribbean Cruises Ltd. ("RCCL") also owns a 40% interest in GBSL and an unaffiliated entity owned by Grand Bahamas Port Authority shareholders owns the remaining 20%. We utilize this facility, as well as other ship repair facilities, for our regularly scheduled dry-dockings, ship improvement work and certain emergency repairs. During 2015, we had 10 ships serviced at this facility. In addition, unaffiliated cruise ships and other types of ships, such as cargo ships, oil and gas tankers and offshore units, are serviced at this facility. GBSL generated total revenues of over $150 million in 2015, with a large portion being derived from work on our cruise ships.

b. Chinese Strategic Joint Venture

In October 2015, we formed a strategic joint venture by partnering with state owned China State Shipbuilding Company and China Investment Corporation to launch a new cruise brand in the Chinese vacation region. Potential plans for the venture could include the purchase of both new and existing cruise ships to be home ported in China.

XVIII. Sustainability

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

We voluntarily publish Sustainability Reports that address governance, commitments, stakeholder engagement, environmental, labor, human rights, society, product responsibility, economic and other sustainability-related issues and performance indicators. These reports, which can be viewed at www.carnivalcorp.com and www.carnivalplc.com were developed in accordance with the Sustainability Reporting Guidelines established by the Global Reporting Initiative, the global standard for reporting on environmental, social and governance policies, practices and performance. We have been publishing Sustainability Reports since 2011.

We help to create a higher standard of living and quality of life in our home communities and those that we visit. We often meet with local government leaders to discuss business and community planning and ways to interact sustainably. We also promote the local destinations, develop certain local ports and cruise terminals, provide emergency aid and support and make philanthropic donations in some of the communities that we operate.

In September 2015, we announced new 2020 sustainability goals reinforcing our commitment to the environment, our guests, our employees and the communities in which we operate. We have established ten goals aimed at reducing our environmental footprint while enhancing the health, safety and security of our guests and crew members and ensuring sustainable business practices across our brands and business partners in three categories as follows:

Environmental Goals

- Reduce intensity of carbon dioxide equivalent ("CO_2e") emissions from operations by 25% by 2020 relative to our 2005 baseline,
- Continue to improve the quality of our emissions into the air by developing, deploying and operating exhaust gas cleaning systems ("EGCS") across our fleet,
- Increase usage of ship-to-shore power connection capabilities,
- Increase Advanced Wastewater Purification Systems coverage of our fleet capacity by 10 percentage points by 2020 relative to our 2014 baseline,
- Continue to improve our shipboard operations' water use efficiency by 5% by 2020 relative to our 2010 baseline and
- Continue to reduce waste generated by our shipboard operations by 5% by 2020 relative to our 2010 baseline.

Health, Safety and Security Goals

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

Sustainable Workforce and Community Goals

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

Our environmental efforts are focused on, among other things, reducing emissions such as greenhouse gases (“GHGs”) (for example, carbon dioxide (“CO_2”) or CO_2e, sulfur oxides (“SOx”) and nitrogen oxide (“NOx”)). These emissions result from the combustion of the marine fuels consumed by our ships, which accounts for substantially all of our total GHG and other emissions. Accordingly, reducing fuel consumption continues to be an important company-wide initiative, which will continue to help reduce emissions. We will continue to implement our energy-saving and emission reduction strategy, which includes installing some of the best available energy and emission reduction technologies on our ships, such as:

- Efficiency improvements in the areas of hull coating and designs,
- Exhaust gas cleaning systems,
- More advance engine designs,
- More efficient LED lighting,
- More efficient air conditioning, which is the second largest user of onboard energy after propulsion,
- More efficient pumps, ventilation and waste heat recovery systems,
- New itineraries,
- More efficient propeller designs,
- Reduction in ship speeds and
- Increased energy use awareness and training.

In addition, we are designing more energy efficient ships that will enter our fleet in the future, while continuing toward reducing the fuel consumption of our existing fleet.

We had voluntarily set a goal of delivering a 20% reduction (per unit) from our 2005 baseline of CO_2e emissions from shipboard operations by 2015. We achieved our goal one year ahead of schedule and have set a new goal to achieve a 25% CO_2e emissions reduction (per unit) from our 2005 baseline by 2020. We measure our ability to use direct energy efficiently by calculating the amount of primary source energy we consume. Our ship fuel consumption and emission rates and our total ship fuel GHG emissions are as follows:

					Percentage Change Since	
Measure	**Units**	**2015**	**2014**	**2008**	**2014**	**2008**
Ship Fuel Consumption Rate	Grams Fuel/ALB-KM (a)	84	87	104	(3.4)%	(19.2)%
Ship Fuel GHG Emission Rate	Grams CO_2e/ALB-KM (b)	266	274	327	(2.9)%	(18.7)%
SOx Emission Rate	Kg SOx/NM (c)	(e)	14.3	16.1	(e)	(10.8)% (e)
NOx Emission Rate	Kg NOx/NM (c)	(e)	22.5	24.8	(e)	(9.3)% (e)
Total Ship Fuel GHG Emissions (in millions)	Tonnes CO_2e (d)	10.1	10.1	10.0	-	1.0%

(a) We measure and report the ship fuel consumption rate in terms of grams of fuel per available lower berth kilometer (“ALB-KM”). This indicator enables us to make meaningful fuel consumption comparisons that take into account changes in fleet size, itineraries and passenger capacity.
(b) We measure and report the ship fuel GHG emission rate in terms of grams of CO_2e per ALB-KM. This indicator enables us to make meaningful GHG emission reduction comparisons that take into account changes in fleet size, itineraries and passenger capacity.
(c) We measure SOx and NOx emission rates in terms of total kilograms (“Kg”) of emissions per nautical mile (“NM”). Using an emission rate normalized by distance traveled allows us to compare our pollutant reduction efforts over the reporting periods.
(d) GHG emission data collection and calculations were performed in accordance with our GHG Inventory Management Plan, the Greenhouse Gas Protocol and International Organization for Standardization ("ISO") standard 14064-3:2006.
(e) Information for 2015 is not available as of January 29, 2016. Percentage reduction presented is from 2008 to 2014.

The rate of decrease in Total Ship Fuel GHG Emissions was offset by the 28% increase in capacity and remained essentially flat when comparing 2008 to 2015.

As part of our sustainability strategy we have voluntarily reported our carbon footprint via the CDP (formerly the Carbon Disclosure Project) each year since 2007. The CDP rates companies on the depth and scope of their disclosures and the quality of their reporting. Our submission included details of our most recently compiled emissions data and reduction efforts, along with our completion of an independent, third-party verification of our GHG emissions inventory. In November 2015, we were awarded a position on the FTSE 350 and the S&P 500 Climate Disclosure Leadership Index as a result of our disclosures and efforts to reduce our carbon footprint. We also disclose our water stewardship through the CDP water program.

We also support The Nature Conservancy, which is one of the world’s leading conservation organizations, in their efforts to restore coral reefs, protect marine ecosystems and promote natural systems to help reduce the impact of storms and rising sea levels in coastal communities. All of our brands environmental management systems are certified in accordance with ISO 14001.

XIX. Governmental Regulations

a. Maritime Regulations

1. General

Our ships are regulated by numerous international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, sometimes on a daily basis, depending on the itineraries of our ships and the ports and countries visited. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be fined or otherwise sanctioned by regulators. We are committed to complying with, or exceeding, all relevant maritime requirements. All of our ships, and the maritime industry as a whole, are subject to the maritime safety and security regulations established by the International Maritime Organization ("IMO"), a specialized agency of the United Nations, and its principal set of requirements as mandated through its International Convention for the Safety of Life at Sea ("SOLAS").

Our ships are registered, or flagged, in The Bahamas, Bermuda, Italy, Malta, the Netherlands, Panama and the UK, which are also referred to as Flag States. They are regulated by these Flag States through international conventions that govern health, environmental, safety and security matters in relation to our guests, crew and ships. Representatives of each Flag State conduct periodic inspections, surveys and audits to verify compliance with these requirements. In addition, we are subject to the decrees, directives, regulations and requirements of the European Union ("EU"), the U.S. and more than 400 other international ports that our ships visit every year.

Our ships are also subject to periodic class surveys, including dry-docking inspections, by ship classification societies to verify that our ships have been maintained in accordance with the rules of the classification societies and that recommended repairs have been satisfactorily completed. Class certification is one of the necessary documents required for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. Dry-dock frequency, for example, is a statutory requirement mandated by SOLAS. Our ships dry-dock once or twice every five years, depending on the age of the ship. Dry-docking, which requires that the ship be temporarily taken out-of-service, typically lasts for one or more weeks depending on the amount of work performed. Significant dry-dock work includes hull inspection and related activities, such as scraping, pressure cleaning and bottom painting, and maintenance of steering and thruster equipment, propulsion engines, stabilizers and ballast tanks. While the ship is out of the water in dry-dock, we also perform other repairs, maintenance and ship improvement work. To the extent practical, each ship's crew including the hotel staff remain with the ship during the dry-dock period and assist in performing repair and maintenance work or participate in occupational, safety or other training.

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

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

We continue to be committed to implementing appropriate measures to manage identified risks effectively. As part of our commitment, we have a Chief Maritime Officer, who is a retired Vice Admiral from the U.S. Navy, to oversee our global maritime operations, including maritime quality assurance and policy, shipbuilding, ship refits and research and development. To ensure that we are compliant with the legal and regulatory requirements and that these areas of our business operate in an efficient manner we continue to, among other things:

- Provide regular health, environmental, safety and security support, training, guidance and information to guests, employees and others working on our behalf,
- Develop and implement effective and verifiable management systems to fulfill our health, environmental, safety, sustainability and security commitments,
- Perform regular shoreside and shipboard audits and take appropriate action when deficiencies are identified,

- Report and investigate all health, environmental, safety and security incidents and take appropriate action to prevent recurrence,
- Identify those employees responsible for managing health, safety, environment, security and sustainability programs and ensure that there are clear lines of accountability and
- Identify the aspects of our business that impact the environment and continue to take appropriate action to minimize that impact.

2. Maritime Safety Regulations

The IMO has adopted safety standards as part of SOLAS, which apply to all of our ships. To help ensure guest and crew safety and security, SOLAS establishes, among other things, requirements for the following:

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

All of our crew undergo regular safety training that meets or exceeds all international maritime regulations, including SOLAS requirements which are periodically revised. These requirements apply to existing ships and ships under construction.

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

- Develop a Safety Management System ("SMS") that includes, among other things, the adoption of safety and environmental protection policies setting forth instructions and procedures for operating vessels safely and describing procedures for responding to emergencies and protecting the environment.
- Obtain a Document of Compliance ("DOC") for the vessel operator, as well as a Safety Management Certificate ("SMC") for each vessel they operate. These documents are issued by the vessel's Flag State and evidence compliance with the SMS.
- Verify or renew DOCs and SMCs periodically in accordance with the ISM Code.

All of our shoreside and shipboard operations and ships are regularly audited by the national authorities and maintain the required DOCs and SMCs in accordance with the ISM Code.

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

- Expansion and acceleration of training of our bridge and engine room officers in maritime related best practices at our training facilities in Almere, the Netherlands and Rostock, Germany,
- Further standardization of our detailed bridge and engine resource management procedures on all of our ships,
- Expansion of our existing oversight function to monitor bridge and engine room operations,
- Identifying and standardizing best-practice policies and procedures in health, environment, safety and security disciplines across the entire organization including on all our ships and
- Further enhancing our processes for auditing and continuously improving our HESS performance throughout our operations.

As members of CLIA, we helped to develop and have implemented policies that are intended to enhance shipboard safety throughout the cruise industry. In some cases this calls for implementing best practices, which are in excess of existing legal requirements. These policies primarily relate to the following:

- Location of lifejacket stowage,
- Harmonization of bridge procedures,
- Recording the nationality of passengers,
- Common elements of passenger musters,
- Passage planning,
- Personnel access to the bridge,
- Lifeboat loading for training purposes,
- Local sounding smoke alarms,
- Reporting of crimes and missing persons,
- Safeguarding children in youth activity centers,
- Security incidents,
- Waste management and
- Medical facilities.

Further details on these and other policies can be found on www.cruising.org.

3. Maritime Security Regulations

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

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

4. Maritime Environmental Regulations

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

i. International Regulations

The principal international convention governing marine pollution prevention and response is the IMO's International Convention for the Prevention of Pollution from Ships ("MARPOL"). MARPOL includes four annexes containing requirements designed to prevent and minimize both accidental and operational pollution by oil, sewage, garbage and air emissions.

a. Preventing and Minimizing Pollution

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

As noted above, MARPOL governs the prevention of pollution by oil from operational measures, as well as from accidental discharges. MARPOL requires that discharges of machinery space bilge water pass through pollution prevention equipment that separates oil from the water and monitors the discharge to ensure that the effluent does not exceed 15 parts per million of oil. Our ships must have oily water separators with oil content monitors installed and must maintain a record of certain engine room operations in an Oil Record Book. In addition, we have voluntarily installed redundant systems on all of our ships that monitor processed bilge water prior to discharge to ensure that it contains no more than 15 parts per million of oil. This voluntary system provides additional control to prevent improper bilge water discharges. MARPOL also requires that our ships have Shipboard Oil Pollution Emergency Plans.

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

MARPOL also governs the discharge of garbage from ships and requires a Garbage Management Plan and a Garbage Record Book. As a result of MARPOL regulations addressing garbage management, the discharge of all garbage to sea is prohibited unless the discharge is expressly permitted by these regulations.

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

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

b. Low Sulfur Fuel

MARPOL Annex VI addresses air emissions from vessels in both auxiliary and main propulsion diesel engines on ships. Annex VI also specifies requirements for Emission Control Areas ("ECAs") with stricter limitations on sulfur emissions in these areas. Since January 2015, ships operating in the Baltic Sea ECA, the North Sea ECA, the North American ECA and the U.S. Caribbean ECA have been required to use fuel with a sulfur content of no more than 0.1% or use alternative emission reduction methods ("2015 ECA"). Since July 2015, ships operating in the port of Hong Kong were required to start using fuel with a sulfur content of no more than 0.5% or use alternative emission reduction methods. Lastly, since October 2015, ships operating at berth in the port of Sydney, Australia were required to start using fuel with a sulfur content of no more than 0.1% or use alternative emission reduction methods; effective July 2016, this requirement will apply to ships operating anywhere within the boundaries of Sydney Harbor.

The MARPOL global limit on fuel sulfur content outside of ECAs will be reduced to 0.5% on and after January 2020. This 0.5% global standard is subject to an IMO review by 2018 as to the availability of the required fuel oil to comply with this standard, taking into account the global fuel oil market supply and demand, an analysis of trends in fuel oil markets and any other relevant issues. If the IMO determines that there is insufficient fuel to comply with the 0.5% standard in January 2020, then this requirement will be delayed to January 2025, at the latest. However, the EU Parliament and Council have set 2020 as the final date for the 0.5% fuel sulfur content limit to enter force, regardless of the 2018 IMO review results. This EU Sulfur Directive will cover EU Member States' territorial waters that are within 12 nautical miles of their coastline.

In conjunction with an affiliate we will continue to develop and test EGCS designs that will reduce the sulfur emission levels of our higher sulfur bunker fuel to or below the levels required under the ECA limits and the 2020 global limits. To allow us sufficient time to install EGCSs on a reasonable schedule, we received an exemption for 32 ships that regularly sailed within the North American and U.S. Caribbean ECAs that have delayed the requirements to comply with the 2015 ECA limit through agreed upon dates ending in 2016. As of November 30, 2015, EGCSs have been installed on 40 ships, including some of the ships operating under the exemption, and we expect to have them installed on 64 ships by the end of 2016. These efforts will mitigate the majority of the impact from the 2015 ECA. We have, and will, incur additional EGCS operating expenses as we benefit from the use of this technology.

c. Other Emission Abatement Methods

In the long-term, the cost impacts of achieving progressively lower sulfur emission requirements may be further mitigated by the favorable impact of future changes in the supply and demand balance for marine and other fuels, future developments of and investments in improved sulfur emission abatement technologies, the use of alternative lower cost and lower emission fuels and our continued efforts to improve the overall fuel efficiency across our fleet. Since 2007, we have achieved an almost 27% cumulative reduction in unit fuel consumption by focusing on the following:

- Efficiency improvements in the areas of hull coatings and designs,
- Improved engine performance,
- More advance engine designs,
- More efficient LED lighting,
- More efficient air conditioning, which is the second largest user of onboard energy after propulsion,
- More efficient pumps, ventilation and waste heat recovery systems,
- New itineraries,
- More efficient propeller designs,
- Reduction in ship speeds and
- Increased energy use awareness and training.

As part of our emission abatement program, we have continued our work with local port authorities to help promote the development of shore power connections in Juneau, Alaska; Long Beach, Los Angeles, San Francisco and San Diego, California; Brooklyn, New York; Halifax, Nova Scotia; Seattle, Washington and Vancouver, British Columbia and have equipped 26 ships with the capability to utilize shore power technology. This technology enables our ships to use power from the local electricity provider rather than running their engines while in port to power their onboard services, and thus reducing our air emissions. Similarly, in an effort to continue our commitment to sustainability and to play a leading role in matters of environmental protection in the cruise industry, AIDA began using liquefied natural gas ("LNG") hybrid barge as an ecologically friendly and flexible power supply and an alternative to shore power, while its ships are moored in the port of Hamburg, Germany.

We announced in 2015 that four next-generation cruise ships for Costa and AIDA will be the first in the industry to be powered at sea by LNG, one of the world's cleanest burning fossil fuels. Pioneering a new era in the use of low carbon fuels, these new ships will use LNG to generate 100 percent of the ship's power both in port and on the open sea - an innovation that will reduce exhaust emissions to help protect the environment. Additionally, *AIDAprima* which is expected to be delivered in early 2016 and her 2017 sister ship, will be the first cruise ships in the world that will regularly use dual-fuel engines for an energy supply with LNG while in port, along with a connection to shoreside power and an extensive filter system for the treatment of exhaust emissions.

d. Greenhouse Gas Emissions

In January 2013, the IMO approved measures to improve energy efficiency and reduce emissions of GHGs from international shipping by adopting technical and operational measures for all ships. The technical measures apply to the design of new vessels, and the operational reduction measures apply to all vessels. Operational reduction measures have been implemented through a variety of means, including a Ship Energy Efficiency Plan, improved voyage planning and more frequent propeller and hull cleanings. We have established objectives within the ISO 14001 environmental management systems of each of our brands to further reduce fuel consumption rates and the resulting CO_2e emission rates.

ii. U.S. Federal and State Regulations

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

The Oil Pollution Act of 1990 ("OPA 90") established a comprehensive federal liability regime, as well as prevention and response requirements, relating to discharges of oil in U.S. waters. The major requirements include demonstrating financial responsibility up to the liability limits and having oil spill response plans in place. We have Certificates of Financial Responsibility that demonstrate our ability to meet the maximum amount of OPA 90 related liability that our ships could be subject to for removal costs and damages, such as from an oil spill or a release of a hazardous substance. Under OPA 90, owners or operators of vessels operating in U.S. waters must file Vessel Response Plans with the U.S. Coast Guard and must operate in compliance with these plans. Our Vessel Response Plans have been submitted to the U.S. Coast Guard and we operate in accordance with our plans. As OPA 90 expressly allows coastal states to impose liabilities and requirements beyond those imposed under federal law, many U.S. states have enacted laws more stringent than OPA 90. Some of these state laws impose unlimited liability for oil spills and contain more stringent financial responsibility and contingency planning requirements.

The Clean Water Act ("CWA") provides the U.S. Environmental Protection Agency ("EPA") with the authority to regulate commercial vessels' incidental discharges of ballast water, bilge water, gray water, anti-fouling paints and other substances during normal operations within the U.S. three mile territorial sea and inland waters.

Pursuant to the CWA authority, the U.S. National Pollutant Discharge Elimination System was designed to minimize pollution within U.S. territorial waters. For our affected ships, all of the requirements are laid out in EPA's Vessel General Permit ("VGP") for discharges incidental to the normal operations of vessels. The VGP establishes effluent limits for 27 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, the VGP includes requirements for inspections, monitoring, reporting and record-keeping. Our vessels have coverage under the VGP and thus are subject to its requirements.

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

The U.S. National Invasive Species Act ("NISA") was enacted in response to growing reports of harmful organisms being released into U.S. waters through ballast water taken on by vessels in foreign waters. The U.S. Coast Guard adopted regulations under NISA that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water onboard the vessel or by using environmentally sound ballast water treatment methods approved by the U.S. Coast Guard.

Most U.S. states that border navigable waterways or sea coasts have also enacted environmental regulations that impose strict liability for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law and in some cases have no statutory limits of liability.

The state of Alaska has enacted legislation that prohibits certain discharges in designated Alaskan waters and sets effluent limits on others. Further, the state requires that certain discharges be reported and monitored to verify compliance with the standards established by the legislation. Both the state and federal environmental regimes in Alaska are more stringent than the U.S. federal requirements with regard to discharge from vessels in other areas. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters. The state of California also has environmental requirements significantly more stringent than the federal requirements.

iii. EU Regulations

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

The European Commission's ("EC") strategy is to reduce atmospheric emissions from ships. The EC strategy seeks to implement SOx Emission Control Areas set out in MARPOL, as discussed below. In addition, the EC goes beyond the IMO by requiring the use of low sulfur (less than 0.1%) marine gas oil while in EU ports.

5. Maritime Health Regulations

We are committed to providing a healthy environment for all of our guests and crew. We collaborate with public health inspection programs throughout the world, such as the Centers for Disease Control and Prevention in the U.S. ("CDC") and the SHIPSAN Project in the EU to ensure that development of these programs leads to enhanced health and hygiene onboard our ships. Through our collaborative efforts, we work with the authorities to develop and revise guidelines, review plans and conduct on-site inspections for all newbuilds and significant ship renovations. In addition, we continue to maintain our ships by meeting, and often exceeding, applicable public health guidelines and requirements, complying with inspections, reporting communicable illnesses and conducting regular crew training and guest education programs.

In 2014, 11.3 million passengers embarked on CLIA member cruise ships from U.S. ports. That year, there were eight reportable norovirus outbreaks on cruise ships departing from U.S. ports involving a total of 1,547 passengers, which represents only 0.014% of cruise passengers on CLIA member cruise ships. By contrast, the CDC reported there are approximately 20 million norovirus cases in a typical year in the U.S., or 6.3% of the U.S. population. It is estimated that 1 in 15 Americans contract the norovirus on land each year, compared to an estimated 1 in 12,000 cruise guests who report that they have contracted the norovirus on a cruise ship during an outbreak each year. Although outbreaks of gastrointestinal illnesses on ships represent a small percentage of all outbreaks, the cruise industry has developed and implemented policies and practices to limit gastrointestinal illness onboard ships.

6. Maritime Labor Regulations

In 2006, the International Labor Organization, an agency of the United Nations that develops and oversees international labor standards, adopted a Consolidated Maritime Labor Convention ("MLC 2006"). MLC 2006 contains a comprehensive set of global standards and includes a broad range of requirements, such as the definition of a seafarer, minimum age of seafarers, medical certificates, recruitment practices, training, repatriation, food, recreational facilities, health and welfare, hours of work and rest, accommodations, wages and entitlements. In August 2013, MLC 2006 became effective in certain countries in which we operate.

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

b. Consumer Regulations

In most major countries where we source our guests, we are required to establish financial responsibility, such as obtaining a guarantee from a reputable insurance company to ensure that, in case of insolvency, our guests will be refunded their deposits and repatriated without additional cost if insolvency occurs after a cruise starts.

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

c. Guests with Disabilities Regulations

Regulations regarding ship accessibility standards are expected to be issued in the U.S. As a result of the proposed new regulations, we expect that we will be required to make modifications to some of our ships but do not believe the cost of these will have a significant impact on our consolidated financial statements.

XX. Taxation

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

a. U.S. Income Tax

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

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

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

1. Application of Section 883 of the Internal Revenue Code

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

Regulations under Section 883 list items that the Internal Revenue Service ("IRS") does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

2. **Exemption Under Applicable Income Tax Treaties**

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

3. **U.S. State Income Tax**

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

b. UK and Australian Income Tax

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

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the cruise segment of the Australian vacation region are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

c. Italian and German Income Tax

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

Most of Costa's and AIDA's earnings that are not eligible for taxation under the Italian tonnage tax regime will be taxed at an effective tax rate of 5.5%.

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

d. Income and Other Taxes in Asian Countries

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

e. Other

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

XXI. Trademarks and Other Intellectual Property

We own and have registered or licensed numerous trademarks and domain names, which we believe are widely recognized and have considerable value. These intangible assets enable us to distinguish our cruise products and services, ships and programs from those of our competitors. Our trademarks include the trade names of our cruise brands, each of which we believe is a widely-recognized brand in the cruise industry, as well as our ship names and a wide variety of cruise products and services.

See Note 11, "Fair Value Measurements, Derivatives Instruments and Hedging Activities" to our Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates – Asset Impairments" in Exhibit 13 to this Form 10-K for additional discussion of our trademarks.

XXII. <u>Competition</u>

We compete with land-based vacation alternatives throughout the world, such as hotels, resorts (including all-inclusive resorts), theme parks, organized tours, casinos, vacation ownership properties, and other internet-based alternative lodging sites. Our principal cruise competitors are RCCL, Norwegian Cruise Line Holdings, Ltd. ("NCL") and MSC Cruises. RCCL and NCL each own several brands as follows:

- RCCL owns Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, CDF Croisieres de France and Pullmantur,
- RCCL and TUI AG, the leading German tour operator, jointly own TUI Cruises, a German cruise competitor,
- RCCL and Ctrip, a leading Chinese travel service provider, jointly own SkySea Cruises, a domestic Chinese cruise competitor and
- NCL owns Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises.

Almost 90% of all 2014 global cruise guests sailed with these competitors and us.

D. <u>Website Access to Carnival Corporation & plc SEC Reports</u>

Our Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, joint Proxy Statement related to our annual shareholders meeting, Section 16 filings and all amendments to those reports are available free of charge on our home pages at www.carnivalcorp.com and www.carnivalplc.com and on the SEC's home page at www.sec.gov as soon as reasonably practicable after we have electronically filed or furnished these reports with the SEC. The content of any website referred to in this Form 10-K is not incorporated by reference into this Form 10-K.

E. <u>Industry and Market Data</u>

This Form 10-K includes market share and industry data and forecasts that we obtained from industry publications, third-party surveys and internal company surveys. Industry publications, including those from CLIA, G.P. Wild and surveys and forecasts, generally state that the information contained therein has been obtained from sources believed to be reliable. CLIA is a non-profit marketing and training organization formed in 1975 to promote cruising and offer support and training for the travel agent community in North America. In addition, CLIA participates in the regulatory and policy development process while supporting measures that foster a safe, secure and healthy cruise ship environment. Also, CLIA facilitates strategic relationships between cruise industry suppliers and organizations, cruise lines, ports and shipyards and provides a forum for interaction with governmental agencies. All CLIA information, obtained from the CLIA website www.cruising.org, relates to the CLIA member cruise lines. In 2015, CLIA represents 62 cruise brands that operate 95% of cruise industry capacity. G.P Wild is an authoritative source of cruise industry statistics and publishes a number of reports and industry reviews. All G.P. Wild information is obtained from their annual Cruise Industry Statistical Review. All other references to third party information are publicly available at nominal or no cost. We use the most currently available industry and market data to support statements as to our market positions. Although we believe that the industry publications and third-party sources are reliable, we have not independently verified any of the data. Similarly, while we believe our internal estimates with respect to our industry are reliable, they have not been verified by any independent sources. While we are not aware of any misstatements regarding any industry data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Part I, Item 1A. Risk Factors and Exhibit 13, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Form 10-K.

Item 1A. <u>Risk Factors</u>.

You should carefully consider the specific risk factors set forth below and the other information contained or incorporated by reference in this Form 10-K, as these are important factors that could cause our actual results, performance or achievements to differ materially from our expected or historical results. Some of the statements in this item and elsewhere in this Form 10-K are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

- *Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew could have an adverse effect on our sales and profitability.*

The operation of cruise ships, hotels, land tours, port and related commercial facilities and shore excursions involve the risk of incidents, including those caused by the improper operation or maintenance of ships, motorcoaches and trains; guest and crew illnesses, such as from the spread of contagious diseases; mechanical failures, fires and collisions and the resulting costs incurred on emergency ship repairs; repair delays; groundings; navigational errors; oil spills and other maritime and environmental mishaps; missing passengers and other incidents at sea or while in port or on land, which may cause injury and death, guest and crew discomfort and the alteration of itineraries or cancellation of a cruise or series of cruises or tours. Although our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business, our ships have been involved in accidents and other incidents in the past. We may experience similar or other incidents in the future. These types of incidents may bring into question guest and crew health, safety, security and satisfaction and may adversely affect our brands' reputations and demand for our brands, and cruising in general, and may affect our sales and profitability, may result in additional costs to our business, litigation against us and increasing government or other regulatory oversight.

In particular, our ability to effectively and efficiently operate shipboard and shoreside activities may be impacted by widespread public health issues/illnesses or health warnings resulting in, among other things, reduced demand for cruises and cruise and ship charter cancellations and employee absenteeism that could have an adverse effect on our sales and profitability. For example, a severe outbreak of the influenza virus or some other pandemic could, among other things, disrupt our ability to embark/disembark passengers and crew, require changes to cruise itinerary, disrupt air and ground travel to and from ports, increase costs for prevention and treatment and adversely affect our supply chain and distribution systems. This could also adversely impact cruise demand in areas unaffected by such an outbreak.

In addition, as mentioned above, our ships are subject to the risks of mechanical failures and accidents, for which we have had to incur repair and equipment replacement expenditures. If these occur in the future, we may be unable to procure spare parts or new equipment when needed or make repairs without incurring significant expenditures or suspension of service. A significant performance deficiency or problem on any one or more of our ships could have an adverse effect on our financial condition and results of operations.

Our cruise ships, hotels, land tours, port and related commercial facilities, shore excursions and other service providers may be impacted by adverse weather patterns or other natural disasters, such as hurricanes, earthquakes, floods, fires, tornados, tsunamis, typhoons and volcanic eruptions. These events could result in, among other things, increased port related and other costs. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises or tours due to these or other factors, which would have an adverse effect on our sales and profitability.

The frequency of extreme weather events such as hurricanes, floods and typhoons may not only cause disruption, alteration, or cancellation of cruises but may also adversely impact commercial airline flights, other transport and shore excursion activities or prevent our guests from electing to cruise altogether. Such extreme weather events may also disrupt the supply of provisions, fuel and shore power, and may limit our ability to safely embark and disembark our guests. In addition, these extreme weather conditions could result in increased wave and wind activity, which would make it more challenging to sail and dock our ships and could cause sea/motion sickness among guests and crew. These events could have an adverse impact on the safety and satisfaction of cruising and could have an adverse impact on our sales and profitability. Additionally, these extreme weather conditions could cause property damage to our ships, port and related commercial and business facilities and other assets and impact our ability to provide our cruise products and services as well as to obtain insurance coverage for operations in such areas at reasonable rates.

Incidents involving cruise ships, in particular our cruise ships, and media coverage thereof, as well as adverse media publicity concerning the cruise vacation industry in general, or unusual weather patterns or other natural disasters or disruptions, such as hurricanes and earthquakes, could impact demand for our cruises. In addition, any incidents which impact the travel industry more generally may negatively impact guests' ability or desire to travel to or from our ships or interrupt our ability to obtain services and goods from key vendors in our supply chain. Any of the foregoing could have an adverse impact on our sales and profitability.

Maintaining a good reputation is critical to our business. Reports and media coverage of ship incidents at sea or while in port, including missing guests, improper conduct by our employees, guests or agents, crimes, dissatisfied guests, crew and guest illnesses, such as incidents of stomach flu, parasitic outbreaks or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity, which could lead to a negative perception regarding the safety of our ships and the satisfaction of our guests. In addition, negative publicity regarding adverse environmental impacts of cruising, such as climate change and oil spills, could diminish our reputation. The considerable expansion in the use of social media over recent years has increased the ways in which our reputation can be impacted, and the speed with which it can occur. Anything that damages our reputation, whether or not justified, could have an adverse impact on demand, which could lead to price reductions and a reduction in our sales and profitability.

- *Economic conditions and adverse world events affecting the safety and security of travel, such as civil unrest, armed conflicts and terrorist attacks, may adversely impact the demand for cruises and, consequently, reduce our cruise brands' net revenue yields and profitability.*

Demand for cruises is in part dependent on the underlying perceived or actual economic condition of the countries from which cruise companies source their guests. Adverse changes in the perceived or actual economic climate, such as global or regional recessions, higher unemployment and underemployment rates; declines in income levels; securities, real estate and other market declines and volatility; increasing taxation; higher fuel prices and healthcare costs; more restrictive credit markets; higher interest rates and changes in governmental regulations, could reduce our potential vacationers' discretionary incomes, net worth or their consumer confidence. Consequently, this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price reductions which, in turn, could reduce the profitability of our business.

Demand for cruises and other vacation options has been and is expected to continue to be affected by the public's attitude towards the safety and security of travel. Factors including, but not limited to, past acts of terrorism, threats of additional terrorist attacks, drug-related violence in Mexico, pirate attacks and vessel seizures off the east and west coasts of Africa, national government travel advisories, political instability and civil unrest in North Africa, the Middle East, the Balkans and elsewhere, geopolitical issues between China and Japan and general concerns over the safety and security aspects of traveling have had a significant adverse impact on demand and pricing in the travel and vacation industry in the past and may have an adverse impact in the future. Decreases in demand may lead to price reductions, which in turn would reduce our profitability, especially in regions with popular ports-of-call.

- *Changes in and compliance with laws and regulations relating to environment, health, safety, security, tax and anti-corruption under which we operate could adversely impact our profitability.*

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise business and its environmental impact. Various agencies and regulatory organizations have enacted or are considering new regulations or policies, such as stricter emission limits to reduce GHG effects, which could adversely impact the cruise industry.

The IMO has amended the MARPOL regulations to reduce emissions from ships. As described in "Maritime Environmental Regulations" as referenced below, these changes will result in reductions in ship SOx emissions by requiring progressive reductions in the sulfur content in fuel or the use of abatement technologies. These limits will be further reduced in designated ECAs, including ECAs that have been or could be proposed in other prime cruising areas, such as around Japan, the Mediterranean Sea and Mexico. As a result of these amendments, we have elected to install EGCSs on certain of our ships, which enable our SOx emissions to meet the ECA requirements and the 2020 global standard without the use of low sulfur fuel, in all material respects. However, if this type of technology is not widely used within the shipping industry it is possible that there could be limited availability of high sulfur fuels because of low demand and the cost of such fuel may increase. The increase in fuel prices caused by these regulations may impact our other expenses including, but not limited to, crew travel, freight and commodity prices and may have an adverse impact on our profitability.

From time to time initiatives to limit GHG emissions are introduced around the world. For example, numerous bills related to climate change have been introduced in the U.S. Congress, which could adversely impact our business. While not all are likely to become law, there are indications that additional climate change related mandates could be forthcoming, and they may significantly impact our costs, including, among other things, increasing fuel prices, including new taxes on bunker fuel, establishment of costly emissions trading schemes and increasing newbuild and operational costs.

Environmental laws and regulations or liabilities arising from past or future releases of, or exposure to, hazardous substances or vessel discharges, including ballast water and waste disposal, could materially increase our cost of compliance or otherwise adversely affect our business, results of operations and financial condition. See Part I, Item 1. Business. C. "Our Global Cruise Business - Governmental Regulations - Maritime Regulations" for additional information regarding these regulations.

We are subject to numerous international, national, state and local laws, regulations and treaties related to social issues, such as, health, safety and security. Failure to comply with these laws, regulations, treaties and agreements could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. These issues are, and we believe will continue to be, an area of focus by the relevant authorities throughout the world. Accordingly, new legislation, regulations or treaties, or changes thereto, could impact our operations and would likely subject us to increased compliance costs in the future. In addition, training of crew may become more time consuming and may increase our operating costs due to increasing regulatory and other requirements.

Furthermore, we are also subject to compliance with income tax laws and regulations and income tax treaties in the jurisdictions where we operate. We believe that substantially all of the income earned by Carnival Corporation, Carnival plc and their ship owning or operating subsidiaries qualifies for taxation based on ship tonnage, is exempt from taxation or is otherwise subject to minimal taxes in the jurisdictions where the entities are incorporated or do business.

We believe that Panama and the jurisdictions where the ship owning and operating subsidiaries of Carnival Corporation are formed are equivalent exemption jurisdictions for purposes of Section 883 of the Internal Revenue Code. The laws of Panama and the other jurisdictions where our ships are owned or operated are subject to change and, in the future, may no longer qualify as equivalent exemption jurisdictions. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares, affecting Carnival Corporation's status as a publicly-traded corporation for purposes of Section 883.

The IRS interpretation of Section 883 could also differ materially from ours. In addition, provisions of the Internal Revenue Code, including Section 883, are subject to legislative change at any time. Accordingly, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries whose tax exemption is based on Section 883 could lose this exemption.

There is no authority that directly addresses the effect, if any, of a DLC arrangement on the availability of benefits under treaties and, accordingly, their application to our operations is not free from doubt. The applicable treaties may be revoked by either applicable country, replaced or modified with new agreements that treat income from international operation of ships differently than the agreements currently in force or may be interpreted by one of its countries differently from us.

If we did not qualify for tonnage tax, exemption, treaties or minimal taxes, or if the laws that provide for these tax systems were changed, we would have significantly higher income tax expense. In many jurisdictions, the benefit of tonnage tax or preferential tax regimes would be replaced with taxation at normal statutory rates. In the absence of Section 883 or an applicable income tax treaty in the U.S., we would be subject to the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code. In combination, these provisions would result in the taxation of our U.S. source shipping income, net of applicable deductions, at a current federal corporate income tax rate of up to 35%, state income tax rates would vary and our net after-tax income would be potentially subject to a further branch profits tax of 30%.

We are subject to the examination of our income tax returns by tax authorities in the jurisdictions where we operate. There can be no assurance that the outcome from these examinations will not adversely affect our net income.

As budgetary constraints continue to adversely impact the jurisdictions in which we operate, increases in income or other taxes affecting our operations may be imposed. Some social activist groups have lobbied for more taxation on income generated by cruise companies. Certain groups have also generated negative publicity for us. In recent years, certain members of the U.S. Congress have proposed various forms of legislation that would result in higher taxation on income generated by cruise companies.

Operating internationally also exposes us to numerous and sometimes conflicting legal and regulatory requirements such as U.S. and global anti-bribery laws and regulations. In many parts of the world, including countries in which we operate, practices in the local business communities might not conform to international business standards. We may not be successful in ensuring that our employees and other representatives stationed throughout the world properly adhere to our policies or applicable laws or regulations. Failure to adhere to our policies or applicable laws or regulations could result in penalties, sanctions, damage to our reputation and related costs, which in turn could negatively affect our profitability.

• *Disruptions and other damages to our information technology and other networks and operations, and breaches in data security could result in decreases in our net income.*

Our ability to increase revenues and control costs, as well as our ability to serve guests most effectively depends in part on the reliability of our sophisticated technologies and system networks. We use communication applications, information technology and other systems to manage our inventory of cabins held for sale and set pricing in order to maximize our revenue yields and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Possible system outages and the resulting downtime could have adverse consequences on our ability to run and manage our business. In addition, gaining unauthorized access to digital systems and networks for purposes of misappropriating assets or sensitive financial, medical or other personal or business information, corrupting data, causing shoreside or shipboard operational disruptions and other cyber-attack risks could adversely impact our reputation, guest services and satisfaction, employee relationships, business plans, ship safety and costs. Global companies are repeatedly being targeted to gain access to critical company, guest and other information. In addition, the operation and maintenance of our systems is in some cases dependent on third-party technologies, systems and service providers for which there is no certainty of uninterrupted availability or through which hackers could gain access to sensitive information. These potential disruptions and cyber attacks could negatively affect our reputation, customer demand, costs, system availability and pricing for our cruises.

In addition, as the use of the internet expands regulators are working on addressing the risks related to these new technologies, globalization and cybersecurity with enhanced regulations. For example, the proposed European Union's General Data Protection Regulation promotes an increased level of protection of personal data and will provide for enhanced regulatory supervision, which may increase our costs.

Our principal offices are located in Australia, Germany, Italy, the UK and the U.S. Although we have developed disaster recovery and similar business contingency plans, actual or threatened natural disasters (for example, hurricanes, earthquakes, floods, fires, tornados, tsunamis, typhoons and volcanic eruptions) or similar events in these locations may have a material impact on our business continuity, reputation and results of operations.

• *Ability to recruit, develop and retain qualified personnel could adversely affect our results of operations.*

Our success is dependent upon our personnel and our ability to recruit and train high quality employees. We hire a significant number of new crew each year and, thus, our ability to adequately recruit, develop and retain them is critical to our cruise business. We also rely upon the ability, expertise, judgment, discretion, integrity and good faith of our senior management team. We must continue to recruit, develop, retain and motivate management and other employees to enable us to maintain our current business and support our projected growth.

We believe that incidents involving cruise ships and the related adverse media publicity, adverse economic conditions that negatively affect our profitability and overcapacity in the vacation region could also impact our ability to recruit qualified personnel.

• *Increases in fuel prices may adversely affect our operations, financial condition and liquidity.*

Economic, market and political conditions around the world, such as fuel demand, regulatory requirements, supply disruptions and related infrastructure needs, make it difficult to predict the future price and availability of fuel. Fuel costs accounted for 13%, 20% and 21% of our cruise operating expenses in 2015, 2014 and 2013, respectively. Future increases in the global price of fuel would increase the cost of our cruise ship operations as well as some of our other expenses, such as crew travel, freight and commodity prices. Furthermore, volatility in fuel prices could have a material adverse effect on our operations, financial condition and liquidity. We may be unable to implement additional fuel conservation initiatives and other best practices or increase ticket prices and collect fuel supplements, which would help to fully or partially offset these fuel price increases. See risks relating to environmental laws and regulations, continuing financial viability of air service providers and failures to keep pace with technology below for additional information regarding our fuel risks.

To mitigate a portion of our economic risk attributable to potential fuel price increases, we have established a fuel derivatives program. To date under this program, we have bought Brent crude oil (“Brent”) call options and sold Brent put options, collectively referred to as zero cost collars, that establish ceiling and floor prices. These derivatives are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. In addition, there can be no assurance that our fuel derivatives program will provide a sufficient level of protection against increases in fuel prices or that our counterparties will be able to perform, such as in the case of a counterparty bankruptcy. Assuming the Brent prices remain below the floors of our zero cost collars in 2016, 2017 and 2018, realized losses on these zero cost collars will reduce the benefit we would have obtained from lower fuel prices. Also, the fuel derivative contracts may create significant volatility in our U.S. GAAP earnings due to volatility in fuel prices over the contracts' terms.

We believe that our land-based vacation competitors' operating costs are less affected by fuel price increases than cruise companies. Accordingly, fuel price increases may adversely impact cruise companies more than their land-based competitors.

Certain of our newbuilds entering service in 2018 and thereafter are designed to use LNG as a primary fuel source. At this time, there is not a spot market for LNG like there is for bunker or marine gas oil and purchasing LNG is usually made through long-term contracts. Further, the LNG distribution infrastructure is in the early stages of development and there are a limited number of suppliers. In addition, we may be subject to new regulations covering the use and storage of LNG onboard our ships and we may experience difficulties in operating and maintaining new LNG-based engine technology.

- *Fluctuations in foreign currency exchange rates could adversely affect our financial results.*

We earn revenues, pay expenses, purchase and own assets and incur liabilities in currencies other than the U.S. dollar; most significantly, the euro, sterling, Australian and Canadian dollars. We derived 54%, 57% and 56% of our reported revenues from guests sourced from outside of the U.S. in 2015, 2014 and 2013, respectively, including the impact of changes in foreign currency exchange rates. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. We report currency transactions in the functional currencies of our reporting units, excluding fuel which is always transacted and reported in U.S. dollars regardless of the functional currency of the reporting unit. Furthermore, we convert a significant amount of these currencies into U.S. dollars. Therefore, the strengthening of the U.S. dollar against our other major currencies, will adversely affect our U.S. dollar financial results and will reduce the U.S. dollar amount received upon conversion of these currencies into U.S. dollars.

- *Misallocation of capital among our ship, joint venture and other strategic investments could adversely affect our financial results.*

We believe that having the right number and type of cruise ships for our brands is critical to our success in existing and developing regions. In the event that we build too many ships or build or refurbish ships that are not accepted by our guests, our pricing, profitability and liquidity may be negatively impacted. Furthermore, we have made and may continue to make joint venture and other strategic investments that may not develop as we expect, which also could adversely affect our profitability and liquidity.

- *Future operating cash flow may not be sufficient to fund future obligations and we may be unable to obtain acceptable financing to enable us to continue to be a viable company.*

Our forecasted cash flows from future operations may be adversely affected by various factors, including, but not limited to, incidents, a weakening economy, adverse changes in laws and regulations, and other factors noted under these "Risk Factors." To the extent that we are required, or choose, to fund future cash requirements, including current and future shipbuilding commitments and debt repayments, from sources other than cash flow from operations, available cash and committed external sources of liquidity, including committed ship and other financings, we will have to secure such financing from export credit agencies or banks or through the offering of debt and equity securities in the public or private markets. There is no guarantee that such financings will be available in the future to fund our future obligations, or that they will be available on terms consistent with our expectations.

Our access to and the cost of financing will depend on, among other things, conditions in the global financing markets, the availability of sufficient amounts of financing and our long-term senior unsecured credit ratings. If our investment grade long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, or general market conditions ascribe higher risk to our rating levels, or our industry, or us, our access to and cost of debt financing may be negatively impacted. Further, the terms of future debt agreements could include more restrictive covenants, which may restrict our business operations.

Our ability to maintain our credit facilities may also be impacted by material changes in our ownership. More specifically, we may be required to prepay our debt facilities if a person or group of persons acting in concert gain control of Carnival Corporation & plc, other than the Arison family, including Micky Arison, our Chairman of the Boards of Directors.

• *Deterioration of our cruise brands' strengths and our inability to implement our strategies could adversely impact our business and profitability.*

We believe that our cruise branding has contributed significantly to the success of our business and enhancing and maintaining our branding is critical to expanding our brands' customer bases. The ability of our brands to successfully target different segments of the vacation source areas in which they operate enables us to strengthen our business.

We believe that our ability to effectively use our scale and extend best practices and technologies across our brands is critical for implementing our strategic initiatives, such as maximizing our revenue management processes, improving our overall fleet management and optimizing our cost structure and, therefore, achieving our vision and reaching our primary financial goals. In the event that we are not successful in implementing our strategies, our results of operations and financial condition could be adversely affected. In addition, we may not identify and provide cruise products and services that meet the needs, wants and desires of our guests and ultimately not exceed our guests' expectations, which in turn could negatively affect our profitability.

• *Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain is essential to allowing us to profitably operate our business. In addition, reductions in the availability of, and increases in the prices for, the services and products provided by these vendors can adversely impact our net income.*

Our guests primarily book their cruises through independent travel agents and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Our competitors may offer higher commissions and incentives and thus adversely impact our business. Significant disruptions, contractions or consolidations to our travel agent distribution system, such as those caused by a reduction in travel and related commission income as a result of an economic slowdown could have an adverse effect on our sales and profitability. In addition, we currently extend credit to certain of our larger European travel agents and tour operators and, accordingly, if such agents and operators cannot repay their debts to us, it will adversely impact our cash flows and operations.

Many of our guests and substantially all our crew depend on scheduled or chartered commercial airline services to transport them to or from the airports near the ports where our cruises embark and disembark. Changes or disruptions in commercial or chartered airline services as a result of strikes, labor unrest, financial instability or viability, adverse weather conditions, airport delays, consolidation of carriers, or other events or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests and crew to or from our cruise ships and increase our costs which would, in turn, have an adverse effect on our results of operations. In addition, increases in the prices of airfares due to, among other things, rising fuel prices and airline consolidations would increase the overall vacation price to our guests and may adversely affect demand for our cruises, as well as increase our airfare for our crew.

Travel agents may face increased pressure from our competitors to sell and market these competitor cruises exclusively. If such exclusive arrangements were introduced, there can be no assurance that we will be able to find alternative distribution channels to ensure our customer base would not be affected.

Economic downturns may impact the financial viability of other key vendors in our supply chain and the interruption in the services or goods we purchase from them could adversely impact our operations and profitability.

• *Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations could reduce our profitability. In addition, we expect increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages.*

The construction, repair, maintenance and refurbishment of cruise ships are complex processes and involve risks similar to those encountered in other large and sophisticated construction, repair, maintenance and refurbishment projects. We could experience delays and cost overruns in completing such work. As our fleet ages, our repair and maintenance expenses will increase. In addition, other events, such as work stoppages, other labor actions, insolvencies, "force majeure" events or other financial difficulties experienced at the shipyards and their subcontractors and suppliers who build, repair, maintain or refurbish our ships could also delay or prevent the delivery of our ships under construction and prevent or delay the completion of the refurbishment, repair and maintenance of existing ships in our fleet. These events could adversely affect our profitability, including delays or cancellations of cruises or unscheduled dry-docks and repairs. In addition, the consolidation of the control of certain cruise shipyards or cruise shipyard voluntary capacity reductions or insolvencies could result in less shipyard availability thus reducing competition and increasing prices. Furthermore, the lack of qualified shipyard repair facilities could result in the inability to repair and maintain our ships on a timely basis, which could also result in reduced profitability.

As of January 22, 2016, we had entered into foreign currency zero cost collars for two of our euro-denominated shipbuilding contracts. However, if the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency zero cost collars related to the shipyard's shipbuilding contract payments would still have to be honored. This might require us to realize a loss on existing foreign currency zero cost collars without an offsetting gain on our foreign currency denominated shipbuilding contract payments, thus resulting in an adverse effect on our financial results.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' or the shipyards' functional currency is expected to be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our decisions to order new cruise ships. In addition, the prices of various commodities that are used in the construction of ships, such as steel, can be subject to volatile price changes and, accordingly, the cost of future newbuilds may increase, which could have an adverse impact on our profitability.

In connection with our shipbuilding contracts, we do not anticipate any contractual breakage or cancellations on our part. However, if any were to occur, it could result in, among other things, the forfeiture of our payments and the imposition of contractual liquidated damages.

- *Failure to keep pace with developments in technology could impair our operations or competitive position.*

Our business continues to demand the use of sophisticated systems and technology. These systems and technologies may require refinement, updating and replacement with more advanced systems. If we are unable to do so on a timely basis or within reasonable cost parameters, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology, and a failure to do so could result in materially higher than anticipated costs and could materially impair our operating results.

- *Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect and our international operations are subject to additional risks not generally applicable to our U.S. operations, thus resulting in the slower growth, increased costs and adversely affecting our profitability.*

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

Furthermore, our international operations are subject to additional risks including adverse changes in foreign countries' political systems, social unrest, restrictions and taxes on the withdrawal of foreign investments and earnings and other payments by subsidiaries, adverse changes in foreign currency exchange restrictions, government policies against the vacation or maritime industries, limitations on issuing Chinese cruisers international travel visas, local cabotage requirements, investment restrictions or requirements, changes in or application of our foreign taxation structures, including duties and value added taxes, diminished ability to legally enforce our intellectual property and contractual rights in foreign countries and commercial instability caused by corruption.

- *Competition from the cruise ship and land-based vacation industry could result in a loss of business and adversely affect our operations and financial condition.*

We face significant competition from other cruise brands on the basis of cruise pricing, travel agent preference and the types and sizes of ships and cabins, services and destinations being offered by them to cruise guests. In addition, new cruise competitors with existing brand appeal may choose to enter the cruise industry or there may be other new cruise competitors that may choose to enter the established or emerging regions. We try to differentiate ourselves from our cruise competitors by offering a wide variety of brands, itineraries, products and services to our guests, but the acceptance of each offering is not certain and consumers' preferences are always subject to change. It is possible that our programs to motivate previous guests to cruise with us again may not be successful and they may elect not to cruise with us again.

In addition, we operate in the wider vacation industry and cruising is only one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to land-based vacation operators that provide other travel and leisure options, including, but not limited to, hotels, resorts, theme parks, packaged holidays and tours, casino operators, vacation ownership properties and internet-based alternative lodging sites.

In the event that we do not compete effectively with other cruise companies and other vacation alternatives, our results of operations and financial condition could be adversely affected.

• *Overcapacity in the cruise ship and land-based vacation industry could have a negative impact on our net revenue yields and increase operating costs.*

Although cruising capacity in most of the established regions has grown at a slower pace in recent years, we expect it to continue to increase in both the established and emerging regions. Since the cruise industry relies on long-lived ships, we face the risk that our industry's capacity will grow beyond its demand. The wider vacation industry may also face increases in land-based vacation capacity, which may impact us as well. We typically aim to fill our new capacity at favorable revenue yields despite the new competing cruise and land-based capacity growth. Also, to the extent that we or our competitors deploy ships to a particular itinerary and the resulting capacity in that region exceeds the demand, we may lower pricing and profitability may be lower than initially anticipated. Furthermore, the used cruise ship market is small and as new cruise ships enter the industry, older ships become less competitive. Accordingly, if we need to dispose of a ship, we cannot be assured of finding a viable buyer to purchase it at a price that meets our expectations, which could result in ship impairment charges and losses on ship disposals.

Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected. In addition, increased cruise capacity could impact our ability to recruit, develop and retain qualified crew, including officers, at competitive rates and, therefore, increase our shipboard employee costs.

• *Economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs and could harm sales and profitability.*

Some of our operating costs including, but not limited to, food, payroll, port costs, repairs and maintenance, security and other commodity-based items are subject to increases because of market forces, economic or political instability or other circumstances beyond our control. In addition, interest rates, currency exchange rate fluctuations and our ability to obtain debt or equity financing are dependent on many economic, market and political factors. Increases in operating or financing costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our guests and such increases may adversely impact our liquidity and credit ratings.

It is possible that jurisdictions or ports-of-call that we regularly visit may also decide to assess new, or change existing, taxes, fees and other charges specifically targeted to the cruise industry, its employees and guests, including, but not limited to, value added taxes on cruise tickets and onboard revenues, which could increase our operating costs and could decrease the demand for cruises and ultimately decrease our net revenue yields and net income.

• *Litigation, enforcement actions, fines or penalties could adversely impact our financial condition or results of operations and damage our reputation.*

Our business is subject to various international laws and regulations that could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. In addition, improper conduct by our employees or agents could damage our reputation and lead to litigation or legal proceedings that could result in significant awards or settlements to plaintiffs and civil or criminal penalties, including substantial monetary fines. Such events could lead to an adverse impact on our financial condition or results of operations, even if the monetary damage are mitigated by our insurance coverage.

As a result of our ship or other incidents, litigation claims, enforcement actions and regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, may be asserted or brought against various parties including us. The time and attention of our management may also be diverted in defending such claims, actions and investigations. We may also incur costs both in defending against any claims, actions and investigations and for any judgments, fines, civil or criminal penalties if such claims, actions or investigations are adversely determined and not covered by our insurance policies.

• *Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations could adversely affect our net revenue yields and net income.*

We believe that attractive, convenient and safe port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The continuing availability of these types of ports on terms that are favorable or consistent with our expectations, including the port facilities where our guests embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints (particularly during the Caribbean winter months and Mediterranean summer months), security, safety and environmental concerns, adverse weather conditions and other natural disasters, financial and other limitations on port development in established or emerging markets, political instability, exclusivity arrangements that ports may have with our competitors, port operator consolidation, local governmental regulations and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to utilize, maintain, rebuild, if necessary, and increase the number of ports that our ships call on could adversely affect our net revenue yields and net income.

• *Union disputes and other employee relationship issues could adversely affect our financial results.*

A large number of our employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate these collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage on our ships. We may also be subject to or affected by work stoppages unrelated to our business or collective bargaining agreements. Any such work stoppages or potential work stoppages could have a material adverse effect on our financial results.

• *Decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates could result in higher expenses or lower revenues.*

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for substantially all the insurable risks we face in order to minimize the cost of our insurance policies. Accordingly, we are not protected against all risks, such as loss of use of a ship or a cyber-security breach, both of which could result in an unexpected decrease in our revenue in the event of an incident. Further, significant incidents could result in higher insurance premiums commencing on the policy renewal dates or the inability to obtain coverage.

We may also be subject to additional premium costs based not only on our own claims record but also on the claims records of all other members of the P&I associations that provide us with indemnity coverage for third-party liability. We are also subject to additional P&I premium assessments for various reasons including, but not limited to, investment or underwriting shortfalls experienced by our P&I clubs. In addition, if we or other ship-owners sustain significant losses, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Finally, we cannot be certain that affordable and viable direct insurance and reinsurance markets will be available to us in the future.

• *Reliance on third-party providers of various services integral to the operations of our business. These third parties may act in ways that could harm our business.*

In order to achieve cost and operational efficiencies, we outsource to third-party vendors certain services that are integral to the operations of our global business, such as our onboard concessionaires. We are subject to the risk that certain decisions are subject to the control of our third-party service providers and that these decisions may adversely affect our activities. A failure to adequately monitor a third-party service provider's compliance with a service level agreement or regulatory or legal requirements could result in significant economic and reputational harm to us. There is also a risk the confidentiality, privacy and/or security of data held by third parties or communicated over third-party networks or platforms could become compromised.

• *Business activities that involve our co-investment with third parties may subject us to additional risks that could adversely impact our operations.*

Partnerships, joint ventures and other business structures involving our co-investment with third parties, such as our new joint venture to operate a domestic Chinese cruise brand, our investment in Grand Bahama Shipyard and our minority ownership investments in various port development and other projects, generally include some form of shared control over the operations of the business and create additional risks, including the possibility that other investors in such ventures could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies or objectives that are inconsistent with ours. In addition, actions by another investor may present additional risks of operational difficulties or reputational or legal concerns. These or other issues related to our co-investment with third parties could adversely impact our operations.

- *Disruptions in the global financial markets or other events may negatively affect the ability of our counterparties and others to perform their obligations to us and thus, adversely affect our financial position and results of operations.*

The ability of our counterparties to perform, primarily with respect to our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts, new ship progress payment guarantees and ship charter agreements may adversely impact us if any of their financial positions weaken materially or they suffer other financial disruptions.

For example, the last severe economic downturn, including failures of banks and financial service companies and the related liquidity crisis, disrupted the capital and credit markets. Additional economic concerns from some countries continue to strain the financial markets both in the U.S. and internationally. A recurrence of these or other disruptions could cause our counterparties and others to breach their obligations to us under our contracts with them, which may have a negative impact on our cash flows, including our ability to meet our obligations, results of operations and financial condition.

- *Our shareholders may be subject to the uncertainties of a foreign legal system in protecting their interests since Carnival Corporation and Carnival plc are not U.S. corporations.*

Carnival Corporation's corporate affairs are governed by its Third Amended and Restated Articles of Incorporation ("Articles") and Third Amended and Restated By-Laws ("By-Laws") and by the laws of Panama. Carnival plc is governed by its Articles of Association and by the laws of England and Wales. The contracts that control the relationship between Carnival Corporation and Carnival plc under the DLC arrangement are governed by the laws of Panama, the Isle of Man and the Cayman Islands. The laws of Panama, England and Wales, the Isle of Man and the Cayman Islands may differ in some respects from the laws in the U.S. Thus, our public shareholders may have more difficulty in protecting their interest with respect to actions by management, directors and controlling shareholders than would otherwise be the case for a U.S. shareholder in a U.S. Corporation or a UK shareholder in a UK Corporation.

- *Small group of shareholders owns a significant portion of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.*

As of January 20, 2016, a small group of shareholders consisting of some members of the Arison family, including Micky Arison; the Chairman of the Board of Directors, beneficially owned approximately 17% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least significantly influence, the outcome of certain shareholder votes and, therefore, the corporate actions requiring such votes.

- *Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests.*

Carnival Corporation's Articles and By-Laws and Carnival plc's Articles of Association contain provisions that may delay, defer, prevent or render more difficult a takeover attempt that our shareholders consider to be in their best interests. As a result, these provisions may prevent our shareholders from receiving a premium to the market price of our shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our shares if they are viewed as discouraging takeover attempts in the future.

Specifically, Carnival Corporation's Articles contain provisions that prevent third parties, other than the Arison family and trusts established for their benefit, from acquiring beneficial ownership of more than 4.9% of outstanding Carnival Corporation shares without the consent of its Board of Directors and provide for the lapse of rights, and sale, of any shares acquired in excess of that limit. The effect of these provisions may preclude third parties from seeking to acquire a controlling interest in us in transactions that shareholders might consider to be in their best interests and may prevent them from receiving a premium above market price for their shares.

- *The DLC arrangement involves risks not associated with the more common ways of combining the operations of two companies and these risks may have an adverse effect on the economic performance of the companies and their respective share prices.*

The DLC arrangement is a relatively uncommon way of combining the management and operations of two companies and it involves different issues and risks from those associated with the other more common ways of forming a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In our DLC arrangement, the combination is effected primarily by means of contracts between Carnival Corporation and Carnival plc and not by operation of a statute or court order. The legal effect of these contractual rights may be different from the legal effect of a merger or amalgamation under statute or court order, and there may be difficulties in enforcing these contractual rights. Shareholders and creditors of either company might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the express provisions and intentions we included in such contracts. In addition, shareholders and creditors of other companies might successfully challenge other DLC arrangements and establish legal precedents that could increase the risk of a successful challenge to our DLC arrangement.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate" and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that may impact, among other things, the forecasting of our adjusted earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill, ship and trademark fair values and outlook.

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

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of January 22, 2016, the Carnival Corporation and Carnival plc headquarters and our larger shoreside locations are as follows:

Entity/Brand	Location	Square Footage	Own/Lease
Carnival Corporation Headquarters	Miami, FL U.S.A.	136,000/72,000	Own/Lease
Carnival plc Headquarters	Southampton, England	10,000	Lease
Carnival Cruise Line	Miami, FL U.S.A.	327,000	Own
Costa Group			
Costa Group	Hamburg, Germany	41,000	Lease
AIDA	Rostock and Hamburg, Germany	224,000/80,000	Own/Lease
Costa	Genoa, Italy	246,000/66,000	Own/Lease
Holland America Group			
Princess	Santa Clarita, CA U.S.A.	311,000	Lease
Holland America Line, Seabourn and Holland America Princess Alaska Tours	Seattle, WA U.S.A.	182,000	Lease
P&O Cruises (Australia)	Sydney, NSW Australia	58,000	Lease
P&O Cruises (UK) and Cunard	Southampton, England	140,000	Lease

In addition, we own, lease or have controlling interests in port facilities in Barcelona, Spain; Cozumel, Mexico; Grand Turk, Turks & Caicos Islands; Juneau, Alaska; Long Beach, California; Puerto Plata, Dominican Republic and Roatán, Honduras.

Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cays®, respectively, are briefly described in Part I, Item 1. Business. C. "Our Global Cruise Business." The hotel properties owned and operated by Holland America Princess Alaska Tours and three cruise ships that we own and charter-out under long-term bareboat charter agreements are also briefly described in Part I. Item 1. Business. C. "Our Global Cruise Business."

Information about our cruise ships, including the number each of our cruise brands operate, their passenger capacity and their primary regions or countries from which they source their guests, as well as information regarding our cruise ships under construction may be found under Part I. Item 1. Business. C. "Our Global Cruise Business," and Note 7, "Commitments" and Note 11, "Fair Value Measurements, Derivative Instruments and Hedging Activities" to our Consolidated Financial Statements in Exhibit 13 to this Form 10-K. Also, information about maritime regulations and issues that may affect our cruise ships can be found in Part I. Item 1. Business. C. "Our Global Cruise Business – Maritime Regulations."

Our cruise ships in operation, headquarters, ports, private islands and other shoreside facilities, including Holland America Princess Alaska Tours' properties are all well maintained and in good condition. We evaluate our needs periodically and obtain additional facilities when deemed necessary. We believe that our facilities are adequate for our current needs.

Item 3. Legal Proceedings.

On August 28, 2013, the UK Maritime & Coastguard Agency and the U.S. Department of Justice began investigating allegations that *Caribbean Princess* breached international pollution laws. We are cooperating with the investigations, including conducting our own internal investigation into this matter.

On December 28, 2014, the Egyptian Environmental Affairs Agency began an investigation into allegations that *Costa neoClassica* breached Egyptian environmental laws. We are conducting our own internal investigation into this matter.

In March 2015, the Alaska Department of Environmental Conservation issued Notices of Violations to all of the major cruise lines who had operated in the state of Alaska, including Carnival Cruise Line, Holland America Line and Princess Cruises, for alleged violations of the Alaska Marine Vessel Visible Emission Standards that occurred over the last several years. We are cooperating with the state of Alaska and conducting our own internal investigation into these matters.

Item 4. Mine Safety Disclosures.

None.

Executive Officers of the Registrants

Pursuant to General Instruction G(3), the information regarding our executive officers called for by Item 401(b) of Regulation S-K is hereby included in Part I of this Form 10-K.

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

Name	Age	Years of Service (a)	Title
Micky Arison	66	44	Chairman of the Boards of Directors
David Bernstein	58	17	Chief Financial Officer
Alan B. Buckelew	67	38	Chief Operations Officer
Arnold W. Donald	61	15	President and Chief Executive Officer and Director
Larry Freedman	64	17	Chief Accounting Officer and Controller
Stein Kruse	57	16	Chief Executive Officer of Holland America Group
Josh Leibowitz	44	2	Chief Strategy Officer
David Noyes	53	4	Chief Executive Officer of Carnival UK
Arnaldo Perez	55	23	General Counsel and Secretary
Michael Thamm	52	22	Chief Executive Officer of Costa Group

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

Business Experience of Executive Officers

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

David Bernstein has been Chief Financial Officer since 2007. From 2003 to 2007, he was Treasurer. From 1998 to 2003, he was Chief Financial Officer of Cunard and Seabourn.

Alan B. Buckelew has been Chief Operations Officer since 2013. From 2007 to 2013, he was Chief Executive Officer of Princess. He was President of Princess from 2004 to 2013. From 2004 to 2007, he was also Chief Operating Officer of Cunard.

Arnold W. Donald has been President and Chief Executive Officer since 2013. He has been a Director since 2001. He is also a Principal of AWDPLC LLC, a private investment company. From 2010 to 2012, he was President and Chief Executive Officer of The Executive Leadership Counsel, a professional network of African-American executives of major U.S. companies.

Larry Freedman has been Chief Accounting Officer since 2007 and Controller since 1998.

Stein Kruse has been the Chief Executive Officer of Holland America Group since 2013. In this capacity, he has full operating responsibility for Holland America Line, Princess, Seabourn and Holland America Princess Alaska Tours. From 2004 to 2013, he was President and Chief Executive Officer of Holland America Line.

Josh Leibowitz has been Chief Strategy Officer since 2013 where he oversees strategic sourcing, cross-brand marketing and global strategy. From 2001 to 2013, he was employed by McKinsey & Co., an international consulting firm, where he ultimately served as Managing Partner of the Miami office.

David Noyes has been Chief Executive Officer of Carnival UK since October 2014. In this capacity, he has full operating responsibility for P&O Cruises (UK) and Cunard. From 2011 to September 2014, he was Executive Vice President of Operations for Carnival UK. From 2009 to 2011, he was Chief Executive Officer of Gray Dawes, an independent business travel management company.

Arnaldo Perez has been General Counsel and Secretary since 1995.

Michael Thamm has been Chief Executive Officer of Costa Group since 2012. In this capacity, he has full operating responsibility for Costa Crociere S.p.A. and AIDA. From 2004 to 2012, he was President of AIDA.

PART II

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

A. Market Information

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

B. Holders

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

C. Dividends

Carnival Corporation and Carnival plc declared quarterly cash dividends on all of their common stock and ordinary shares as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
2015	$0.25	$0.25	$0.30	$0.30
2014	$0.25	$0.25	$0.25	$0.25
2013	$0.25	$0.25	$0.25	$0.25

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc American Depository Shares receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end.

The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings and the availability and cost of obtaining new debt. We cannot be certain that Carnival Corporation and Carnival plc will continue their dividend in the future, and if so, the amount and timing of such future dividends are not determinable and may be different than the levels and have a different timing than are disclosed above.

D. Securities Authorized for Issuance under Equity Compensation Plans

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

E. Performance Graph

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

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

I. Repurchase Authorizations

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1.0 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During the three months ended November 30, 2015, purchases of Carnival Corporation common stock pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival Corporation Common Stock Purchased (a)	Average Price Paid per Share of Carnival Corporation Common Stock	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (b)
			(in millions)
September 1, 2015 through September 30, 2015	20,010	$49.31	$970
October 1, 2015 through October 31, 2015	1,021,767	$52.16	$916
November 1, 2015 through November 30, 2015	4,199,045	$51.81	$699
Total	5,240,822	$51.87	

(a) No shares of Carnival Corporation common stock were purchased outside of publicly announced plans or programs.
(b) During the three months ended November 30, 2015, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program.

During 2015, we repurchased 5.3 million shares of Carnival Corporation common stock for $276 million under the Repurchase Program. In 2014, there were no repurchases of Carnival Corporation common stock under the Repurchase Program. In 2015 and 2014, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. From December 1, 2015 through January 27, 2016, we repurchased 9.6 million shares of Carnival Corporation common stock for $486 million under the Repurchase Program. On January 28, 2016, the Boards of Directors approved a modification of the Repurchase Program authorization that increased the remaining $213 million of authorized repurchases by $1.0 billion. Accordingly, at January 28, 2016 the remaining availability under the Repurchase Program was $1.2 billion.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs described below. At January 22, 2016, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 26.9 million shares of Carnival Corporation common stock.

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2016 annual general meeting or July 13, 2016. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently.

II. Stock Swap Programs

We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program.

In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to issue and sell shares of Carnival Corporation common stock through a sales agent, from time to time at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in October 2008, Carnival Corporation was authorized to issue and sell up to 19.2 million shares of its common stock in the U.S. market and had 18.1 million shares remaining at January 22, 2016. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act.

In the event Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may elect to sell existing ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited through its sales agent from time to time at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase shares of Carnival Corporation common stock in the U.S. market on at least an equivalent basis. Based on an authorization provided by the Board of Directors in January 2013, Carnival Corporation or Carnival Investments Limited was authorized to sell up to 32.8 million Carnival plc ordinary shares in the UK market and had 26.9 million shares remaining at January 22, 2016. Any sales of Carnival plc ordinary shares have been or will be registered under the Securities Act.

During 2014, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the "Stock Swap" programs. During 2015, under the Stock Swap programs, Carnival Investments Limited sold 5.1 million Carnival plc ordinary shares through its sales agent, Goldman Sachs International ("Goldman"), for total gross proceeds of $266 million and paid commission fees to Goldman of $1.9 million and $0.4 million in other governmental and regulatory transaction fees resulting into total net proceeds of $264 million. During the three months ended November 30, 2015, we paid $0.7 million in commission fees to Goldman and $0.1 million in other governmental and regulatory transaction fees. Substantially all of the net proceeds from these sales were used to purchase 5.1 million shares of Carnival Corporation common stock. During 2015, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the "Stock Swap" program.

During the three months ended November 30, 2015, purchases of Carnival Corporation common stock pursuant to the Stock Swap program were as follows:

Period	Total Number of Shares of Carnival Corporation Common Stock Purchased (a)	Average Price Paid per Share of Carnival Corporation Common Stock	Maximum Number of Carnival Corporation Common Stock That May Yet Be Purchased Under the Carnival Corporation Stock Swap Program (b)
			(in millions)
September 1, 2015 through September 30, 2015	140,000	$49.28	28.6
October 1, 2015 through October 31, 2015	1,183,000	$50.24	27.5
November 1, 2015 through November 30, 2015	550,000	$51.61	26.9
Total	1,873,000	$50.70	

(a) No shares of Carnival Corporation common stock were purchased outside of publicly announced plans or programs.

Item 6. Selected Financial Data.

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

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

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

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

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

Item 8. Financial Statements and Supplementary Data.

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP, dated January 29, 2016, and the Selected Quarterly Financial Data (Unaudited) are shown in Exhibit 13 and are incorporated by reference into this Form 10-K.

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

None.

Item 9A. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

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

Our President and Chief Executive Officer and our Chief Financial Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2015, that they are effective as described above.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2015.

PricewaterhouseCoopers LLP, the independent registered certified public accounting firm that audited our consolidated financial statements incorporated in this Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2015 as stated in their report, which is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

C. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2015 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a code of ethics that applies to our President and Chief Executive Officer, Chief Operations Officer and senior financial officers, including the Chief Financial Officer, Chief Accounting Officer and Controller, and other persons performing similar functions. Our code of ethics applies to all our other employees as well. This code of ethics is posted on our website, which is located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding any amendments to, or waivers from, any provisions of this code of ethics by posting such information on our website, at the addresses specified above.

The additional information required by Item 10 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2015 fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Form 10-K.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2015 fiscal year.

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

A. Securities Authorized for Issuance under Equity Compensation Plans

I. Carnival Corporation

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival Corporation equity securities are authorized for issuance as of November 30, 2015.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))	
Equity compensation plans approved by security holders	2,188,696	(a)	$47.83	12,216,133	(b) (c)
Equity compensation plans not approved by security holders	-		-	-	
	2,188,696		$47.83	12,216,133	

(a) Includes outstanding options to purchase Carnival Corporation common stock under the Carnival Corporation 2001 Outside Director Stock Plan. Also includes 2,153,696 restricted share units outstanding under the Carnival Corporation 2011 Stock Plan.
(b) Includes Carnival Corporation common stock available for issuance as of November 30, 2015 as follows: 2,190,692 under the Carnival Corporation Employee Stock Purchase Plan, which includes 27,151 shares subject to purchase during the current purchase period and 10,025,441 under the Carnival Corporation 2011 Stock Plan.
(c) In addition to options, the Carnival Corporation 2011 Stock Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

II. Carnival plc

Set forth below is a table that summarizes compensation plans (including individual compensation arrangements) under which Carnival plc equity securities are authorized for issuance as of November 30, 2015.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))	
Equity compensation plans approved by security holders	823,244	(a)	-	8,229,438	(b)
Equity compensation plans not approved by security holders	-		-	-	
	823,244		-	8,229,438	

(a) Includes restricted share units outstanding under the Carnival plc 2005 Employee Share Plan and Carnival plc 2014 Employee Share Plan.
(b) The Carnival plc 2014 Employee Share Plan provides for the award of restricted shares and restricted share units without limitation on the number of shares that can be awarded in either form.

The additional information required by Item 12 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2015 fiscal year.

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

The information required by Items 13 and 14 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive Proxy Statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the 2015 fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed or incorporated by reference as part of this Form 10-K and such Index to Exhibits is hereby incorporated herein by reference.

SIGNATURES

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

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Arnold W. Donald	/s/ Arnold W. Donald
President and Chief Executive Officer and	President and Chief Executive Officer and
Director	Director
January 29, 2016	January 29, 2016

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

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Arnold W. Donald	/s/ Arnold W. Donald
President and Chief Executive Officer and	President and Chief Executive Officer and
Director	Director
January 29, 2016	January 29, 2016
/s/ David Bernstein	/s/ David Bernstein
David Bernstein	David Bernstein
Chief Financial Officer	Chief Financial Officer
January 29, 2016	January 29, 2016
/s/ Larry Freedman	/s/ Larry Freedman
Larry Freedman	Larry Freedman
Chief Accounting Officer and	Chief Accounting Officer and
Controller	Controller
January 29, 2016	January 29, 2016
/s/* Micky Arison	/s/* Micky Arison
Micky Arison	Micky Arison
Chairman of the Board of	Chairman of the Board of
Directors	Directors
January 29, 2016	January 29, 2016
/s/*Sir Jonathon Band	/s/*Sir Jonathon Band
Sir Jonathon Band	Sir Jonathon Band
Director	Director
January 29, 2016	January 29, 2016
/s/*Richard J. Glasier	/s/*Richard J. Glasier
Richard J. Glasier	Richard J. Glasier
Director	Director
January 29, 2016	January 29, 2016

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 29, 2016

s/*Sir John Parker
Sir John Parker
Director
January 29, 2016

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 29, 2016

/s/*Laura Weil
Laura Weil
Director
January 29, 2016

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 29, 2016

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 29, 2016

/s/*Debra Kelly-Ennis
Debra Kelly-Ennis
Director
January 29, 2016

s/*Sir John Parker
Sir John Parker
Director
January 29, 2016

/s/*Stuart Subotnick
Stuart Subotnick
Director
January 29, 2016

/s/*Laura Weil
Laura Weil
Director
January 29, 2016

/s/*Randall J. Weisenburger
Randall J. Weisenburger
Director
January 29, 2016

*By: /s/ Arnaldo Perez
Arnaldo Perez
(Attorney-in-fact)
January 29, 2016

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date	Filed Herewith
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
Instruments defining the rights of security holders, including indenture					
4.1	Agreement of Carnival Corporation and Carnival plc, dated January 22, 2016 to furnish certain debt instruments to the Securities and Exchange Commission.				X
4.2	Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders.	10-Q	4.1	10/15/03	
4.3	Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc.	10-Q	4.2	10/15/03	
4.4	Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-4	4.3	5/30/03	
4.5	Carnival plc Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc.	S-3 & F-3	4.10	6/19/03	
4.6	Specimen Common Stock Certificate.	S-3 & F-3	4.16	6/19/03	
4.7	Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent.	8-K	4.1	4/17/03	
4.8	Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee.	8-K	4.2	4/17/03	

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4.9	SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C.	8-K	4.3	4/17/03
4.10	Form of Amended and Restated Deposit Agreement and holders from time to time of receipts issued thereunder.	Post Amend-ment to Form F-6	99-a	4/15/03
4.11	Specimen Ordinary Share Certificate.	S-3	4.1	7/2/09
Material contracts				
10.1*	Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	9/28/07
10.2	Amendment and Restatement Agreement dated June 16, 2014 in respect of the Multicurrency Revolving Facilities Agreement dated May 18, 2011, among Carnival Corporation, Carnival plc and certain of Carnival Corporation and Carnival plc subsidiaries, Bank of America Merrill Lynch International Limited as facilities agent and a syndicate of financial institutions.	10-Q	10.1	10/3/14
10.3*	Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-K	10.6	2/27/98
10.4*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.1	3/30/07
10.5*	Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.	10-K	10.4	2/22/91
10.6*	Consulting Agreement/ Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	S-3A	4.3	7/16/91
10.7*	First Amendment to Consulting Agreement/ Registration Rights Agreement between Carnival Corporation and Ted Arison.	10-K	10.40	2/25/93
10.8*	Form of Appointment Letter for Non-Executive Directors.	10-Q	10.1	6/27/08
10.9*	Form of Appointment Letter for Executive Directors.	10-Q	10.2	6/27/08
10.10*	Amended and Restated Carnival plc 2005 Employee Share Plan.	10-Q	10.1	4/2/09
10.11*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-K	10.33	2/28/00

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10.12*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.2	3/30/07
10.13*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.34	2/28/01
10.14*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-K	10.37	2/28/02
10.15*	Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.1	6/30/09
10.16	Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison.	10-Q	10.2	7/12/02
10.17*	Amendment to the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.1	3/28/06
10.18*	Amendment of the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	4/14/03
10.19*	Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.	10-Q	10.2	4/14/03
10.20*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.2	4/8/04
10.21*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.3	4/8/04
10.22*	Amendment to the Carnival Corporation “Fun Ship” Nonqualified Savings Plan.	10-Q	10.1	4/7/05
10.23*	Form of Nonqualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan.	10-Q	10.5	10/7/05
10.24*	Carnival Corporation 2011 Stock Plan Non-Employee Director Restricted Stock Unit.	10-Q	10.2	7/1/11
10.25*	Carnival Corporation 2011 Stock Plan Non-Employee Director Restricted Stock Award Agreement.	10-Q	10.3	7/1/11
10.26*	Amended and Restated Carnival Corporation 2011 Stock Plan.	10-K	10.39	1/29/15
10.27*	Amended and Restated Executive Long-term Compensation Agreement, dated January 15, 2008, between Carnival Corporation and Micky Arison.	10-Q	10.2	3/28/08
10.28*	Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.	10-Q	10.7	4/2/09

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10.29*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.8	4/2/09
10.30*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.1	4/1/10
10.31*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.3	4/1/10
10.32*	Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.	10-Q	10.1	7/1/10
10.33*	Form of Executive Restricted Stock Agreement for Executives with Executive Long-term Compensation Agreements for Carnival Corporation 2011 Stock Plan.	10-Q	10.1	3/30/12
10.34*	Form of Executive Restricted Stock Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.2	3/30/12
10.35*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	10/3/13
10.36*	Employment Agreement dated as of October 14, 2013 between Carnival Corporation, Carnival plc and Arnold W. Donald.	10-Q	10.2	10/3/14
10.37*	Employment Contract between Costa Crociere S.p.A and Michael Olaf Thamm effective June 30, 2012.	10-Q	10.1	4/2/14
10.38*	Addendum to Employment Contract between Costa Crociere S.p.A and Michael Olaf Thamm effective January 24, 2013.	10-Q	10.2	4/2/14
10.39*	Form of Performance-Based Restricted Stock Unit Agreement for Special Executive Award for the Carnival Corporation 2011 Stock Plan.	10-Q	10.3	4/2/14
10.40*	Form of Performance-Based Restricted Stock Unit Agreement for Special Executive Award for the Carnival plc 2005 Employee Share Plan.	10-Q	10.4	4/2/14
10.41*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	7/2/14
10.42*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival plc 2005 Employee Share Plan.	10-Q	10.2	7/2/14
10.43*	Carnival plc 2014 Employee Share Plan.	10-Q	10.3	7/2/14

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10.44*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival Corporation 2011 Stock Plan.	10-Q	10.1	7/1/15	
10.45*	Form of Performance-Based Restricted Stock Unit Agreement for the Carnival plc 2014 Employee Share Plan.	10-Q	10.2	7/1/15	
10.46*	Carnival Corporation & plc Management Incentive Plan (adopted in 2015).	10-Q	10.3	7/1/15	
10.47*	Addendum to Employment Contract between Costa Crociere S.p.A and Michael Olaf Thamm effective November 24, 2014.	10-Q	10.1	10/2/2015	
Statements regarding computations of ratios					
12	Ratio of Earnings to Fixed Charges.				X
Annual report to security holders					
13	Portions of 2015 Annual Report.				X
Subsidiaries of the registrants					
21	Significant Subsidiaries of Carnival Corporation and Carnival plc.				X
Consents of experts and counsel					
23	Consent of Independent Registered Certified Public Accounting Firm.				X
Power of attorney					
24	Powers of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Arnold W. Donald, David Bernstein and Arnaldo Perez authorizing such persons to sign this 2015 joint Annual Report on Form 10-K and any future amendments on their behalf.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

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31.3	Certification of President and Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
31.4	Certification of Chief Financial Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
Section 1350 certifications		
32.1**	Certification of President and Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.2**	Certification of Chief Financial Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.3**	Certification of President and Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.4**	Certification of Chief Financial Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
Interactive data file		
101	The consolidated financial statements from Carnival Corporation & plc's Form 10-K for the year ended November 30, 2015, as filed with the SEC on January 29, 2016 formatted in XBRL, are as follows:	
	(i) the Consolidated Statements of Income for the years ended November 30, 2015, 2014 and 2013;	X
	(ii) the Consolidated Statements of Comprehensive Income for the years ended November 30, 2015, 2014 and 2013;	X
	(iii) the Consolidated Balance Sheets at November 30, 2015 and 2014;	X
	(iv) the Consolidated Statements of Cash Flows for the years ended November 30, 2015, 2014 and 2013;	X
	(v) the Consolidated Statements of Shareholders' Equity for the years ended November 30, 2015, 2014 and 2013 and	X
	(vi) the notes to the consolidated financial statements, tagged in summary and detail.	X

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

Exhibit 4.1

January 22, 2015

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

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

Gentlemen:

Pursuant to Item 601(b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the “Companies”) hereby agree to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission and, in accordance with such regulation, such instruments are not being filed as part of the joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2014.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez
General Counsel and Secretary

Exhibit 12

CARNIVAL CORPORATION & PLC
RATIO OF EARNINGS TO FIXED CHARGES
(in millions, except ratios)

	Years Ended November 30,				
	2015	**2014**	**2013**	**2012**	**2011**
Net income	$ 1,757	$ 1,216	$ 1,078	$ 1,298	$ 1,912
Income tax (benefit) expense, net	42	9	(6)	4	-
Income before income taxes	1,799	1,225	1,072	1,302	1,912
Fixed charges					
Interest expense, net	217	288	319	336	365
Interest portion of rent expense (a)	23	21	20	19	20
Capitalized interest	22	21	15	17	21
Total fixed charges	262	330	354	372	406
Fixed charges not affecting earnings					
Capitalized interest	(22)	(21)	(15)	(17)	(21)
Earnings before fixed charges	$ 2,039	$ 1,534	$ 1,411	$ 1,657	$ 2,297
Ratio of earnings to fixed charges	7.8x	4.6x	4.0x	4.5x	5.7x

(a) Represents one-third of rent expense, which we believe to be representative of the interest portion of rent expense.

Exhibit 13

CARNIVAL CORPORATION & PLC
EXHIBIT 13 TO FORM 10-K
FOR THE YEAR ENDED NOVEMBER 30, 2015

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

	Years Ended November 30,		
	2015	2014	2013
Revenues			
Cruise			
Passenger tickets	$ 11,601	$ 11,889	$ 11,648
Onboard and other	3,887	3,780	3,598
Tour and other	226	215	210
	15,714	15,884	15,456
Operating Costs and Expenses			
Cruise			
Commissions, transportation and other	2,161	2,299	2,303
Onboard and other	526	519	539
Payroll and related	1,859	1,942	1,859
Fuel	1,249	2,033	2,208
Food	981	1,005	983
Other ship operating	2,516	2,463	2,610
Tour and other	155	160	143
	9,447	10,421	10,645
Selling and administrative	2,067	2,054	1,879
Depreciation and amortization	1,626	1,637	1,590
Ibero trademark impairment charge	—	—	13
	13,140	14,112	14,127
Operating Income	2,574	1,772	1,329
Nonoperating (Expense) Income			
Interest income	8	8	11
Interest expense, net of capitalized interest	(217)	(288)	(319)
(Losses) gains on fuel derivatives, net	(576)	(271)	36
Other income (expense), net	10	4	(8)
	(775)	(547)	(280)
Income Before Income Taxes	1,799	1,225	1,049
Income Tax (Expense) Benefit, Net	(42)	(9)	6
Net Income	$ 1,757	$ 1,216	$ 1,055
Earnings Per Share			
Basic	$ 2.26	$ 1.57	$ 1.36
Diluted	$ 2.26	$ 1.56	$ 1.36
Dividends Declared Per Share	$ 1.10	$ 1.00	$ 1.00

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended November 30,		
	2015	2014	2013
Net Income	$ 1,757	$ 1,216	$ 1,055
Items Included in Other Comprehensive (Loss) Income			
Change in foreign currency translation adjustment	(1,078)	(746)	332
Other	(47)	(31)	36
Other Comprehensive (Loss) Income	(1,125)	(777)	368
Total Comprehensive Income	$ 632	$ 439	$ 1,423

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

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

	November 30, 2015	November 30, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,395	$ 331
Trade and other receivables, net	303	332
Insurance recoverables	109	154
Inventories	330	349
Prepaid expenses and other	314	322
Total current assets	2,451	1,488
Property and Equipment, Net	31,888	32,819
Goodwill	3,010	3,127
Other Intangibles	1,238	1,270
Other Assets	650	744
	$ 39,237	$ 39,448
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 30	$ 666
Current portion of long-term debt	1,344	1,059
Accounts payable	627	626
Accrued liabilities and other	1,683	1,538
Customer deposits	3,272	3,032
Total current liabilities	6,956	6,921
Long-Term Debt	7,413	7,363
Other Long-Term Liabilities	1,097	960
Commitments and Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, $0.01 par value; 1,960 shares authorized; 653 shares at 2015 and 652 shares at 2014 issued	7	7
Ordinary shares of Carnival plc, $1.66 par value; 216 shares at 2015 and 2014 issued	358	358
Additional paid-in capital	8,562	8,384
Retained earnings	20,060	19,158
Accumulated other comprehensive loss	(1,741)	(616)
Treasury stock, 70 shares at 2015 and 59 shares at 2014 of Carnival Corporation and 27 shares at 2015 and 32 shares at 2014 of Carnival plc, at cost	(3,475)	(3,087)
Total shareholders' equity	23,771	24,204
	$ 39,237	$ 39,448

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

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

	Years Ended November 30,		
	2015	2014	2013
OPERATING ACTIVITIES			
Net income	$ 1,757	$ 1,216	$ 1,055
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,626	1,637	1,590
(Gains) losses on ship sales and ship impairments, net	(8)	2	163
Losses (gains) on fuel derivatives, net	576	271	(36)
Share-based compensation	55	52	42
Other, net	40	35	62
Changes in operating assets and liabilities			
Receivables	4	75	(128)
Inventories	5	1	21
Insurance recoverables, prepaid expenses and other	131	422	424
Accounts payable	36	9	79
Accrued and other liabilities	(31)	(382)	(333)
Customer deposits	354	92	(105)
Net cash provided by operating activities	4,545	3,430	2,834
INVESTING ACTIVITIES			
Additions to property and equipment	(2,294)	(2,583)	(2,149)
Proceeds from sale of ships	25	42	70
Payments of fuel derivative settlements	(219)	(2)	—
Other, net	10	36	23
Net cash used in investing activities	(2,478)	(2,507)	(2,056)
FINANCING ACTIVITIES			
(Repayments of) proceeds from short-term borrowings, net	(633)	617	4
Principal repayments of long-term debt	(1,238)	(2,466)	(2,212)
Proceeds from issuance of long-term debt	2,041	1,626	2,687
Dividends paid	(816)	(776)	(1,164)
Purchases of treasury stock	(533)	—	(138)
Sales of treasury stock	264	—	35
Other, net	(27)	(29)	8
Net cash used in financing activities	(942)	(1,028)	(780)
Effect of exchange rate changes on cash and cash equivalents	(61)	(26)	(1)
Net increase (decrease) in cash and cash equivalents	1,064	(131)	(3)
Cash and cash equivalents at beginning of year	331	462	465
Cash and cash equivalents at end of year	$ 1,395	$ 331	$ 462

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock	Total shareholders' equity
Balances at November 30, 2012	$ 6	$ 357	$ 8,252	$ 18,438	$ (207)	$ (2,958)	$ 23,888
Net income	—	—	—	1,055	—	—	1,055
Other comprehensive income	—	—	—	—	368	—	368
Cash dividends declared	—	—	—	(775)	—	—	(775)
Purchases and sales under the Stock Swap program, net	—	—	10	—	—	(9)	1
Purchases of treasury stock under the Repurchase Program and other	1	1	63	—	—	(110)	(45)
Balances at November 30, 2013	7	358	8,325	18,718	161	(3,077)	24,492
Net income	—	—	—	1,216	—	—	1,216
Other comprehensive loss	—	—	—	—	(777)	—	(777)
Cash dividends declared	—	—	—	(777)	—	—	(777)
Other	—	—	59	1	—	(10)	50
Balances at November 30, 2014	7	358	8,384	19,158	(616)	(3,087)	24,204
Net income	—	—	—	1,757	—	—	1,757
Other comprehensive loss	—	—	—	—	(1,125)	—	(1,125)
Cash dividends declared	—	—	—	(855)	—	—	(855)
Purchases and sales under the Stock Swap program, net	—	—	119	—	—	(112)	7
Purchases of treasury stock under the Repurchase Program and other	—	—	59	—	—	(276)	(217)
Balances at November 30, 2015	$ 7	$ 358	$ 8,562	$ 20,060	$ (1,741)	$ (3,475)	$ 23,771

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

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – General

Description of Business

Carnival Corporation is incorporated in Panama and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE (see Note 3).

We are the largest leisure travel company in the world, and also the largest cruise company. We operate 99 cruise ships within a portfolio of ten leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences in all the world's most important vacation geographic areas. The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this 2015 Annual Report as "Carnival Corporation & plc," "our," "us" and "we."

Revision of Prior Period Financial Statements

In the first quarter of 2015, we revised and corrected the accounting for one of our brands' marine and technical spare parts in order to consistently expense and classify them fleetwide. We evaluated the materiality of this revision and concluded that it was not material to any of our previously issued financial statements. However, had we not revised, this accounting may have resulted in material inconsistencies to our financial statements in the future. Accordingly, we revised all previously reported periods included herein.

The effects of this revision on our Consolidated Statements of Income were as follows (in millions, except per share data):

	Year Ended November 30, 2014			Year Ended November 30, 2013		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Other ship operating	$ 2,445	$ 18	$ 2,463	$ 2,589	$ 21	$ 2,610
Depreciation and amortization	$ 1,635	$ 2	$ 1,637	$ 1,588	$ 2	$ 1,590
Operating income	$ 1,792	$ (20)	$ 1,772	$ 1,352	$ (23)	$ 1,329
Income before income taxes	$ 1,245	$ (20)	$ 1,225	$ 1,072	$ (23)	$ 1,049
Net income	$ 1,236	$ (20)	$ 1,216	$ 1,078	$ (23)	$ 1,055
Earnings per share						
Basic	$ 1.59	$ (0.02)	$ 1.57	$ 1.39	$ (0.03)	$ 1.36
Diluted	$ 1.59	$ (0.03)	$ 1.56	$ 1.39	$ (0.03)	$ 1.36

The effects of this revision on our Consolidated Statements of Comprehensive Income were as follows (in millions):

	Year Ended November 30, 2014			Year Ended November 30, 2013		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Net income	$ 1,236	$ (20)	$ 1,216	$ 1,078	$ (23)	$ 1,055
Total comprehensive income	$ 459	$ (20)	$ 439	$ 1,446	$ (23)	$ 1,423

The effects of this revision on our Consolidated Balance Sheet were as follows (in millions):

	November 30, 2014		
	As Previously Reported	Adjustment	As Revised
Inventories	$ 364	$ (15)	$ 349
Total current assets	$ 1,503	$ (15)	$ 1,488
Property and equipment, net	$ 32,773	$ 46	$ 32,819
Other assets	$ 859	$ (115)	$ 744
Total assets	$ 39,532	$ (84)	$ 39,448
Retained earnings	$ 19,242	$ (84) (a)	$ 19,158
Total shareholders' equity	$ 24,288	$ (84)	$ 24,204
Total liabilities and shareholders' equity	$ 39,532	$ (84)	$ 39,448

(a) As of November 30, 2014, the cumulative impact of this revision was an $84 million reduction in retained earnings. The diluted earnings per share decreases were $0.03 for each of 2014 and 2013, $0.02 for 2012, $0.03 for pre-2010 and $0.11 in the aggregate. There was no annual diluted earnings per share impact for 2011 and 2010.

This non-cash revision did not impact our operating cash flows for any period. The effects of this revision on the individual line items within operating cash flows on our Consolidated Statement of Cash Flows were as follows (in millions):

	Year Ended November 30, 2014			Year Ended November 30, 2013		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Net income	$ 1,236	$ (20)	$ 1,216	$ 1,078	$ (23)	$ 1,055
Depreciation and amortization	$ 1,635	$ 2	$ 1,637	$ 1,588	$ 2	$ 1,590
Inventories	$ 1	$ —	$ 1	$ 19	$ 2	$ 21
Insurance recoverables, prepaid expenses and other	$ 401	$ 21	$ 422	$ 402	$ 22	$ 424
Accrued and other liabilities	$ (379)	$ (3)	$ (382)	$ (330)	$ (3)	$ (333)

The effects of this revision on our Consolidated Statements of Shareholders' Equity were as follows (in millions):

	November 30, 2014			November 30, 2013			November 30, 2012		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Retained earnings	$ 19,242	$ (84)	$ 19,158	$ 18,782	$ (64)	$ 18,718	$ 18,479	$ (41)	$ 18,438

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a voting control of greater than 50% or for which we are the primary beneficiary, whereby we have the power to direct the most significant activities and the obligation to absorb significant losses or receive significant benefits from the entity (see Note 3). We do not separately present our noncontrolling interests in the consolidated financial statements since the amounts are insignificant. For affiliates we do not control but where significant influence over financial and operating policies exists, as typically evidenced by a voting control of 20% to 50%, the investment is accounted for using the equity method (see Note 5).

Preparation of Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results may differ from the estimates used in preparing our consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation. Certain prior period amounts have been reclassified in the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows to conform to the current period presentation. The reclassifications in the Consolidated Statements of Cash Flows had no impact on net cash provided by operating activities and net cash used in investing and financing activities.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost.

Inventories

Inventories consist substantially of food and beverages, hotel and restaurant products and supplies, fuel and gift shop merchandise held for resale, which are all carried at the lower of cost or market. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

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

	Years	Residual Values
Ships	30	15%
Ship improvements	Shorter of remaining ship life or useful life (3-28)	0%
Buildings and improvements	10-35	0% or 10%
Computer hardware and software	3-10	0% or 10%
Transportation equipment and other	3-20	0% or 10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life (3-30)	—

The cruise industry is very capital intensive, and at January 22, 2016, we operated 99 cruise ships. Therefore, we have a capital program that we develop for the improvement of our ships and for asset replacements in order to enhance the effectiveness and efficiency of our operations; comply with, or exceed all relevant legal and statutory requirements related to health, environment, safety, security and sustainability; and gain strategic benefits or provide newer improved product innovations to our guests.

Ship improvement costs that we believe add value to our ships, such as those discussed above, are capitalized to the ships and depreciated over the shorter of their or the ships' estimated remaining useful life, while costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred and included in other ship operating expenses. Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance. We capitalize interest as part of the cost of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalized ship components are written-off upon retirement, which may result in a loss on disposal that is also included in other ship operating expenses. Liquidated damages received from shipyards as a result of their late ship delivery are recorded as reductions to the cost basis of the ship.

We review our long-lived assets, principally our ships, for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset, which is determined by using the asset's estimated undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value. As it relates to our ships, the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level. A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. We review our goodwill for impairment at least annually and, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our reporting units, also referred to as “cruise brands.” The impairment review for goodwill allows us to first assess qualitative factors to determine whether it is necessary to perform the more detailed two-step quantitative goodwill impairment test. We would perform the quantitative test if our qualitative assessment determined it is more-likely-than-not that a cruise brand’s estimated fair value is less than its carrying amount. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any cruise brand. When performing the quantitative test, if the estimated fair value of the cruise brand exceeds its carrying value, no further analysis or write-down of goodwill is required. However, if the estimated fair value of the cruise brand is less than the carrying value of its net assets, the estimated fair value of the cruise brand is assigned to all its underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair values. If necessary, goodwill is then written down to its implied fair value.

Trademarks represent substantially all of our other intangibles. For certain acquisitions, we have allocated a portion of the purchase prices to the acquiree’s identified trademarks. Trademarks are estimated to have an indefinite useful life and, therefore, are not amortizable, but are reviewed for impairment at least annually and, when events or circumstances dictate, more frequently. The impairment review for trademarks also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value. The costs of developing and maintaining our trademarks are expensed as incurred.

A significant amount of judgment is also required in estimating the fair values of our cruise brands and trademarks.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not significant. Future travel discount vouchers issued to guests and ship charterers are included as a reduction of cruise passenger ticket revenues when such vouchers are utilized or upon issuance to certain ship charterers. Guest cancellation fees are recognized in cruise passenger ticket revenues at the time of the cancellation.

Our sale to guests of air and other transportation to and from airports near the home ports of our ships are included in cruise passenger ticket revenues, and the related cost of purchasing these services are included in cruise transportation costs. The proceeds that we collect from the sales of third-party shore excursions and on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other cruise revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. These fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were $524 million in 2015, $532 million in 2014 and $517 million in 2013. The remaining portion of fees, taxes and charges are also included in cruise passenger ticket revenues but are expensed in other ship operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed or expenses are incurred. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognized ratably over the term of the charter agreement using the straight-line method (see Note 12).

Insurance

We maintain insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damages to hull and machinery for each of our ships, war risks, workers compensation, employee health, directors and officers liability, property damages and general liabilities for third-party claims. We recognize insurance recoverables from third-party insurers for incurred expenses at the time the recovery is probable and upon realization for amounts in excess of incurred expenses. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred, except for media production costs, which are expensed upon the first airing of the advertisement. Advertising expenses totaled $627 million in 2015, $623 million in 2014 and $588 million in 2013. Administrative expenses represent the costs of our shoreside ship support, reservations and other administrative functions, and includes salaries and related benefits, professional fees and building occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

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

We execute transactions in a number of different currencies, principally the euro, sterling and Australian, Canadian and U.S. dollars. Exchange rate gains and losses arising from changes in foreign currency exchange rates between the time an expense is recorded and when it is settled as well as the remeasurement of monetary assets and liabilities, all denominated in a currency other than the functional currency of the entity involved, are recognized currently in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. The net gains or losses resulting from these "nonoperating foreign currency transactions" were insignificant in 2015, 2014 and 2013. In addition, the unrealized gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included as a component of AOCI.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. For performance-based share awards, we generally recognize compensation cost ratably using the straight-line attribution method over the expected vesting period based on the probability of the performance condition being achieved. If all or a portion of the performance condition is not expected to be met, the appropriate amount of previously recognized compensation expense will be reversed and future compensation expense will be adjusted accordingly. For market-based share awards, we recognize compensation cost ratably using the straight-line attribution method over the expected vesting period. If the target market conditions are not expected to be met, compensation expense will still be recognized. In addition, we estimate the amount of expected forfeitures based on historical forfeiture experience when calculating compensation cost. We revise our forfeiture estimates, if the actual forfeitures that occur are significantly different from our estimates.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares and common stock equivalents outstanding during each period. For earnings per share purposes, Carnival Corporation common stock and Carnival plc ordinary shares are considered a single class of shares since they have equivalent rights (see Note 3).

Accounting Pronouncements

In 2014, amended guidance was issued by the Financial Accounting Standards Board ("FASB") regarding the accounting for *Service Concession Arrangements*. The new guidance defines a service concession as an arrangement between a public-sector grantor, such as a port authority, and a company that will operate and maintain the grantor's infrastructure for a specified period of time. In exchange, the company may be given a right to charge the public, such as our cruise guests, for the use of the infrastructure. This guidance will require us to record the infrastructure we have constructed to be used by us pursuant to a service concession arrangement outside of property and equipment. As required, we will adopt this guidance in our first quarter of 2016. Such adoption will not have a material impact to our consolidated financial statements.

In 2014, the FASB issued *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. When effective, this standard will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles (“U.S. GAAP”). The standard also requires more detailed disclosures and provides additional guidance for transactions that were not comprehensively addressed in U.S. GAAP. This guidance is required to be adopted by us in the first quarter of fiscal 2019 by either recasting all years presented in our financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year of adoption. We are currently evaluating the impact that this guidance will have on our consolidated financial statements.

NOTE 3 – DLC Arrangement

In 2003, Carnival Corporation and Carnival plc completed a DLC transaction, which implemented Carnival Corporation and Carnival plc’s DLC arrangement. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The constitutional documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation’s shareholders may differ from the interests of Carnival plc’s shareholders (a “class rights action” such as transactions primarily designed to amend or unwind the DLC arrangement), each shareholder body will vote separately as a class. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

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

At the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed deeds of guarantee. Under the terms of Carnival Corporation’s deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. The terms of Carnival plc’s deed of guarantee mirror those of Carnival Corporation’s. In addition, Carnival Corporation and Carnival plc have each extended their respective deeds of guarantee to the other’s pre-DLC indebtedness and certain other monetary obligations, or alternatively have provided standalone guarantees in lieu of utilization of these deeds of guarantee, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and certain other monetary obligations. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third-party beneficiaries of such deed of guarantee.

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

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and may enter into additional transactions in the future to take advantage of the flexibility provided by the DLC arrangement, and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

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

NOTE 4 – Property and Equipment

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

	November 30, 2015		November 30, 2014	
Ships, including ship improvements	$ 42,401		$ 42,955	
Ships under construction	839		536	
	43,240		43,491	
Land, buildings and improvements, including leasehold improvements and port facilities	1,161		1,088	
Computer hardware and software, transportation equipment and other	1,389		1,322	
Total property and equipment	45,790		45,901	
Less accumulated depreciation and amortization	(13,902)		(13,082)	
	$ 31,888	(a)	$ 32,819	(a)

(a) At November 30, 2015 and 2014, the net carrying values of ships and ships under construction for our North America, EAA, Cruise Support and Tour and Other segments were $18.5 billion, $11.7 billion, $0.3 billion and $0.1 billion and $18.7 billion, $12.6 billion, $0.3 billion and $0.1 billion, respectively.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. Capitalized interest, substantially all included in our ships under construction, amounted to $22 million in 2015, $21 million in 2014 and $15 million in 2013.

Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, were $1.0 billion in 2015, $936 million in 2014 and $974 million in 2013, and are substantially all included in other ship operating expenses.

See Note 11 for a discussion regarding ship sales and impairments.

NOTE 5 – Other Assets

We have a 40% noncontrolling interest in Grand Bahama Shipyard Ltd. ("Grand Bahama"), a ship repair and maintenance facility, and we account for this investment under the equity method of accounting. This facility serves cruise and cargo ships, oil and gas tankers and offshore units. We utilize this facility, among other ship repair facilities, for our regularly scheduled dry-docks and certain emergency repairs as may be required. Grand Bahama provided services to us of $33 million in 2015, $41 million in 2014 and $39 million in 2013. The carrying value of our investment in Grand Bahama was $69 million at November 30, 2015 and November 30, 2014. Our share of income from this investment was $5 million in 2015, $0.2 million in 2014 and $4 million in 2013 and is included in nonoperating other income (expense), net.

NOTE 6 – Unsecured Debt

Long-term debt and short-term borrowings consisted of the following (in millions):

	November 30, 2015		November 30,	
	Interest Rates	Maturities Through	2015 (a)	2014 (a)
Long-Term Debt				
Export Credit Facilities				
Fixed rate (b)	4.2% to 5.5%	2020	$ 1,032	$ 1,358
Euro fixed rate (b)	3.8% to 4.5%	2025	261	340
Floating rate (c)	1.5%	2026	688	1,031
Euro floating rate (b) (d)	0.1% to 0.9%	2027	1,864	1,909
Bank Loans				
Euro fixed rate (b)	3.9%	2021	160	221
Floating rate (b)	0.8% to 1.3%	2019	800	800
Euro floating rate (b) (e)	0.7%	2018	212	249
Private Placement Notes				
Fixed rate	6.0%	2016	42	116
Euro fixed rate (b)	7.0% to 7.3%	2018	130	153
Publicly-Traded Notes				
Fixed rate	1.2% to 7.2%	2028	2,219	2,219
Euro fixed rate (f)	1.1% to 1.9%	2022	1,324	—
Other	5.5% to 7.3%	2030	25	26
Short-Term Borrowings				
Floating rate commercial paper (g)	—%	2016	—	653
Euro floating rate bank loans (g)	1.2%	2016	30	13
Total Debt			8,787	9,088
Less short-term borrowings			(30)	(666)
Less current portion of long-term debt			(1,344)	(1,059)
Total Long-term Debt			$ 7,413	$ 7,363

(a) The debt table does not include the impact of our foreign currency and interest rate swaps. At November 30, 2015, 50% and 50% (67% and 33% at November 30, 2014) of our debt was U.S. dollar and euro-denominated, respectively, including the effect of foreign currency swaps. At November 30, 2015, 60% and 40% (52% and 48% at November 30, 2014) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs. In addition, substantially all of our debt agreements, including our main revolving credit facility, contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables (see Note 11) could become due, and all debt and derivative contracts could be terminated. At November 30, 2015, we were in compliance with all of our debt covenants.

(b) Includes $2.0 billion of debt whose interest rates, and in the case of our main revolver its commitment fees, would increase upon a downgrade in the long-term senior unsecured credit ratings of Carnival Corporation or Carnival plc.

(c) In 2015, we repaid $225 million outstanding under a floating rate export credit facility prior to its maturity through 2025 (see (e) below).

(d) In 2015, we borrowed $472 million under a euro-denominated, floating rate export credit facility, the proceeds of which were used to pay for a portion of P&O Cruises (UK)'s *Britannia* purchase price. This debt is due in semi-annual installments through February 2027.

(e) In 2015, we borrowed $225 million under a euro-denominated, floating rate bank loan, which is due in October 2018. We used the net proceeds of this loan to prepay an equivalent amount outstanding under a floating rate export credit facility prior to its maturity.
(f) In 2015, we issued $753 million and $591 million of euro-denominated, publicly-traded notes, which bear interest at 1.125% and 1.875% and are due in November 2019 and November 2022, respectively. We are using the net proceeds for general corporate purposes.
(g) The interest rate associated with our floating rate short-term borrowings represents an aggregate weighted-average interest rate.

At November 30, 2015, the scheduled annual maturities of our debt were as follows (in millions):

	Fiscal						
	2016	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Total**
Short-term borrowings	$ 30						$ 30
Long-term debt	$ 1,344	$ 1,007	$ 1,477	$ 1,400	$ 1,110	$ 2,419	$ 8,757
	$ 1,374	$ 1,007	$ 1,477	$ 1,400	$ 1,110	$ 2,419	$ 8,787

Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the debt. In addition, all debt issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Committed Ship Financings

We have unsecured euro and U.S. dollar long-term export credit committed ship financings in order to pay for a portion of our ships' purchase prices. These commitments, if drawn, are repayable semi-annually over 12 years. We have the option to cancel each one at specified dates prior to the underlying ship's delivery date.

At November 30, 2015, our committed ship financings are as follows:

Cruise Brands and Ships	Fiscal Year Available for Funding	Amount
		(in millions)
North America		
Carnival Cruise Line		
Carnival Vista (a)	2016	$ 520
Newbuild (b)	2018	478
Holland America Line		
Koningsdam (a)	2016	408
Newbuild (b)	2018	380
Princess		
Majestic Princess (b)	2017	478
Seabourn		
Seabourn Encore (b)	2016	190
Seabourn Ovation (b)	2018	193
North America Cruise Brands		2,647
EAA		
AIDA		
AIDAprima	2016	371
Newbuild	2017	360
Newbuild (b)	2018	768
Newbuild (b)	2020	785
Costa		
Newbuild (b)	2019	776
Newbuild (b)	2020	785
EAA Cruise Brands		3,845
		$ 6,492

(a) Euro-denominated.
(b) We have the option to draw in either U.S. dollars or euros.

Revolving Credit Facilities

In April 2015, Carnival Corporation, Carnival plc, and certain of Carnival Corporation and Carnival plc's subsidiaries exercised their option to extend the termination date of their five-year multi-currency revolving credit facility (the "Facility") of $2.5 billion (comprised of $1.7 billion, €500 million and £150 million) from June 2019 to June 2020, which was approved by each bank. We also have an option to extend this Facility through June 2021 subject to the approval of each bank. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 40 basis points ("bps"). The margin varies based on changes to Carnival Corporation's and Carnival plc's long-term senior unsecured credit ratings. We are required to pay a commitment fee of 35% of the margin per annum on any undrawn portion. We will also incur an additional utilization fee of 10 bps, 20 bps or 40 bps if equal to or less than one-third, more than one-third or more than two-thirds of the Facility, respectively, is drawn on the total amount outstanding.

At November 30, 2015, we have one other undrawn revolving credit facility for $300 million that expires in 2020 and provides us with additional liquidity. At November 30, 2015, $2.8 billion was available under all of our revolving credit facilities.

NOTE 7 – Commitments

Ship Commitments

At November 30, 2015, including ship construction contracts entered into through January 22, 2016, we had 17 ships under contract for construction with an aggregate passenger capacity of more than 61,300 lower berths. The estimated total cost of these ships is $11.9 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. We have paid $0.8 billion through November 30, 2015 and anticipate paying $1.9 billion in 2016, $1.3 billion in 2017, $2.5 billion in 2018, $3.0 billion in 2019 and $2.4 billion in 2020 of the remaining estimated total costs.

Operating Leases, Port Facilities and Other Commitments

Rent expense under our operating leases, primarily for office and warehouse space, was $70 million in 2015, $63 million in 2014 and $61 million in 2013.

At November 30, 2015, minimum amounts payable for our operating leases, with initial or remaining terms in excess of one year, and for the annual usage of port facilities and other contractual commitments with remaining terms in excess of one year, were as follows (in millions):

	Fiscal						
	2016	2017	2018	2019	2020	Thereafter	Total
Operating leases	$ 52	$ 41	$ 34	$ 31	$ 29	$ 203	$ 390
Port facilities and other	211	200	161	104	102	793	1,571
	$ 263	$ 241	$ 195	$ 135	$ 131	$ 996	$ 1,961

NOTE 8 – Contingencies

Litigation

The UK Maritime & Coastguard Agency and the U.S. Department of Justice are investigating allegations that *Caribbean Princess* breached international pollution laws. We are cooperating with the investigations, including conducting our own internal investigation into the matter. The ultimate outcome of this matter cannot be determined at this time, however, we do not expect it to have a material impact on our results of operations.

As a result of a January 2012 ship incident, litigation claims and investigations, including, but not limited to, those arising from personal injury, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties, including us. The ultimate outcome of these matters cannot be determined at this time. However, we do not expect these matters to have a significant impact on our results of operations because we have insurance coverage for these types of third-party claims.

Additionally, in the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. Management believes the ultimate outcome of these claims and lawsuits will not have a material impact on our consolidated financial statements.

Contingent Obligations – Lease Out and Lease Back Type ("LILO") Transactions

At November 30, 2015, Carnival Corporation had estimated contingent obligations totaling $382 million, excluding termination payments as discussed below, to participants in LILO transactions for two of its ships. At the inception of these leases, the aggregate of the net present value of these obligations was paid by Carnival Corporation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay these obligations. As a result, these contingent obligations are considered extinguished and neither the funds nor the contingent obligations have been included in our Consolidated Balance Sheets.

In the event that Carnival Corporation were to default on its contingent obligations and assuming performance by all other participants, we estimate that it would, as of November 30, 2015, be responsible for a termination payment of $22 million. In January 2016, Carnival Corporation elected to exercise its options to terminate each of these LILO transactions on January 1, 2017 for one ship and January 1, 2018 for the other, at no cost to it.

If the credit rating of one of the financial institutions who is directly paying the contingent obligations falls below AA-, or below A- for the other financial institution, then Carnival Corporation will be required to replace the applicable financial institution with another financial institution whose credit rating is at least AA or meets other specified credit requirements. In such circumstances, it would incur additional costs, although we estimate that they would not be significant to our consolidated financial statements. The financial institution payment undertaker subject to the AA- credit rating threshold has a credit rating of AA, and the financial institution subject to the A- credit rating threshold has a credit rating of A+. If Carnival Corporation's credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for $32 million, or, alternatively, provide mortgages for this aggregate amount on these two ships.

Contingent Obligations – Indemnifications

Some of the debt contracts 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 and 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 9 – Taxation

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

U.S. Income Tax

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

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

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

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

Regulations under Section 883 list items that the Internal Revenue Service (“IRS”) does not consider to be incidental to ship operations. Among the items identified as not incidental are income from the sale of air transportation, transfers, shore excursions and pre- and post-cruise land packages to the extent earned from sources within the U.S.

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

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

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax on a rolling 10-year term and, accordingly, reapply every year. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities.

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

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc for the cruise segment of the Australian vacation market are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

Italian and German Income Tax

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

Most of Costa's and AIDA's earnings that are not eligible for taxation under the Italian tonnage tax regime will be taxed at an effective tax rate of 5.5%.

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

Income and Other Taxes in Asian Countries

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

Other

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

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes, fees and other charges based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes, fees and other charges are included in commissions, transportation and other costs and other ship operating expenses.

NOTE 10 – Shareholders' Equity

Carnival Corporation's Articles of Incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock. At November 30, 2015 and 2014, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued. Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1.0 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

During 2015, we repurchased 5.3 million shares of Carnival Corporation common stock for $276 million under the Repurchase Program. In 2014, there were no repurchases of Carnival Corporation common stock under the Repurchase Program. In 2013, we repurchased 2.8 million shares of Carnival Corporation common stock for $103 million under the Repurchase Program. In 2015, 2014 and 2013, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. From

December 1, 2015 through January 27, 2016, we repurchased 9.6 million shares of Carnival Corporation common stock for $486 million under the Repurchase Program. On January 28, 2016, the Board of Directors approved a modification of the Repurchase Program authorization that increased the remaining $213 million of authorized repurchases by $1.0 billion. Accordingly, at January 28, 2016, the remaining availability under the Repurchase Program was $1.2 billion.

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap ("Stock Swap") programs described below. Under the Stock Swap programs, we sell shares of Carnival Corporation common stock and/or Carnival plc ordinary shares, as the case may be, and use a portion of the net proceeds to purchase an equivalent number of Carnival plc ordinary shares or shares of Carnival Corporation common stock, as applicable. We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently.

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2016 annual general meeting or July 13, 2016. At January 22, 2016, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 26.9 million shares of Carnival Corporation common stock.

During 2015 and 2013, under the Stock Swap programs, Carnival Investments Limited ("CIL"), a subsidiary of Carnival Corporation, sold 5.1 million and 0.9 million of Carnival plc ordinary shares for net proceeds of $264 million and $35 million, respectively. Substantially all of the net proceeds from these sales were used to purchase 5.1 million shares in 2015 and 0.9 million shares in 2013 of Carnival Corporation common stock. Carnival Corporation sold these Carnival plc ordinary shares owned by CIL only to the extent it was able to repurchase shares of Carnival Corporation common stock in the U.S. on at least an equivalent basis. During 2015 and 2013, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the Stock Swap program. During 2014, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs.

At November 30, 2015, there were 14.7 million shares of Carnival Corporation common stock reserved for issuance under its employee benefit and dividend reinvestment plans. At November 30, 2015, there were 8.2 million ordinary shares of Carnival plc authorized for future issuance under its employee benefit plans.

Accumulated other comprehensive loss was as follows (in millions):

	November 30,	
	2015	2014
Cumulative foreign currency translation adjustments, net	$ (1,591)	$ (512)
Unrecognized pension expenses	(82)	(90)
Unrealized losses on marketable securities	(3)	(5)
Net losses on cash flow derivative hedges	(65)	(9)
	$ (1,741)	$ (616)

During 2015 and 2014, $13 million and $18 million of unrecognized pension expenses were reclassified out of accumulated other comprehensive loss, of which $8 million and $12 million were included in payroll and related expenses and $5 million and $6 million were included in selling and administrative expenses, respectively.

NOTE 11 – Fair Value Measurements, Derivative Instruments and Hedging Activities

Fair Value Measurements

U.S. accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a significant impact on the fair values of our financial instruments at November 30, 2015 and 2014. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

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

The carrying values and estimated fair values and basis of valuation of our financial instrument assets and liabilities that are not measured at fair value on a recurring basis were as follows (in millions):

	November 30, 2015				November 30, 2014			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents (a)	$ 647	$ 647	$ —	$ —	$ 240	$ 240	$ —	$ —
Restricted cash (b)	7	7	—	—	11	11	—	—
Long-term other assets (c)	119	1	87	31	156	1	103	49
Total	$ 773	$ 655	$ 87	$ 31	$ 407	$ 252	$ 103	$ 49
Liabilities								
Fixed rate debt (d)	$ 5,193	$ —	$ 5,450	$ —	$ 4,433	$ —	$ 4,743	$ —
Floating rate debt (d)	3,594	—	3,589	—	4,655	—	4,562	—
Total	$ 8,787	$ —	$ 9,039	$ —	$ 9,088	$ —	$ 9,305	$ —

(a) Cash and cash equivalents are comprised of cash on hand, and at November 30, 2015 also included a money market deposit account and time deposits. Due to their short maturities, the carrying values approximate their fair values.
(b) Restricted cash is comprised of a money market deposit account.
(c) At November 30, 2015 and 2014, long-term other assets were substantially all comprised of notes and other receivables. The fair values of our Level 1 and Level 2 notes and other receivables were based on estimated future cash flows

discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.

(d) Debt does not include the impact of interest rate swaps. The net difference between the fair value of our fixed rate debt and its carrying value was due to the market interest rates in existence at November 30, 2015 and 2014 being lower than the fixed interest rates on these debt obligations, including the impact of any changes in our credit ratings. At November 30, 2015 and 2014, the net difference between the fair value of our floating rate debt and its carrying value was due to the market interest rates in existence at November 30, 2015 and November 30, 2014 being slightly higher than the floating interest rates on these debt obligations, including the impact of any changes in our credit ratings. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

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

The estimated fair value and basis of valuation of our financial instrument assets and liabilities that are measured at fair value on a recurring basis were as follows (in millions):

	November 30, 2015			November 30, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents (a)	$ 748	$ —	$ —	$ 91	$ —	$ —
Restricted cash (b)	22	—	—	19	—	—
Marketable securities held in rabbi trusts (c)	105	8	—	113	9	—
Derivative financial instruments (d)	—	29	—	—	14	—
Long-term other asset (e)	—	—	21	—	—	20
Total	$ 875	$ 37	$ 21	$ 223	$ 23	$ 20
Liabilities						
Derivative financial instruments (d)	$ —	$ 625	$ —	$ —	$ 278	$ —
Total	$ —	$ 625	$ —	$ —	$ 278	$ —

(a) Cash equivalents are comprised of money market funds.

(b) The majority of restricted cash is comprised of money market funds.

(c) At November 30, 2015 and 2014, marketable securities held in rabbi trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks, and money market funds and Level 2 other investments. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

(d) See "Derivative Instruments and Hedging Activities" section below for detailed information regarding our derivative financial instruments.

(e) Long-term other asset is comprised of an auction-rate security. The fair value was based on a broker quote in an inactive market, which is considered a Level 3 input. During 2015, there were no purchases or sales pertaining to this auction-rate security and, accordingly, the change in its fair value was based solely on the strengthening of the underlying credit.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation models such as interest rate, yield and commodity price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value derivatives for foreign currency options and forwards, interest rate swaps and fuel derivatives using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact. We also corroborate our fair value estimates using valuations provided by our counterparties.

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

Sales and Impairments of Ships

In November 2014, we sold the 672-passenger capacity *Ocean Princess* for a total gain of $24 million, of which $14 million was recognized in the fourth quarter of 2014 as a reduction in other ship operating expenses. We provided $66 million of financing to the buyer, which is due in semi-annual installments through November 2019. Prior to the ship's delivery in March

2016, we will continue to operate it under a bareboat charter agreement. As a result of the sale-leaseback accounting for this transaction, the remaining gain of $10 million is being recognized as a reduction in other ship operating expenses over the term of the bareboat charter agreement through March 2016.

In November 2014, we entered into a bareboat charter/sale agreement under which the 1,440-passenger capacity *Grand Holiday* was chartered to an unrelated entity in January 2015 through March 2025. Under this agreement, ownership of *Grand Holiday* will be transferred to the buyer in March 2025. This transaction did not meet the criteria to qualify as a sales-type lease and, accordingly, it was accounted for as an operating lease whereby we recognize the charter revenue over the term of the agreement. As a result of this transaction, we performed a ship impairment review and recognized a $31 million impairment charge in other ship operating expenses during the fourth quarter of 2014. The estimated fair value of the ship was substantially all determined based on the expected collectability of the bareboat charter payments, which is considered a Level 3 input.

Due to the expected absorption of Ibero Cruises' ("Ibero") operations into Costa in November 2014, and certain ship specific facts and circumstances, such as size, age, condition, viable alternative itineraries and historical operating cash flows, we performed an undiscounted future cash flow analysis of Ibero's *Grand Celebration* as of May 31, 2014 to determine if the ship was impaired. The principal assumptions used in our undiscounted cash flow analysis consisted of forecasted future operating results, including net revenue yields and net cruise costs including fuel prices, and the estimated residual value, which are all considered Level 3 inputs, and the then expected transfer of *Grand Celebration* into Costa in November 2014. Based on its undiscounted cash flow analysis, we determined that the net carrying value for *Grand Celebration* exceeded its estimated undiscounted future cash flows. Accordingly, we then estimated the May 31, 2014 fair value of this ship based on its discounted future cash flows and compared the estimated fair value to its net carrying value. As a result, we recognized a $22 million ship impairment charge in other ship operating expenses during the second quarter of 2014.

In December 2014, we entered into a bareboat charter/sale agreement under which the 1,492-passenger capacity *Costa Celebration* (formerly *Grand Celebration*) was chartered to an unrelated entity in December 2014 through August 2021. Under this agreement, ownership of *Costa Celebration* will be transferred to the buyer in August 2021. This transaction did not meet the criteria to qualify as a sales-type lease and, accordingly, it is being accounted for as an operating lease whereby we recognize the charter revenue over the term of the agreement.

During the third quarter of 2013, we recognized $73 million and $103 million of impairment charges related to *Costa Voyager* and *Costa Classica*, respectively. In November 2013, *Costa Voyager* was taken out-of-service, and during the second quarter of 2014 *Costa Voyager* was sold and we recognized a $37 million gain as a reduction in other ship operating expenses. The estimated fair values of these ships at the time of impairment were based on their undiscounted cash flow analyses, which included principal assumptions similar to most of those discussed above for *Grand Celebration*.

We recognized $53 million in 2014 and $176 million in 2013 of ship impairment charges in other ship operating expenses.

Valuation of Goodwill and Other Intangibles

The reconciliation of the changes in the carrying amounts of our goodwill, which has been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2013	$ 1,898	$ 1,312	$ 3,210
Foreign currency translation adjustment	—	(83)	(83)
Balance at November 30, 2014	1,898	1,229	3,127
Foreign currency translation adjustment	—	(117)	(117)
Balance at November 30, 2015	$ 1,898	$ 1,112	$ 3,010

At July 31, 2015, all of our cruise brands carried goodwill, except for Seabourn and Fathom. As of that date, we performed our annual goodwill impairment reviews, which included performing a qualitative assessment for Carnival Cruise Line, Costa, Cunard and P&O Cruises (UK). Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the weighted-average cost of capital ("WACC"), overall financial performance, changes in fuel prices and capital expenditures were considered in the qualitative assessment to determine how changes in these factors would affect each of these cruise brands' estimated fair values. Based on our qualitative assessments, we determined it was more-likely-than-not that each of these cruise brands' estimated fair values exceeded their carrying values and, therefore, we did not proceed to the two-step quantitative goodwill impairment reviews.

As of July 31, 2015, we also performed our annual goodwill impairment reviews of AIDA's, Holland America Line's, P&O Cruises (Australia)'s and Princess' goodwill. We did not perform a qualitative assessment but instead proceeded directly to step one of the two-step quantitative goodwill impairment review and compared each of AIDA's, Holland America Line's, P&O Cruises (Australia)'s and Princess' estimated fair value to the carrying value of their allocated net assets. Their estimated cruise brand fair value was based on a discounted future cash flow analysis. The principal assumptions used in our cash flow analyses consisted of forecasted operating results, including net revenue yields and net cruise costs including fuel prices; capacity changes, including the expected rotation of vessels into, or out of, Holland America Line, P&O Cruises (Australia) and Princess; WACC of market participants, adjusted for the risk attributable to the geographic regions in which AIDA, Holland America Line, P&O Cruises (Australia) and Princess operate; capital expenditures; proceeds from forecasted dispositions of ships and terminal values, which are all considered Level 3 inputs. Based on the discounted cash flow analyses, we determined that each of AIDA's, Holland America Line's, P&O Cruises (Australia)'s and Princess' estimated fair value significantly exceeded their carrying value and, therefore, we did not proceed to step two of the impairment reviews.

The reconciliation of the changes in the carrying amounts of our intangible assets not subject to amortization, which represent trademarks that have been allocated to our North America and EAA cruise brands, was as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2013	$ 927	$ 359	$ 1,286
Foreign currency translation adjustment	—	(21)	(21)
Balance at November 30, 2014	927	338	1,265
Foreign currency translation adjustment	—	(31)	(31)
Balance at November 30, 2015	$ 927	$ 307	$ 1,234

At July 31, 2015, our cruise brands that have significant trademarks recorded include AIDA, P&O Cruises (Australia), P&O Cruises (UK) and Princess. As of that date, we performed our annual trademark impairment reviews for these cruise brands, which included performing a qualitative assessment for P&O Cruises (UK). Qualitative factors such as industry and market conditions, macroeconomic conditions, changes to the WACC, changes in royalty rates and overall financial performance were considered in the qualitative assessment to determine how changes in these factors would affect the estimated fair value for P&O Cruises (UK)'s recorded trademarks. Based on our qualitative assessment, we determined it was more likely-than-not that the estimated fair value for P&O Cruises (UK)'s recorded trademarks exceeded their carrying value and, therefore, none of these trademarks were impaired.

As of July 31, 2015, we did not perform a qualitative assessment for AIDA's, P&O Cruises (Australia)'s and Princess' trademarks but instead proceeded directly to the quantitative trademark impairment reviews. Our quantitative assessment included estimating AIDA's, P&O Cruises (Australia)'s and Princess' trademarks fair value based upon a discounted future cash flow analysis, which estimated the amount of royalties that we are relieved from having to pay for use of the associated trademarks, based upon forecasted cruise revenues and a market participant's royalty rate. The royalty rate was estimated primarily using comparable royalty agreements for similar industries. Based on our quantitative assessments, we determined that the estimated fair values for AIDA's, P&O Cruises (Australia)'s and Princess' trademarks significantly exceeded their carrying values and, therefore, none of these trademarks were impaired.

The determination of our cruise brand, cruise ship and trademark fair values includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our goodwill, cruise ships and trademarks have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognize an impairment charge.

At November 30, 2015 and 2014, our intangible assets subject to amortization are not significant to our consolidated financial statements.

Derivative Instruments and Hedging Activities

We utilize derivative and non-derivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. In addition, we utilize our fuel derivatives program to mitigate a portion of the risk to our future cash flows attributable to potential fuel price increases, which we define as our "economic risk." Our policy is to not use any financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. The changes in fair value are recognized currently in earnings if the derivatives do not qualify as effective hedges, or if we do not seek to qualify for hedge accounting treatment, such as for our fuel derivatives. If a derivative is designated as a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged item. If a derivative is designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of AOCI until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a non-derivative financial instrument is designated as a hedge of our net investment in a foreign operation, then changes in the fair value of the financial instrument are recognized as a component of AOCI to offset a portion of the change in the translated value of the net investment being hedged, until the investment is sold or substantially liquidated. We formally document hedging relationships for all derivative and non-derivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair values of all our derivative contracts as either current or long-term, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged. Our cash flows related to fuel derivatives are classified within investing activities.

The estimated fair values of our derivative financial instruments and their location in the Consolidated Balance Sheets were as follows (in millions):

		November 30,	
	Balance Sheet Location	**2015**	**2014**
Derivative assets			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	$ 14	$ 6
	Other assets – long-term	13	6
Interest rate swaps (b)	Prepaid expenses and other	2	1
	Other assets – long-term	—	1
Total derivative assets		$ 29	$ 14
Derivative liabilities			
Derivatives designated as hedging instruments			
Interest rate swaps (b)	Accrued liabilities and other	11	13
	Other long-term liabilities	27	35
Foreign currency zero cost collars (c)	Accrued liabilities and other	—	1
	Other long-term liabilities	26	—
		64	49
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	227	90
	Other long-term liabilities	334	139
		561	229
Total derivative liabilities		$ 625	$ 278

(a) At November 30, 2015 and 2014, we had foreign currency forwards totaling \$43 million and \$403 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2015, these foreign currency forwards settle through July 2017. At November 30, 2015, we also had foreign currency swaps totaling \$387 million that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2015, these foreign currency swaps settle through September 2019.

(b) We have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$568 million at November 30, 2015 and \$750 million at November 30, 2014 of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025. In addition, at November 30, 2015 and 2014 we had U.S. dollar interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At November 30, 2015 and 2014, these interest rate swap agreements effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt. These interest rate swaps settle through February 2016.

(c) At November 30, 2015 and 2014, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See "Newbuild Currency Risks" below for additional information regarding these derivatives.

(d) At November 30, 2015 and 2014, we had fuel derivatives consisting of zero cost collars on Brent crude oil ("Brent") to cover a portion of our estimated fuel consumption through 2018. See "Fuel Price Risks" below for additional information regarding these fuel derivatives.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties. The amounts recognized within assets and liabilities were as follows (in millions):

	November 30, 2015				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ 73	$ (44)	$ 29	$ (29)	$ —
Liabilities	$ 669	$ (44)	$ 625	$ (29)	$ 596

	November 30, 2014				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ 78	$ (64)	$ 14	$ (14)	$ —
Liabilities	$ 342	$ (64)	$ 278	$ (14)	$ 264

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

	November 30,		
	2015	2014	2013
Net investment hedges	$ 58	$ 25	$ (11)
Foreign currency zero cost collars – cash flow hedges	$ (57)	$ (10)	$ (1)
Interest rate swaps – cash flow hedges	$ 2	$ (28)	$ 2

There are no credit risk related contingent features in our derivative agreements, except for bilateral credit provisions within our fuel derivative counterparty agreements. These provisions require interest-bearing, non-restricted cash to be posted or received as collateral to the extent the fuel derivative fair value payable to or receivable from an individual counterparty exceeds $100 million. At November 30, 2015, we had $25 million of collateral posted to one of our fuel derivative counterparties. Subsequent to November 30, 2015, we were required to post an additional $22 million of collateral. At November 30, 2015, no collateral was required to be received from our fuel derivative counterparties. At November 30, 2014, no collateral was required to be posted to or received from our fuel derivative counterparties.

The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant. We have not provided additional disclosures of the impact that derivative instruments and hedging activities have on our consolidated financial statements as of November 30, 2015 and 2014 and for the years ended November 30, 2015, 2014 and 2013 where such impacts were not significant.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We use our fuel derivatives program to mitigate a portion of our economic risk attributable to potential fuel price increases. We designed our fuel derivatives program to maximize operational flexibility by utilizing derivative markets with significant trading liquidity and our program currently consists of zero cost collars on Brent.

All of our derivatives are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. We will not realize any economic gain or loss upon the monthly maturities of our zero cost collars unless the average monthly price of Brent is above the ceiling price or below the floor price. We believe that these derivatives will act as economic hedges; however, hedge accounting is not applied. As part of our fuel derivatives program, we will continue to evaluate various derivative products and strategies.

Our unrealized and realized (losses) gains, net on fuel derivatives were as follows (in millions):

	November 30,		
	2015	2014	2013
Unrealized (losses) gains on fuel derivatives, net	$ (332)	$ (268)	$ 36
Realized losses on fuel derivatives, net	(244)	(3)	—
(Losses) gains on fuel derivatives, net	$ (576)	$ (271)	$ 36

At November 30, 2015, our outstanding fuel derivatives consisted of zero cost collars on Brent as follows:

Maturities (a)	Transaction Dates	Barrels (in thousands)	Weighted-Average Floor Prices	Weighted-Average Ceiling Prices
Fiscal 2016				
	June 2012	3,564	$ 75	$ 108
	February 2013	2,160	$ 80	$ 120
	April 2013	3,000	$ 75	$ 115
		8,724		
Fiscal 2017				
	February 2013	3,276	$ 80	$ 115
	April 2013	2,028	$ 75	$ 110
	January 2014	1,800	$ 75	$ 114
	October 2014	1,020	$ 80	$ 113
		8,124		
Fiscal 2018				
	January 2014	2,700	$ 75	$ 110
	October 2014	3,000	$ 80	$ 114
		5,700		

(a) Fuel derivatives mature evenly over each month within the above fiscal periods.

Foreign Currency Exchange Rate Risks

Overall Strategy

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and non-derivative financial instruments. Our primary focus is to manage the economic foreign currency exchange risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not accounting risks. While we will continue to monitor our exposure to these economic risks, we do not currently hedge our foreign currency exchange risks with derivative or non-derivative financial instruments, with the exception of certain of our ship commitments and net investments in foreign operations. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational Currency Risks

Our European and Australian cruise brands generate significant revenues and incur significant expenses in their euro, sterling or Australian dollar functional currency, which subjects us to "foreign currency translational" risk related to these currencies. Accordingly, exchange rate fluctuations of the euro, sterling and Australian dollar against the U.S. dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar. Any strengthening of the U.S. dollar against these foreign currencies has the financial statement effect of decreasing the U.S. dollar values reported for these cruise brands' revenues and expenses. Any weakening of the U.S. dollar has the opposite effect.

Substantially all of our brands also have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and principally includes the euro, sterling and Australian, Canadian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, we also have "foreign currency transactional" risks related to changes in the exchange rates for our brands' revenues and expenses that are in a currency other than their functional currency. However, these brands' revenues and expenses in non-functional currencies create some degree of natural offset from these currency exchange movements.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations' functional currencies, substantially all sterling. We have designated $2.6 billion as of November 30, 2015 and $2.4 billion as of November 30, 2014 of our foreign currency intercompany payables as non-derivative hedges of our net investments in foreign operations. Accordingly, we have included $509 million at November 30, 2015 and $359 million at November 30, 2014 of cumulative foreign currency transaction non-derivative gains in the cumulative translation adjustment component of AOCI, which offsets a portion of the losses recorded in AOCI upon translating our foreign operations' net assets into U.S. dollars. We recognized foreign currency non-derivative transaction gains (losses) of $150 million in 2015, $125 million in 2014 and $(9) million in 2013 in the cumulative translation adjustment component of AOCI.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our cruise brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts and have used non-derivative financial instruments to manage foreign currency exchange rate risk for some of our ship construction payments.

In January 2015, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of *Majestic Princess'* and *Seabourn Encore's* newbuilds' euro-denominated shipyard payments. The *Majestic Princess'* collars mature in March 2017 at a weighted-average ceiling of $590 million and a weighted-average floor of $504 million. The *Seabourn Encore's* collars mature in November 2016 at a weighted-average ceiling of $221 million and a weighted-average floor of $185 million. If the spot rate is between the weighted-average ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under these collars.

In February 2015, we settled our foreign currency zero cost collars that were designated as cash flow hedges for the final euro-denominated shipyard payments of P&O Cruises (UK)'s *Britannia*, which resulted in $33 million being recognized in other comprehensive loss during 2015.

At January 22, 2016, our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of $2.0 billion and substantially relates to Carnival Cruise Line, Holland America Line, P&O Cruises (Australia) and Seabourn newbuilds scheduled to be delivered through 2019.

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

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps and the issuance of new debt or the early retirement of existing debt. At November 30, 2015, 60% and 40% (52% and 48% at November 30, 2014) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps. In addition, to the extent that we have excess cash available for investment, we purchase high quality short-term investments with floating interest rates, which offset a portion of the impact of interest rate fluctuations arising from our floating interest rate debt portfolio.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Our maximum exposure under foreign currency and fuel derivative contracts and interest rate swap agreements that are in-the-money, which were not material at November 30, 2015, is the replacement cost, net of any collateral received or contractually allowed offset, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimize these credit risk exposures, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions, insurance companies and export credit agencies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of these significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe and credit and debit card providers to which we extend credit in the normal course of our business, which includes charter-hire agreements in Asia prior to sailing. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. Concentrations of credit risk associated with these trade receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts within our customer base, the nature of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables, charter-hire agreements and contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 12 – Segment Information

We have three reportable cruise segments that are comprised of our (1) North America cruise brands, (2) EAA cruise brands and (3) Cruise Support. In addition, we have a Tour and Other segment. Our segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. Decisions to allocate resources and assess performance for Carnival Corporation & plc are made by the CODM upon review of the segment results across all of our cruise brands and other segments.

Our North America cruise segment includes Carnival Cruise Line, Holland America Line, Princess and Seabourn. Our EAA cruise segment includes AIDA, Costa, Cunard, P&O Cruises (Australia), P&O Cruises (UK) and prior to November 2014, Ibero. These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, maintenance requirements, supporting systems and processes and products and services they provide. Our Cruise Support segment represents certain of our port and related facilities and other services that are provided for the benefit of our cruise brands and Fathom's pre-launch selling, general and administrative expenses.

Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours. In 2014, our Tour and Other segment also included one ship that we chartered to an unaffiliated entity. In November 2014, we entered into a bareboat charter/sale agreement under which *Grand Holiday* was chartered to an unrelated entity in January 2015 through March 2025. Additionally, in December 2014, we entered into a bareboat charter/sale agreement under which *Costa Celebration* was chartered to an unrelated entity in December 2014 through August 2021. Under these agreements, ownership of *Grand Holiday* and *Costa Celebration* will be transferred to the buyer at the end of their lease term. Neither of these transactions met the criteria to qualify as a sales-type lease and, accordingly, they are being accounted for as operating leases whereby we recognize the charter revenue over the term of the agreements. Subsequent to entering into these agreements, our Tour and Other segment includes these three ships. The significant accounting policies of our segments are the same as those described in Note 2 – "Summary of Significant Accounting Policies."

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Selected information for our segments as of and for the years ended November 30 was as follows (in millions):

	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets	
2015								
North America Cruise Brands (a)	$ 9,866	$ 5,925	$ 1,140	$ 994	$ 1,807	$ 854	$ 22,420	
EAA Cruise Brands	5,636	3,442	695	561	938	1,265	14,076	
Cruise Support	119	58	223	27	(189)	162	2,248	
Tour and Other (a)	226	155	9	44	18	13	493	(b)
Intersegment elimination (a)	(133)	(133)	—	—	—	—	—	
	$ 15,714	$ 9,447	$ 2,067	$ 1,626	$ 2,574	$ 2,294	$ 39,237	
2014								
North America Cruise Brands (a) (c)	$ 9,559	$ 6,436	$ 1,121	$ 961	$ 1,041	$ 1,315	$ 22,681	
EAA Cruise Brands	6,148	3,914	725	616	893	1,054	15,228	
Cruise Support	90	39	200	25	(174)	156	1,023	
Tour and Other (a)	215	160	8	35	12	58	516	(b)
Intersegment elimination (a)	(128)	(128)	—	—	—	—	—	
	$ 15,884	$ 10,421	$ 2,054	$ 1,637	$ 1,772	$ 2,583	$ 39,448	
2013								
North America Cruise Brands (a) (c)	$ 9,370	$ 6,460	$ 1,048	$ 929	$ 933	$ 1,350	$ 22,386	
EAA Cruise Brands	5,906	4,137	686	599	471 (d)	642	16,126	
Cruise Support	96	31	136	26	(97)	108	1,016	
Tour and Other (a)	210	143	9	36	22	49	514	(b)
Intersegment elimination (a)	(126)	(126)	—	—	—	—	—	
	$ 15,456	$ 10,645	$ 1,879	$ 1,590	$ 1,329	$ 2,149	$ 40,042	

(a) A portion of the North America cruise brands' segment revenues includes revenues for the tour portion of a cruise when a land tour package is sold along with a cruise by either Holland America Line or Princess. These intersegment tour revenues, which are included in our Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

(b) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, glass-domed railcars, which run on the Alaska Railroad, and our owned ships that we leased out under long-term charters to unaffiliated entities.

(c) Previously reported results changed as a result of our revision of prior period financial statements as follows (see "Note 1 - General - Revision of Prior Period Financial Statements"):

	November 30, 2014			November 30, 2013		
North America Cruise Brands	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Operating costs and expenses	$ 6,418	$ 18	$ 6,436	$ 6,439	$ 21	$ 6,460
Depreciation and amortization	$ 959	$ 2	$ 961	$ 927	$ 2	$ 929
Operating income	$ 1,061	$ (20)	$ 1,041	$ 956	$ (23)	$ 933
Total assets	$ 22,765	$ (84)	$ 22,681	$ 22,448	$ (62)	$ 22,386

(d) Includes $13 million in 2013 of impairment charges related to Ibero's trademarks.

Non-U.S. revenues for our cruise brands represent sales generated from outside the U.S. principally by non-U.S. travel agents and tour operators. Substantially all of our long-lived assets are located outside of the U.S. and consist of our ships and ships under construction.

Revenues by geographic areas, which are based on where our guests are sourced and not the cruise brands on which they sailed, were as follows (in millions):

	Years Ended November 30,		
	2015	2014	2013
North America	$ 8,015	$ 7,762	$ 7,738
Europe	5,133	5,676	5,426
Australia and Asia	2,256	2,097	1,772
Other	310	349	520
	$ 15,714	$ 15,884	$ 15,456

NOTE 13 – Compensation Plans

Equity Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 18.3 million shares available for future grant at November 30, 2015. These plans allow us to issue time-based share ("TBS") awards (which include restricted stock awards ("RSAs") and restricted stock units ("RSUs")), performance-based share ("PBS") awards, market-based share ("MBS") awards and stock options (collectively "equity awards"). Equity awards are principally granted to management level employees and members of our Boards of Directors. The plans are administered by a committee of our independent directors (the "Committee") that determines which employees are eligible to participate, the monetary value or number of shares for which equity awards are to be granted and the amounts that may be exercised or sold within a specified term. These plans allow us to fulfill our equity award obligations using shares purchased in the open market or with unissued or treasury shares. Certain equity awards provide for accelerated vesting if we have a change in control, as defined.

Our total share-based compensation expense was $55 million in 2015, $52 million in 2014 and $42 million in 2013 of which $51 million in 2015, $48 million in 2014 and $39 million in 2013 has been included in selling and administrative expenses and $4 million in both 2015 and 2014 and $3 million in 2013 in cruise payroll and related expenses.

TBS, PBS and MBS Awards

RSAs generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. RSAs have been granted to certain officers and non-executive board members and vest at the end of three years, except for shares released from restriction to satisfy retirement eligible tax obligations ("tax release shares"). In addition, Carnival Corporation and Carnival plc grant RSUs, which also vest at the end of three years, except for tax release shares, and accrue forfeitable dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense for TBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant.

In 2015, 2014 and 2013, the Committee approved PBS awards to be granted to certain key Carnival Corporation & plc executives. The share-based compensation expense for these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares and expected total shareholder return rank relative to certain peer companies on the date of grant and the probability of our annual earnings target for each year over a three-year period being achieved. Our 2015 and 2014 PBS awards also have a return on invested capital ("ROIC") target. The PBS awards granted provide an opportunity to earn from zero to 200% in 2015 and 2014 and zero to 187.5% in 2013 of the number of target shares underlying the award achieved for each year over a three-year period.

In 2014 and 2013, the Committee approved MBS awards to be granted to certain senior executives. The MBS awards granted in 2014 and 2013 were valued at $13 million and $4 million, respectively, as of the date of grant. The share-based compensation expense for all of the MBS awards were based on the quoted market prices of the Carnival Corporation common stock or the Carnival plc ordinary shares on the date of grant and the probability of certain market conditions being achieved. One-half of all of the MBS awards are expensed evenly over a three-year period and the remaining half are expensed evenly over a four-year period. There were no MBS awards granted in 2015.

During the year ended November 30, 2015, TBS, PBS and MBS award activity was as follows:

	TBS Awards		PBS Awards		MBS Awards	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2014	3,210,050	$ 36.30	572,787	$ 34.82	270,220	$ 64.11
Granted	1,064,060	$ 45.38	188,990	$ 47.47	—	$ —
Vested	(1,296,378)	$ 31.35	(1,940)	$ 34.13	—	$ —
Forfeited	(183,262)	$ 41.46	(186,651)	$ 32.48	(28,481)	$ 72.60
Outstanding at November 30, 2015	2,794,470	$ 41.72	573,186	$ 39.75	241,739	$ 63.11

The total grant date fair value of TBS, PBS and MBS awards vested was $41 million in both 2015 and 2014 and $42 million in 2013. As of November 30, 2015, there was $55 million of total unrecognized compensation cost related to TBS, PBS and MBS awards. As of November 30, 2015, the total unrecognized compensation costs related to TBS, PBS and MBS awards are expected to be recognized over a weighted-average period of 0.9, 0.8 and 1.0 years, respectively.

Stock Option Plans

In 2007 and 2008, the Committee decided to cease granting stock options to our employees and non-executive board members, respectively, and to instead grant them TBS awards. A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2015 related to stock options previously granted was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (a)
			(in years)	(in millions)
Outstanding at November 30, 2014	1,059,256	$ 51.36		
Exercised	(190,690)	$ 46.49		
Forfeited or expired	(833,566)	$ 52.63		
Outstanding and exercisable at November 30, 2015	35,000	$ 47.83	0.9	$ —

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2015.

As of the dates of exercise, there was a nominal intrinsic value of options exercised in 2015 and 2014 and $3 million in 2013. As of November 30, 2015, there is no unrecognized compensation cost as there were no unvested stock options. Our stock options will expire in 2016.

Defined Benefit Pension Plans

We have several single-employer defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. Substantially all of the remaining defined benefit plans are unfunded. In determining all of our plans' benefit obligations at November 30, 2015 and 2014, we assumed a weighted-average discount rate of 3.5% for both years. The net asset or net liability positions under these single-employer defined benefit pension plans are not material.

In addition, we participate in two multiemployer defined benefit pension plans in the UK, the British Merchant Navy Officers Pension Fund (registration number 10005645) ("MNOPF"), and the British Merchant Navy Ratings Pension Fund (registration number 10005646) ("MNRPF"), which are referred to as "the multiemployer plans." The MNOPF is divided into two sections, the "New Section" and the "Old Section." The multiemployer plans are maintained for the benefit of the employees of the participating employers who make contributions to the plans. However, contributions made by employers, including us, may be used to provide benefits to employees of other participating employers, and if any of the participating employers withdraw from the multiemployer plans or fail to make their required contributions, any unfunded obligations would be the responsibility of the remaining participating employers. We are contractually obligated to make all required contributions as determined by the plans' trustees. All of our multiemployer plans are closed to new membership, and the MNOPF Old Section is also closed to further benefit accrual and is fully funded. Based on the most recent actuarial reviews at March 31, 2014 of the MNOPF New Section and the MNRPF, it was determined that these plans were 87% and 67% funded, respectively. The multiemployer plans have implemented recovery plans, as appropriate, whereby their estimated funding deficits are to be recovered through funding contributions from participating employers.

We expense our portion of the MNOPF deficit as amounts are invoiced by, and become due and payable to, the trustees. In 2015 and 2014, our contributions to the MNOPF fund were not material and did not exceed 5% of total contributions to the fund. In 2013, we received and paid in full a special assessment invoice from the MNOPF trustee for our additional share of the MNOPF New Section deficit. Accordingly, we expensed the invoice of $15 million in cruise payroll and related expense in 2013, which exceeded 5% of total contributions to the fund. In addition, we accrue and expense our portion of the MNRPF deficit based on our estimated probable obligation from the most recent actuarial review. We expensed a nominal amount in 2015 and $18 million in 2014 of our estimated probable obligation relating to our allocated share of the MNRPF deficit in cruise payroll and related expenses. As of November 30, 2015, we had no remaining estimated obligation of the MNRPF deficit after contributing $14.3 million in 2015. In 2015 and 2014, our contributions to the MNRPF exceeded 5% of total contributions to the fund. In 2013, our contributions to the MNRPF were not material and did not exceed 5% of total contributions to the fund. It is possible that we will be required to fund and expense additional amounts for the multiemployer plans in the future, however, such amounts are not expected to be material to our consolidated financial statements.

Total expense for all defined benefit pension plans, including the multiemployer plans, was $47 million in 2015, $69 million in 2014 and $62 million in 2013.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense for these plans was $30 million in 2015 and $25 million in both 2014 and 2013.

NOTE 14 – Earnings Per Share

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

	Years Ended November 30,		
	2015	2014	2013
Net income for basic and diluted earnings per share	$ 1,757	$ 1,216	$ 1,055
Weighted-average common and ordinary shares outstanding	777	776	775
Dilutive effect of equity plans	2	2	2
Diluted weighted-average shares outstanding	779	778	777
Basic earnings per share	$ 2.26	$ 1.57	$ 1.36
Diluted earnings per share	$ 2.26	$ 1.56	$ 1.36
Anti-dilutive equity awards excluded from diluted earnings per share computations	—	1	4

NOTE 15 – Supplemental Cash Flow Information

Cash paid for interest, net of capitalized interest, was $216 million in 2015, $297 million in 2014 and $301 million in 2013. In addition, cash paid for income taxes, net of recoveries, was $40 million in 2015, $5 million in 2014 and $4 million in 2013.

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") at November 30, 2015 and November 30, 2014, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2015, based on criteria established in the 2013 Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the 2015 Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 29, 2016

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this 2015 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate" and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that may impact, among other things, the forecasting of our adjusted earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill, ship and trademark fair values and outlook. 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 2015 Annual Report. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew;
- Economic conditions and adverse world events affecting the safety and security of travel, such as civil unrest, armed conflicts and terrorist attacks;
- Changes in and compliance with laws and regulations relating to environment, health, safety, security, tax and anti-corruption under which we operate;
- Disruptions and other damages to our information technology and other networks and operations, and breaches in data security;
- Ability to recruit, develop and retain qualified personnel;
- Increases in fuel prices;
- Fluctuations in foreign currency exchange rates;
- Misallocation of capital among our ship, joint venture and other strategic investments;
- Future operating cash flow may not be sufficient to fund future obligations and we may be unable to obtain financing;
- Deterioration of our cruise brands' strengths and our inability to implement our strategies;
- Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain and reductions in the availability of, and increases in the prices for, the services and products provided by these vendors;
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations and increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages;
- Failure to keep pace with developments in technology;
- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect and our international operations are subject to additional risks not generally applicable to our U.S. operations;
- Competition from and overcapacity in the cruise ship and land-based vacation industry;
- Economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- Litigation, enforcement actions, fines or penalties;
- Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations;
- Union disputes and other employee relationship issues;
- Decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates;
- Reliance on third-party providers of various services integral to the operations of our business;
- Business activities that involve our co-investment with third parties;
- Disruptions in the global financial markets or other events that may negatively affect the ability of our counterparties and others to perform their obligations to us;
- Our shareholders may be subject to the uncertainties of a foreign legal system since Carnival Corporation and Carnival plc are not U.S. corporations;
- Small group of shareholders may be able to effectively control the outcome of shareholder voting;
- Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests and

• The DLC arrangement involves risks not associated with the more common ways of combining the operations of two companies.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this 2015 Annual Report, 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.

2015 Executive Overview

Overall, 2015 was a great year for us as we continued to improve earnings with over 40% growth driven by higher cruise ticket pricing and onboard spending and lower fuel prices, despite the unfavorable foreign currency impact and macroeconomic and geopolitical challenges. We also achieved a ROIC at November 30, 2015 of nearly 7.5%, which is up from approximately 4.5% two years ago, as we move towards our goal of double digit ROIC in the next two to three years, while maintaining a strong balance sheet (we define ROIC as the twelve-month adjusted earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress).

Net income for 2015 increased 44% to $1.8 billion from $1.2 billion for 2014 (diluted earnings per share was $2.26 in 2015 compared to $1.56 in 2014). The increase in our net income for 2015 was driven primarily by the following:

- Increases in cruise ticket pricing, driven primarily by improvements in Alaskan and Caribbean itineraries for our North America brands and Mediterranean and North European itineraries for our EAA brands, mostly offset by the net unfavorable foreign currency transactional impact;
- Higher onboard spending by our guests on both sides of the Atlantic and
- Lower fuel prices, partially offset from losses on fuel derivatives.

These increases to 2015 net income were partially offset by the unfavorable foreign currency translational impact and higher dry-dock expenses resulting from a higher number of dry-dock days in 2015 compared to 2014.

Our key Non-GAAP performance financial measures for 2015 were as follows (see “Key Performance Non-GAAP Financial Indicators”):

- Adjusted net income increased 40% to $2.1 billion from $1.5 billion for 2014 (adjusted diluted earnings per share in 2015 was $2.70 compared to $1.93 in 2014);
- Net revenue yields on a constant currency basis increased 4.3%, comprised of a 3.8% increase in net passenger ticket revenue yields and a 5.9% increase in net onboard and other revenue yields and
- Net cruise costs excluding fuel per ALBD (“available lower berth day”) on a constant currency basis increased 3.5%.

Our ability to generate significant operating cash flows allows us to internally fund our capital investments. In addition, we are committed to returning "free cash flows" (defined as cash flows from operations less investing activities) to our shareholders in the form of dividends and/or share buybacks. In 2015, we generated over $4.5 billion of cash from operations, 33% higher than last year, and used $2.5 billion to fund investing activities, leaving us with $2.1 billion, the majority of which has been returned to our shareholders through our regular quarterly dividends and share buybacks. In addition, we increased our quarterly dividend by 20% to $0.30 per share from $0.25 per share and repurchased $276 million of our shares under the Repurchase Program.

We continue to identify and implement new strategies and tactics to strengthen our cruise ticket revenue management processes and systems across our portfolio of brands, such as optimizing our pricing methodologies and improving our pricing models. In addition, we are in the process of developing a state-of-the-art revenue management system that will ultimately enable our brands to further optimize pricing and inventory. We are also implementing new initiatives to better coordinate and optimize our brands' global deployment strategies to maximize guest satisfaction and itinerary profits. Further, we are implementing initiatives to strengthen our onboard revenue programs. Finally, we added a new port facility, Amber Cove in Puerto Plata, Dominican Republic, strategically located in the central Caribbean.

We also continue to implement initiatives to create additional demand for our brands, ultimately leading to higher revenue yields. This includes increasing consumer awareness and consideration of our cruise brands and the global cruise industry through coordinated media communication, expanded trade-show presence and advertising.

Our goal is to consistently exceed our guests’ expectations while providing them with a wide variety of exceptional vacation experiences. We believe that we can achieve this goal by continually focusing our efforts on helping our guests choose the cruise brand that will meet their unique needs and desires, improving their overall vacation experiences and building state-of-the-art ships with innovative onboard offerings and unequaled guest services. We are continuing to work on the next generation of innovative guest experiences so as to ensure we will be consistently exceeding our guest expectations.

Princess celebrated its 50th anniversary this year with an array of celebratory activities and entertainment throughout the year to commemorate half a century of cruising, including a reunion of the original cast of "The Love Boat" TV series, and an award winning float in the New Years' Day Rose Bowl Parade. Also, Cunard celebrated its 175th anniversary in cities around the world that climaxed in May with the first ever meeting of the three Queens in Liverpool, England. This event attracted more than 1.3 million shoreside spectators, in what may have been the largest attendance at a single day maritime event anywhere in the world. Finally, we had a five ship event in the Sydney Harbor for P&O Cruises (Australia) that attracted well over three hours of live coverage on Australia's "Today" show.

Strong relationships with our travel agents are especially vital to our success. We continue to strengthen our relationship with the travel agent community by increasing our communication and outreach, implementing changes based on travel agent feedback and improving our educational programs to assist agents in stimulating cruise demand.

In 2015, we reinforced our leadership position in China with the successful introduction of our fourth ship homeported in China. We believe that we have significant opportunities to continue to grow our presence in China due to its large and growing middle-class population and expansion of their international tourism. We also intend to expand our brand portfolio in China in the future. As we execute our strategy to accelerate growth in China, we have the benefit of nine years of local experience to help guide our expansion and enhance our cruise products and services to make them even more attractive to our Chinese guests.

With 99 ships and more than 10.8 million guests in 2015, we have the scale to optimize our structure by utilizing our combined purchasing volumes and common technologies as well as implementing cross-brand initiatives aimed at cost containment. We have also established global leadership positions for communications, guest experience, maritime, procurement, revenue management and strategy to increase collaboration and communication across our brands and help coordinate our global efforts and initiatives.

We consider health, environment, safety, security and sustainability matters to be core guiding principles. Our uncompromising commitment to the safety and comfort of our guests and crew is paramount to the success of our business. We are committed to operating a safe and reliable fleet and protecting the health, safety and security of our guests, employees and all others working on our behalf, thereby promoting an organization that is free of injuries, illness and loss. We continue to focus on further enhancing the safety measures onboard all of our ships. We are also devoted to protecting the environment in which our vessels sail and the communities in which we operate. We are dedicated to fully complying with, or exceeding, all relevant legal and statutory requirements related to health, environment, safety, security and sustainability throughout our business.

We employ an average of 82,200 crew members, including officers, onboard the ships we currently operate, which excludes employees who are on a leave. We also have an average of 10,000 full-time and 2,400 part-time/seasonal shoreside employees. Our goal is to recruit, develop and retain the finest shipboard and shoreside employees. A team of highly motivated and engaged employees is key to delivering vacation experiences that exceed our guests' expectations. We are a diverse organization and value and support our talented and diverse employee base. We also are committed to employing people from around the world and hiring them based on the quality of their experience, skills, education and character, without regard for their identification with any group or classification of people.

In 2015, we introduced P&O Cruises (UK)'s 3,647-passenger *Britannia,* the largest ship ever built specifically for British guests and named by Her Majesty, Queen Elizabeth II. In addition, we signed eight new ship orders this year. As of January 22, 2016, we have a total of 17 cruise ships scheduled to be delivered between 2016 and 2020. Some of these ships will replace existing capacity as less efficient ships exit our fleet. Since 2006, we have removed 17 ships from our fleet and will remove one more ship in March 2016. We have a disciplined, measured approach to capacity growth so that we achieve an optimal balance of supply and demand to maximize our profitability.

Outlook for the 2016 First Quarter and Full Year

On December 18, 2015, we said that we expected our adjusted diluted earnings per share for the 2016 first quarter to be in the range of $0.28 to $0.32 and 2016 full year to be in the range of $3.10 to $3.40 (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on the assumptions in the table below.

On January 26, 2016, updated only for the current assumptions in the table below, our adjusted diluted earnings per share for the 2016 full year would decrease by $0.08. This decrease was caused by foreign currency exchange rates, including both foreign currency translational and transactional impacts of $0.11 per share, partially offset by a $0.03 per share increase due to lower fuel prices, net of forecasted realized losses on fuel derivatives. In addition, our adjusted diluted earnings per share for the 2016 first quarter would decrease by $0.02.

	2016 Assumptions	
	December 18, 2015	**January 26, 2016**
First quarter fuel cost per metric ton consumed	$239	$226
Full year fuel cost per metric ton consumed	$246	$222
First quarter currencies		
U.S. dollar to Euro	$1.10	$1.08
U.S. dollar to Sterling	$1.51	$1.44
U.S. dollar to Australian dollar	$0.73	$0.71
U.S. dollar to Canadian dollar	$0.73	$0.71
Full year currencies		
U.S. dollar to Euro	$1.10	$1.08
U.S. dollar to Sterling	$1.51	$1.43
U.S. dollar to Australian dollar	$0.73	$0.70
U.S. dollar to Canadian dollar	$0.73	$0.71

The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

The above forward-looking statements involve risks, uncertainties and assumptions with respect to us. There are many factors that could cause our actual results to differ materially from those expressed above including, but not limited to, incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity, economic conditions and adverse world events, changes in and compliance with various laws and regulations under which we operate and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statements together with the discussion of these and other risks under "Cautionary Note Concerning Factors That May Affect Future Results."

Critical Accounting Estimates

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

Ship Accounting

Our most significant assets are our ships, including ship improvements and ships under construction, which represent 78% of our total assets at November 30, 2015. We make several critical accounting estimates with respect to our ship accounting. First, in order to compute our ships' depreciation expense, which represented 11% of our cruise costs and expenses in 2015, we have to estimate the useful life of each of our ships as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs that we believe add value to our ships and have a useful life greater than one year, and depreciate those improvements over the shorter of their or the ships' estimated remaining useful life, while the costs of repairs and maintenance, including minor improvement costs and dry-dock expenses, are charged to expense as incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we may have to estimate the net book value of the asset being retired in order to remove it from the ship's cost basis.

We determine the useful life of our ships and ship improvements based on our estimates of the period over which the assets will be of economic benefit to us, including the impact of long-term vacation market conditions, marketing and technical obsolescence, competition, physical deterioration, historical useful lives of similarly-built ships, regulatory constraints and maintenance requirements. In addition, we consider estimates of the weighted-average useful lives of the ships' major component systems, such as the hull, cabins, main electric, superstructure and engines. Taking all of this into consideration, we have estimated our new ships' useful lives at 30 years.

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

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

If materially different conditions existed, or if we materially changed our assumptions of ship useful lives and residual values, our depreciation expense, loss on retirement of ship components and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance expense could increase, which would be partially offset by a decrease in depreciation expense, resulting from a reduction in capitalized costs. Our 2015 ship depreciation expense would have increased by approximately $40 million assuming we had reduced our estimated 30-year ship useful life estimate by one year at the time we took delivery or acquired each of our ships. In addition, our 2015 ship depreciation expense would have increased by approximately $210 million assuming we had estimated our ships to have no residual value at the time of their delivery or acquisition.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied in all material respects and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which we use them. In addition, we believe that the estimates we made are reasonable and our methods consistently applied in all material respects in determining (1) the useful life and residual values of our ships, including ship improvements; (2) which improvement costs add value to our ships and (3) the net book value of ship component assets being retired. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairments

Impairment reviews of our cruise ships, goodwill and trademarks require us to make significant estimates to determine the fair values of these assets and cruise brands.

For our cruise ships, we perform our impairment reviews, if required, at the individual cruise ship level, which is the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities. See Note 11 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for a discussion of ship impairment charges recorded in 2014 and 2013.

We believe it is more-likely-than-not ("MLTN") that each of our cruise brands' estimated fair value that carry goodwill at November 30, 2015 exceeded their carrying value. We also believe that it is MLTN that the estimated fair value of each of our cruise brands' trademarks recorded at November 30, 2015 exceeded their carrying values. See Note 11 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional discussion of our goodwill and trademark impairment reviews.

The determination of fair value includes numerous assumptions that are subject to various risks and uncertainties, unless a comparable, viable actively-traded market exists, which is usually not the case for cruise ships, cruise brands and trademarks. Our ships' fair values are typically estimated based either on ship sales price negotiations or discounted future cash flows. The principal assumptions used to calculate our discounted future cash flows include forecasted future operating results over the expected period we believe the ships will have economic benefit to us and their estimated residual values.

In performing qualitative assessments of our cruise brands that carry goodwill, qualitative factors that we consider to determine their effect on each of the cruise brand's estimated fair values include industry and market conditions, macroeconomic conditions, changes to WACC, overall financial performance, changes in fuel prices and capital expenditures. In determining the estimated fair values of cruise brands utilizing discounted future cash flow analysis for our quantitative goodwill impairment tests, significant judgments are made related to forecasted operating results, including net revenue yields and net cruise costs including fuel prices; capacity changes, including the expected rotation of vessels into, or out of, the cruise brand; WACC of market participants, adjusted for the risk attributable to the geographic regions in which the cruise brand operates; capital expenditures; proceeds from forecasted dispositions of ships and terminal values.

In addition, in performing our qualitative assessments of our cruise brands' significant trademarks, qualitative factors that we consider to determine their effect on each of the cruise brand's recorded trademarks' estimated fair values include industry and market conditions, macroeconomic conditions, changes to the WACC, changes in royalty rates and overall financial performance. In determining our trademark estimated fair values for our quantitative impairment tests, we also use discounted future cash flow analysis, which requires some of the same significant judgments discussed above. Specifically, determining the estimated amount of royalties that we are relieved from having to pay for the use of the associated trademarks is based upon forecasted cruise revenues and a market participant's royalty rate. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

We believe that we have made reasonable estimates and judgments in determining whether our cruise ships, goodwill and trademarks have been impaired. However, if there is a change in assumptions used or if there is a change in the conditions or circumstances influencing fair values in the future, then we may need to recognize an impairment charge.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, regulatory, guest and crew and tax matters. In addition, we periodically assess the recoverability of our trade and other receivables and our charter-hire and other counterparty credit exposures, such as contractual nonperformance by our Asian ship charter tour operators and financial and other institutions with which we conduct significant business. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is probable, or MLTN for income tax matters, that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable or MLTN loss, if any, can be made. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability and establish a reserve when we believe a loss is probable or MLTN for income tax matters, and the amount of the loss can be reasonably estimated in accordance with U.S. GAAP. Such accruals and reserves are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar non-income tax matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverages. See Note 8 - "Contingencies," Note 9 - "Taxation" and Note 11 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional information concerning our contingencies.

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

Results of Operations

We earn substantially all of our cruise revenues from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from airports near our ships' home ports and cancellation fees. The cruise ticket price typically includes accommodations, most meals, some non-alcoholic beverages and most onboard entertainment. We also collect fees, taxes and other charges from our guests, and
- sales of goods and services primarily onboard our ships not included in the cruise ticket price including substantially all liquor and some non-alcoholic beverage sales, casino gaming, shore excursions, gift shop sales, photo sales, communication services, full service spas, specialty themed restaurants, cruise vacation protection programs and pre- and post-cruise land packages. These

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

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise bookings, which represent costs that are directly associated with passenger cruise ticket revenues, and include travel agent commissions, air and other transportation related costs, fees, taxes and other charges that vary with guest head counts and related credit and debit card or direct debit fees,
- onboard and other cruise costs, which represent costs that are directly associated with onboard and other revenues, and include the costs of liquor and some non-alcoholic beverages, costs of tangible goods sold by us in our gift shops and from our photo sales, communication costs, costs of cruise vacation protection programs, costs of pre- and post-cruise land packages and related credit and debit card or direct debit fees. Concession revenues do not have significant associated expenses because the costs and services incurred for concession revenues are borne by our concessionaires,
- fuel costs, which include fuel delivery costs,
- payroll and related costs, which represent all costs related to our shipboard personnel, including deck and engine crew, including officers, and hotel and administrative employees, while costs associated with our shoreside personnel are included in selling and administrative expenses,
- food costs, which include both our guest and crew food costs and
- other ship operating expenses, which include port costs that do not vary with guest head counts, repairs and maintenance, including minor improvements and dry-dock expenses, hotel costs, entertainment, gains and losses on ship sales, ship impairments, freight and logistics, insurance premiums and all other ship operating expenses.

For segment information related to our North America and EAA cruise brands' revenues, expenses, operating income and other financial information, see Note 12 - "Segment Information" in the consolidated financial statements.

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Statistical Information

	Years Ended November 30,		
	2015	2014	2013
ALBDs (in thousands) (a) (b)	77,307	76,000	74,033
Occupancy percentage (c)	104.8%	104.1%	105.1%
Passengers carried (in thousands)	10,837	10,566	10,061
Fuel consumption in metric tons (in thousands)	3,181	3,194	3,266
Fuel consumption in metric tons per ALBD	0.041	0.042	0.044
Fuel cost per metric ton consumed	$ 393	$ 636	$ 676
Currencies			
U.S. dollar to Euro	$ 1.12	$ 1.34	$ 1.32
U.S. dollar to Sterling	$ 1.54	$ 1.66	$ 1.56
U.S. dollar to Australian dollar	$ 0.76	$ 0.91	$ 0.98
U.S. dollar to Canadian dollar	$ 0.79	$ 0.91	$ 0.97

(a)ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

(b) In 2015 compared to 2014, we had a 1.7% capacity increase in ALBDs comprised of a 4.1% capacity increase in our EAA brands and a slight capacity increase in our North America brands.

Our EAA brands' capacity increase was caused by:

- full year impact from one Costa 3,692-passenger capacity ship delivered in 2014 and
- the partial year impact from one P&O Cruises (UK) 3,647-passenger capacity ship delivered in 2015.

These increases were partially offset by:

- full year impact from the bareboat charter/sale of a Costa ship and a former Ibero ship and
- more ship dry-dock days in 2015 compared to 2014.

Our North America brands' slight capacity increase was caused by the full year impact from one Princess 3,560-passenger capacity ship delivered in 2014.

This increase was partially offset by:

- more ship dry-dock days in 2015 compared to 2014 and
- fewer ship operating days due to pro rated voyages.

In 2014 compared to 2013, we had a 2.7% capacity increase in ALBDs comprised of a 4.3% capacity increase in our North America brands and a minor capacity increase in our EAA brands.

Our North America brands' capacity increase was caused by:

- the full year impact from one Princess 3,560-passenger capacity ship delivered in 2013;
- the partial year impact from one Princess 3,560-passenger capacity ship delivered in 2014 and
- fewer ship dry-dock days in 2014 compared to 2013.

(c) In accordance with cruise industry practice, occupancy is calculated using a denominator of ALBDs, which assumes two passengers per cabin even though some cabins can accommodate three or more passengers. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

2015 Compared to 2014

Revision of Prior Period Financial Statements

Management's discussion and analysis of the results of operations is based on the revised Consolidated Statement of Income for the year ended November 30, 2014 (see "Note 1 - General - Revision of Prior Period Financial Statements" in the consolidated financial statements for additional discussion).

Revenues

Consolidated

Cruise passenger ticket revenues made up 74% of our 2015 total revenues. Cruise passenger ticket revenues decreased by $288 million, or 2.4%, to $11.6 billion in 2015 from $11.9 billion in 2014.

This decrease was caused by the foreign currency translational impact from a stronger U.S. dollar against the euro, sterling and the Australian dollar ("2015 foreign currency translational impact"), which accounted for $715 million.

This decrease was partially offset by:
- $205 million - 1.7% capacity increase in ALBDs;
- $155 million - net increase in cruise ticket pricing, driven primarily by improvements in Alaskan and Caribbean itineraries for our North America brands and Mediterranean and North European itineraries for our EAA brands, mostly offset by net unfavorable foreign currency transactional impacts and
- $86 million - slight increase in occupancy.

The remaining 26% of 2015 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $107 million, or 2.8%, to $3.9 billion in 2015 from $3.8 billion in 2014.

This increase was caused by:
- $185 million - higher onboard spending by our guests;
- $65 million - 1.7% capacity increase in ALBDs and
- $27 million - slight increase in occupancy.

These increases were partially offset by the 2015 foreign currency translational impact, which accounted for $165 million.

Onboard and other revenues included concession revenues that decreased slightly and remained at $1.1 billion in both 2015 and 2014.

North America Brands

Cruise passenger ticket revenues made up 72% of our North America brands' 2015 total revenues. Cruise passenger ticket revenues increased by $152 million, or 2.2% to $7.0 billion in 2015 from $6.9 billion in 2014.

This increase was caused by:
- $132 million - 2.0 percentage point increase in occupancy and
- $26 million - net increase in cruise ticket pricing, driven primarily by improvements in Alaskan and Caribbean itineraries, mostly offset by unfavorable foreign currency transactional impacts.

The remaining 28% of our North America brands' 2015 total revenues were comprised of onboard and other cruise revenues, which increased by $149 million, or 5.8%, to $2.7 billion in 2015 from $2.6 billion in 2014.

This increase was caused by:
- $110 million - higher onboard spending by our guests and
- $49 million - 2.0 percentage point increase in occupancy.

These increases were partially offset by lower third party revenues, which accounted for $18 million.

Onboard and other revenues included concession revenues that increased by $12 million, or 1.6%, to $747 million in 2015 from $735 million in 2014.

EAA Brands

Cruise passenger ticket revenues made up 82% of our EAA brands' 2015 total revenues. Cruise passenger ticket revenues decreased by $430 million, or 8.5%, to $4.6 billion in 2015 from $5.0 billion 2014.

This decrease was caused by:
- $715 million - 2015 foreign currency translational impact and
- $58 million - 1.2 percentage point decrease in occupancy.

These decreases were partially offset by:
- $205 million - 4.1% capacity increase in ALBDs and
- $135 million - increase in cruise ticket pricing, driven primarily by improvements in Mediterranean and North European itineraries and favorable foreign currency transactional impacts.

The remaining 18% of our EAA brands' 2015 total revenues were comprised of onboard and other cruise revenues, which decreased by $81 million, or 7.3%, to $1.0 billion in 2015 from $1.1 billion in 2014.

This decrease was caused by the 2015 foreign currency translational impact, which accounted for $165 million.

This decrease was partially offset by:
- $51 million - higher onboard spending by our guests and
- $45 million - 4.1% capacity increase in ALBDs.

Onboard and other revenues included concession revenues that decreased by $38 million, or 10%, to $329 million in 2015 from $367 million in 2014. This decrease was caused by the 2015 foreign currency translational impact.

Costs and Expenses

Consolidated

Operating costs and expenses decreased by $973 million, or 9.3%, to $9.4 billion in 2015 from $10.4 billion in 2014.

This decrease was caused by:
- $776 million - lower fuel prices;
- $475 million - 2015 foreign currency translational impact;
- $53 million - nonrecurrence of impairment charges incurred in 2014 related to *Grand Celebration* and *Grand Holiday*;
- $43 million - lower fuel consumption per ALBD and
- $20 million - gain on a litigation settlement.

These decreases were partially offset by:
- $176 million - 1.7% capacity increase in ALBDs;
- $106 million - higher dry-dock expenses as a result of higher number of dry-dock days;
- $37 million - nonrecurrence of a gain from the sale of *Costa Voyager* in 2014;
- $28 million - slight increase in occupancy and
- $47 million - various other operating expenses, net, partially offset by favorable foreign currency transactional impacts.

Selling and administrative expenses remained flat at $2.1 billion in both 2015 and 2014.

Depreciation and amortization expenses decreased slightly and remained at $1.6 billion in both 2015 and 2014.

Our total costs and expenses as a percentage of revenues decreased to 84% in 2015 from 89% in 2014.

North America Brands

Operating costs and expenses decreased by $517 million, or 8.2%, to $5.8 billion in 2015 from $6.3 billion in 2014.

This decrease was caused by:
- $503 million - lower fuel prices;
- $41 million - decreases in commissions, transportation and other related expenses;
- $25 million - lower fuel consumption per ALBD;
- $19 million - gain on a litigation settlement and
- $30 million - various other operating expenses, net, which included favorable foreign currency transactional impacts.

These decreases were partially offset by:
- $58 million - higher dry-dock expenses as a result of higher number of dry-dock days and
- $43 million - 2.0 percentage point increase in occupancy.

Our total costs and expenses as a percentage of revenues decreased to 81% in 2015 from 89% in 2014.

EAA Brands

Operating costs and expenses decreased by $472 million, or 12%, to $3.4 billion in 2015 from $3.9 billion in 2014.

This decrease was caused by:
- $476 million - 2015 foreign currency translational impact;
- $273 million - lower fuel prices and
- $53 million - nonrecurrence of impairment charges incurred in 2014 related to *Grand Celebration* and *Grand Holiday.*

These decreases were partially offset by:
- $159 million - 4.1% capacity increase in ALBDs;
- $49 million - higher dry-dock expenses as a result of higher number of dry-dock days;
- $37 million - nonrecurrence of a gain from the sale of *Costa Voyager* recognized in 2014;
- $26 million - increases in commissions, transportation and other related expenses and
- $59 million - various other operating expenses, net, which included unfavorable foreign currency transactional impacts.

Our total costs and expenses as a percentage of revenues decreased to 83% in 2015 from 86% in 2014.

Operating Income

Our consolidated operating income increased by $802 million, or 45%, to $2.6 billion in 2015 from $1.8 billion in 2014. Our North America brands' operating income increased by $766 million, or 74%, to $1.8 billion in 2015 from $1.0 billion in 2014, and our EAA brands' operating income increased by $45 million, or 5.0%, to $938 million in 2015 from $893 million in 2014. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

Net interest expense decreased by $71 million, or 25%, to $217 million in 2015 from $288 million in 2014 primarily due to lower level of average borrowings, favorable foreign currency exchange rates and lower interest rates.

Losses on fuel derivatives, net were comprised of the following:

	Year Ended November 30,	
	2015	2014
Unrealized losses on fuel derivatives	$ (332)	$ (268)
Realized losses on fuel derivatives, net	(244)	(3)
Losses on fuel derivatives, net	$ (576)	$ (271)

Net income tax expense increased by $33 million to $42 million in 2015 from $9 million in 2014.

Key Performance Non-GAAP Financial Indicators

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segments' financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business; gains and losses on ship sales and ship impairments, net; and restructuring expenses that are not part of our core operating business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

Net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices and food expenses, once our ship capacity levels have been determined.

Net passenger ticket revenues reflect gross passenger ticket revenues, net of commissions, transportation and other costs. Net onboard and other revenues reflect gross onboard and other revenues, net of onboard and other cruise costs. Net passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures we use to monitor our ability to control our cruise segments' costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. In addition, we exclude gains and losses on ship sales and ship impairments, net and restructuring expenses from our calculation of net cruise costs with and without fuel as they are not considered part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we also believe it is more meaningful for gains and losses on ship sales and ship impairments, net and restructuring expenses to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these items.

As a result of our revision of 2014 and 2013 cruise ship operating expenses, our previously reported results changed as follows (in millions, except per ALBD data):

	Year Ended November 30, 2014		Year Ended November 30, 2013	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Gross cruise costs per ALBD	$161.69	$161.93	$166.83	$167.12
Net cruise costs per ALBD	$124.35	$124.59	$126.05	$126.34
Net cruise costs excluding fuel per ALBD	$97.60	$97.84	$96.23	$96.51
U.S. GAAP net income	1,236	1,216	1,078	1,055
Adjusted net income	1,524	1,504	1,232	1,209

In addition, our EAA cruise brands utilize the euro, sterling and Australian dollar as their functional currency, the monetary unit of the primary economic environment in which they operate, to measure their results and financial condition. This subjects us to foreign currency translational risk. All of our North American and EAA cruise brands also have revenues and expenses that are in a currency other than their functional currency. This subjects us to foreign currency transactional risk.

We report non-GAAP financial measures on a "constant dollar" and "constant currency" basis assuming the 2015 and 2014 periods' currency exchange rates have remained constant with the 2014 and 2013 periods' rates, respectively. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting is a Non-GAAP financial measure that removes only the impact of changes in exchange rates on the translation of our EAA brands.

Constant currency reporting is a Non-GAAP financial measure that removes the impact of changes in exchange rates on the translation of our EAA brands (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency for both our North America and EAA brands.

Examples:

- The translation of our EAA brand operations to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies.
- Our North America brands have a U.S. dollar functional currency but also have revenue and expense transactions in currencies other than the U.S. dollar. If the U.S. dollar strengthens against these other currencies, it reduces the U.S. dollar revenues and expenses. If the U.S. dollar weakens against these other currencies, it increases the U.S. dollar revenues and expenses.
- Our EAA brands have a euro, sterling and Australian dollar functional currency but also have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.

Our foreign currency transactional impact is more significant to our 2015 results compared to 2014 and 2013 given the continuing expansion of our global business and the heightened volatility in foreign currency exchange rates. This differed from previous years when our constant dollar reporting removed substantially all of the impact of changes in currency exchange rates between periods. Accordingly, we also reported on a constant currency basis beginning in 2015. See “Quantitative and Qualitative Disclosures About Market Risk” for a further discussion of the 2016 impact of currency exchange rate changes.

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

We have excluded from our earnings guidance the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. Accordingly, our earnings guidance is presented on an adjusted basis only. As a result, management has not provided a reconciliation between forecasted adjusted earnings per share guidance and forecasted U.S. GAAP earnings per share guidance because it would be too difficult to prepare a reliable U.S. GAAP quantitative reconciliation without unreasonable effort. However, we do forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP as reported, constant dollar and constant currency financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows (dollars in millions, except yields):

	Years Ended November 30,				
	2015	2015 Constant Dollar	2014	2014 Constant Dollar	2013
Passenger ticket revenues	$ 11,601	$ 12,316	$ 11,889	$ 11,787	$ 11,648
Onboard and other revenues	3,887	4,052	3,780	3,765	3,598
Gross cruise revenues	15,488	16,368	15,669	15,552	15,246
Less cruise costs					
Commissions, transportation and other	(2,161)	(2,324)	(2,299)	(2,277)	(2,303)
Onboard and other	(526)	(549)	(519)	(516)	(539)
	(2,687)	(2,873)	(2,818)	(2,793)	(2,842)
Net passenger ticket revenues	9,440	9,992	9,590	9,510	9,345
Net onboard and other revenues	3,361	3,503	3,261	3,249	3,059
Net cruise revenues	$ 12,801	$ 13,495	$ 12,851	$ 12,759	$ 12,404
ALBDs	77,307,323	77,307,323	75,999,952	75,999,952	74,032,939
Gross revenue yields	$ 200.34	$ 211.73	$ 206.17	$ 204.63	$ 205.94
% (decrease) increase vs. prior year	(2.8)%	2.7%	0.1%	(0.6)%	
Net revenue yields	$ 165.58	$ 174.57	$ 169.09	$ 167.88	$ 167.56
% (decrease) increase vs. prior year	(2.1)%	3.2%	0.9%	0.2 %	
Net passenger ticket revenue yields	$ 122.11	$ 129.25	$ 126.18	$ 125.14	$ 126.23
% (decrease) increase vs. prior year	(3.2)%	2.4%	0.0%	(0.9)%	
Net onboard and other revenue yields	$ 43.48	$ 45.32	$ 42.90	$ 42.75	$ 41.33
% increase vs. prior year	1.3 %	5.6%	3.8%	3.4 %	

	Years Ended November 30,		
	2015	2015 Constant Currency	2014
Net passenger ticket revenues	$ 9,440	$ 10,123	$ 9,590
Net onboard and other revenues	3,361	3,513	3,261
Net cruise revenues	$ 12,801	$ 13,636	$ 12,851
ALBDs	77,307,323	77,307,323	75,999,952
Net revenue yields	$ 165.58	$ 176.39	$ 169.09
% (decrease) increase vs. prior year	(2.1)%	4.3%	
Net passenger ticket revenue yields	$ 122.11	$ 130.94	$ 126.18
% (decrease) increase vs. prior year	(3.2)%	3.8%	
Net onboard and other revenue yields	$ 43.48	$ 45.45	$ 42.90
% increase vs. prior year	1.3 %	5.9%	

Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel by ALBDs as follows (dollars in millions, except costs per ALBD):

	Years Ended November 30,				
	2015	2015 Constant Dollar	2014	2014 Constant Dollar	2013
Cruise operating expenses	$ 9,292	$ 9,767	$ 10,261	$ 10,201	$ 10,502
Cruise selling and administrative expenses	2,058	2,168	2,046	2,035	1,871
Gross cruise costs	11,350	11,935	12,307	12,236	12,373
Less cruise costs included above					
Commissions, transportation and other	(2,161)	(2,324)	(2,299)	(2,277)	(2,303)
Onboard and other	(526)	(549)	(519)	(516)	(539)
Restructuring expenses	(25)	(30)	(18)	(18)	—
Gains (losses) on ship sales and ship impairments, net	8	8	(2)	(5)	(178)
Net cruise costs	8,646	9,040	9,469	9,420	9,353
Less fuel	(1,249)	(1,249)	(2,033)	(2,033)	(2,208)
Net cruise costs excluding fuel	$ 7,397	$ 7,791	$ 7,436	$ 7,387	$ 7,145
ALBDs	77,307,323	77,307,323	75,999,952	75,999,952	74,032,939
Gross cruise costs per ALBD	$ 146.81	$ 154.39	$ 161.93	$ 161.00	$ 167.12
% decrease vs. prior year	(9.3)%	(4.7)%	(3.1)%	(3.7)%	
Net cruise costs per ALBD	$ 111.83	$ 116.94	$ 124.59	$ 123.94	$ 126.34
% decrease vs. prior year	(10.2)%	(6.1)%	(1.4)%	(1.9)%	
Net cruise costs excluding fuel per ALBD	$ 95.68	$ 100.78	$ 97.84	$ 97.19	$ 96.51
% (decrease) increase vs. prior year	(2.2)%	3.0 %	1.4 %	0.7 %	

	Years Ended November 30,		
	2015	2015 Constant Currency	2014
Net cruise costs excluding fuel	$ 7,397	$ 7,828	$ 7,436
ALBDs	77,307,323	77,307,323	75,999,952
Net cruise costs excluding fuel per ALBD	$ 95.68	$ 101.26	$ 97.84
% (decrease) increase vs. prior year	(2.2)%	3.5%	

Adjusted fully diluted earnings per share was computed as follows (in millions, except per share data):

	Years Ended November 30,		
	2015	2014	2013
Net income			
U.S. GAAP net income	$ 1,757	$ 1,216	$ 1,055
Restructuring expenses	25	18	—
(Gains) losses on ship sales and ship impairments, net	(8)	2 (a)	163 (b)
Ibero trademark and other impairment charges	—	—	27 (c)
Unrealized losses (gains) on fuel derivatives, net	332	268	(36)
Adjusted net income	$ 2,106	$ 1,504	$ 1,209
Weighted-average shares outstanding	779	778	777
Earnings per share			
U.S. GAAP earnings per share	$ 2.26	$ 1.56	$ 1.36
Restructuring expenses	0.03	0.02	—
(Gains) losses on ship sales and ship impairments, net	(0.01)	— (a)	0.21 (b)
Ibero trademark and other impairment charges	—	—	0.03 (c)
Unrealized losses (gains) on fuel derivatives, net	0.42	0.35	(0.05)
Adjusted earnings per share	$ 2.70	$ 1.93	$ 1.55

(a) Represents impairment charges of $22 million for *Grand Celebration* and $31 million for *Grand Holiday*, partially offset by gains of $37 million from the sale of *Costa Voyager* and $14 million from the sale of *Ocean Princess*.

(b) Substantially due to $176 million of impairment charges related to *Costa Classica* and *Costa Voyager*, partially offset by a $15 million gain in our Tour and Other segment from the sale of a former Holland America Line ship, which was on charter to an unaffiliated entity.

(c) Represents impairment charges of $14 million for an investment and $13 million for Ibero's remaining trademarks' carrying value.

Net cruise revenues decreased slightly by $50 million, to $12.8 billion in 2015 from $12.9 billion in 2014.

The slight decrease in net cruise revenues was caused by:
- $695 million - 2015 foreign currency translational impact and
- $141 million - 2015 foreign currency transactional impact.

These decreases were partially offset by:
- $565 million - 4.3% increase in constant currency net revenue yields and
- $221 million - 1.7% capacity increase in ALBDs.

The 4.3% increase in net revenue yields on a constant currency basis was due to a 3.8% increase in net passenger ticket revenue yields and a 5.9% increase in net onboard and other revenue yields.

The 3.8% increase in net passenger ticket revenue yields was caused by a 5.9% increase from our North America brands and a slight increase from our EAA brands. The increase in net passenger ticket revenue yields was driven primarily by improvements in Alaskan and Caribbean itineraries for our North America brands.

The 5.9% increase in net onboard and other revenue yields was caused by a 7.1% increase from our North America brands and a 2.2% increase from our EAA brands.

Gross cruise revenues decreased by $181 million, or 1.2%, to $15.5 billion in 2015 from $15.7 billion in 2014 for largely the same reasons as discussed above.

Net cruise costs excluding fuel decreased slightly by $39 million and remained at $7.4 billion in 2015 and 2014.

The slight decrease in net cruise costs excluding fuel was caused by:
- $395 million - 2015 foreign currency translational impact and
- $37 million - 2015 foreign currency transactional impact.

These decreases were partially offset by:
- $265 million - 3.5% increase in constant currency net cruise costs excluding fuel per ALBD and

- $128 million - 1.7% capacity increase in ALBDs.

The 3.5% increase in constant currency net cruise costs excluding fuel per ALBD were primarily due to:

- $106 million - higher dry dock expenses as a result of higher number of dry-dock days and
- $88 million - higher selling, general and administrative expenses.

Fuel costs decreased by $784 million, or 39%, to $1.2 billion in 2015 from $2.0 billion in 2014.

This decrease was caused by:

- $776 million - lower fuel prices and
- $43 million - lower fuel consumption per ALBD.

These decreases in fuel costs were partially offset by our 1.7% capacity increase in ALBDs, which accounted for $35 million.

Gross cruise costs decreased by $957 million, or 7.8%, to $11.4 billion in 2015 from $12.3 billion in 2014 for principally the same reasons as discussed above.

2014 Compared to 2013

Revision of Prior Period Financial Statements

Management's discussion and analysis of the results of operations is based on the revised Consolidated Statements of Income for the years ended November 30, 2014 and November 30, 2013 (see "Note 1 - General - Revision of Prior Period Financial Statements" in the consolidated financial statements for additional discussion).

Revenues

Consolidated

Cruise passenger ticket revenues made up 75% of our 2014 total revenues. Cruise passenger ticket revenues increased by $241 million, or 2.1%, to $11.9 billion in 2014 from $11.6 billion in 2013.

This increase was caused by:

- $309 million - 2.7% capacity increase in ALBDs and
- $102 million - foreign currency translational impact from a weaker U.S. dollar against the euro and sterling, net of a stronger U.S. dollar against the Australian dollar (“2014 net foreign currency translational impact”).

These increases were partially offset by:

- $114 million - 1.0 percentage point decrease in occupancy and
- $37 million - decrease in cruise ticket pricing.

The remaining 25% of 2014 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $182 million, or 5.1%, to $3.8 billion in 2014 from $3.6 billion in 2013.

This increase was caused by:

- $96 million - 2.7% capacity increase in ALBDs and
- $92 million - higher onboard spending by our guests.

These increases were partially offset by a 1.0 percentage point decrease in occupancy, which accounted for $36 million.

Onboard and other revenues included concession revenues of $1.1 billion in both 2014 and 2013.

North America Brands

Cruise passenger ticket revenues made up 73% of our 2014 total revenues. Cruise passenger ticket revenues increased slightly by $19 million to $6.9 billion in 2014 from $6.8 billion in 2013.

This increase was caused by a 4.3% capacity increase in ALBDs, which accounted for $294 million.

This increase was partially offset by:

- $130 million - 2.0 percentage point decrease in occupancy;
- $75 million - decrease in cruise ticket pricing and
- $58 million - decrease in air transportation revenues from guests who purchased their tickets from us.

Our cruise ticket pricing decrease was driven by the promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity.

The remaining 27% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $168 million, or 7.0%, to $2.6 billion in 2014 from $2.4 billion in 2013.

This increase was caused by:

- $103 million - 4.3% capacity increase in ALBDs;
- $78 million - higher onboard spending by our guests and
- $20 million - higher other third-party revenues.

These increases were partially offset by:

- $46 million - 2.0 percentage point decrease in occupancy.

Onboard and other revenues included concession revenues of $735 million in 2014 and $727 million in 2013.

EAA Brands

Cruise passenger ticket revenues made up 82% of our 2014 total revenues. Cruise passenger ticket revenues increased by $223 million, or 4.6%, to $5.0 billion in 2014 from $4.8 billion 2013.

This increase was substantially due to:

- $102 million - 2014 net foreign currency translational impact;
- $49 million - increase in air transportation revenues from guests who purchased their tickets from us;
- $39 million - increase in cruise ticket pricing and
- $23 million - slight increase in occupancy.

The remaining 18% of 2014 total revenues were comprised of onboard and other cruise revenues, which increased by $19 million, or 1.7%, and remained at $1.1 billion in both 2014 and 2013.

Onboard and other revenues included concession revenues of $367 million in 2014 and $370 million in 2013.

Costs and Expenses

Consolidated

Operating costs and expenses decreased by $223 million, or 2.1%, to $10.4 billion in 2014 from $10.6 billion in 2013.

This decrease was caused by:

- $176 million - nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $126 million - lower fuel prices;
- $107 million - lower fuel consumption per ALBD;
- $64 million - decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $56 million - nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $51 million - gains from the sales of *Costa Voyager* and *Ocean Princess*;
- $42 million - lower dry-dock and other ship repair and maintenance expenses and
- $38 million - 1.0 percentage point decrease in occupancy.

These decreases were partially offset by:

- $278 million - 2.7% capacity increase in ALBDs;
- $59 million - 2014 net foreign currency translational impact;

- $53 million - impairment charges related to *Grand Celebration* and *Grand Holiday* and
- $47 million - various other operating expenses, net.

Selling and administrative expenses increased by $175 million, or 9.3%, to $2.1 billion in 2014 from $1.9 billion in 2013.

Depreciation and amortization expenses increased by $47 million, or 3.0%, and remained at $1.6 billion in both 2014 and 2013.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 91% in 2013.

North America Brands

Operating costs and expenses decreased slightly by $26 million and remained at $6.3 billion in both 2014 and 2013.

This decrease was caused by:

- $103 million - decreases in commissions, transportation and other related expenses primarily due to a decrease in air transportation costs related to guests who purchased their tickets from us;
- $87 million - lower fuel prices;
- $58 million - lower fuel consumption per ALBD;
- $56 million - nonrecurrence in 2014 of additional costs and expenses related to the 2013 voyage disruptions, net of third-party insurance recoverables of $20 million;
- $43 million - 2.0 percentage point decrease in occupancy;
- $47 million - lower dry-dock and other ship repair and maintenance expenses and
- $14 million - gain from the sale of *Ocean Princess.*

These decreases were partially offset by:

- $271 million - 4.3% capacity increase in ALBDs;
- $39 million - nonrecurrence in 2014 of an intersegment transaction, which was fully offset in our Cruise Support segment and
- $72 million - various other operating expenses, net.

Our total costs and expenses as a percentage of revenues decreased to 89% in 2014 from 90% in 2013.

EAA Brands

Operating costs and expenses decreased by $223 million, or 5.4%, to $3.9 billion in 2014 from $4.1 billion in 2013.

This decrease was caused by:

- $176 million - nonrecurrence in 2014 of impairment charges related to *Costa Classica* and *Costa Voyager*;
- $51 million - lower fuel consumption per ALBD;
- $41 million - lower fuel prices;
- $39 million - lower dry-dock and other ship repair and maintenance expenses;
- $37 million - gain from the sale of *Costa Voyager* and
- $37 million - various other operating expenses, net.

These decreases were partially offset by:

- $59 million - 2014 net foreign currency translational impact;
- $53 million - impairment charges related to *Grand Celebration* and *Grand Holiday* and
- $46 million - increases in commissions, transportation and other related expenses principally due to an increase in air transportation costs related to guests who purchased their tickets from us.

Our total costs and expenses as a percentage of revenues decreased to 86% in 2014 from 92% in 2013.

Operating Income

Our consolidated operating income increased by $443 million, or 33%, to $1.8 billion in 2014 from $1.3 billion in 2013. Our North America brands' operating income increased by $108 million, or 12%, to $1.0 billion in 2014 from $933 million in 2013, and our EAA brands' operating income increased by $422 million, or 90%, to $893 million in 2014 from $471 million in 2013. These changes were primarily due to the reasons discussed above.

Nonoperating Expense

Net interest expense decreased by $31 million, or 9.7%, to $288 million in 2014 from $319 million in 2013.

(Losses) gains on fuel derivatives, net were comprised of the following:

	Year Ended November 30,	
	2014	2013
Unrealized (losses) gains on fuel derivatives, net	$ (268)	$ 36
Realized losses on fuel derivatives, net	(3)	—
(Losses) gains on fuel derivatives, net	$ (271)	$ 36

Key Performance Non-GAAP Financial Indicators

Net cruise revenues increased by $447 million, or 3.6%, to $12.9 billion in 2014 from $12.4 billion in 2013.

This increase in net cruise revenues was caused by:
- $330 million - 2.7% capacity increase in ALBDs;
- $92 million - 2014 net foreign currency translational impact and
- $24 million - slight increase in constant dollar net revenue yields.

The increase in net revenue yields on a constant dollar basis was caused by a 3.4% increase in net onboard and other revenue yields, partially offset by a slight decrease in net passenger ticket revenue yields.

The 3.4% increase in net onboard and other revenue yields resulted from a 3.7% increase from our North America brands and a 2.8% increase from our EAA brands, which included increases in primarily all the net onboard revenue categories. The slight decrease in net passenger ticket revenue yields was driven by our North America brands' promotional pricing environment in the Caribbean resulting from the large increase in cruise industry capacity, partially offset by improvements at our continental European brands.

Gross cruise revenues increased by $423 million, or 2.8%, to $15.7 billion in 2014 from $15.2 billion in 2013 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $290 million, or 4.1%, to $7.4 billion in 2014 from $7.1 billion in 2013.

This increase was caused by:
- $190 million - 2.7% capacity increase in ALBDs;
- $51 million - a slight increase in constant dollar net cruise costs excluding fuel per ALBD and
- $49 million - 2014 net foreign currency translational impact.

Fuel costs decreased by $175 million, or 7.9%, to $2.0 billion in 2014 from $2.2 billion in 2013.

This decrease was caused by:
- $126 million - lower fuel prices and
- $107 million - lower fuel consumption per ALBD.

These decreases were partially offset by our 2.7% capacity increase in ALBDs, which accounted for $59 million.

Gross cruise costs decreased slightly by $65 million to $12.3 billion in 2014 from $12.4 billion in 2013 for principally the same reasons as discussed above.

Liquidity, Financial Condition and Capital Resources

Our primary financial goals are to profitably grow our cruise business and increase our ROIC, reaching double digit returns in the next two to three years, while maintaining a strong balance sheet. Our ability to generate significant operating cash flows allows us to internally fund our capital investments. We are committed to returning free cash flows to our shareholders in the form of dividends and/or share buybacks. In addition, we are committed to maintaining our strong investment grade credit ratings. Other objectives of our capital structure policy are to maintain a sufficient level of liquidity with our available cash and cash equivalents and committed financings for immediate and future liquidity needs, and a reasonable debt maturity profile that is spread out over a number of years.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital projects including shipbuilding commitments, ship improvements, debt service requirements, working capital needs and other firm commitments over the next several years. We believe that our ability to generate significant operating cash flows and our strong balance sheet as evidenced by our investment grade credit ratings provide us with the ability in most financial credit market environments to obtain debt financing, as needed. Our future operating cash flows and our ability to issue debt can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under “Cautionary Note Concerning Factors That May Affect Future Results.” If our long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, our access to and cost of debt financing may be negatively impacted.

At November 30, 2015, we had a working capital deficit of $4.5 billion. This deficit included $3.3 billion of current customer deposits, which represent the passenger revenues already collected for cruises departing over the next twelve months and, accordingly, are substantially more like deferred revenue balances rather than actual current cash liabilities. Our November 30, 2015 working capital deficit also included $1.4 billion of current debt obligations. We continue to generate significant cash from operations and have a strong balance sheet. This strong balance sheet provides us with the ability to refinance our current debt obligations before, or as they become due, in most financial credit market environments. We also have our revolving credit facilities available to provide long-term rollover financing should the need arise, or if we choose to do so. After excluding current customer deposits and current debt obligations from our November 30, 2015 working capital deficit balance, our adjusted working capital was $141 million. Our business model, along with our strong balance sheet and unsecured revolving credit facilities, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs. We believe we will continue to have working capital deficits for the foreseeable future.

At November 30, 2014, the U.S. dollar was $1.56 to sterling, $1.25 to the euro and $0.85 to the Australian dollar. Had these November 30, 2014 currency exchange rates been used to translate our November 30, 2015 non-U.S. dollar functional currency operations’ assets and liabilities instead of the November 30, 2015 U.S. dollar exchange rates of $1.50 to sterling, $1.06 to the euro and $0.72 to the Australian dollar, our total assets would have been higher by $2.0 billion and our total liabilities would have been higher by $1.2 billion.

Sources and Uses of Cash

Operating Activities

Our business provided $4.5 billion of net cash from operations during 2015, an increase of $1.1 billion, or 32%, compared to $3.4 billion in 2014. This increase was caused by more cash being provided from our operating results and an increase in customer deposits. During 2014, our business provided $3.4 billion of net cash from operations, an increase of $596 million, or 21%, compared to $2.8 billion in 2013. This increase was substantially due to more cash being provided from our operating results and an increase in customer deposits.

Investing Activities

During 2015, net cash used in investing activities was $2.5 billion. This was substantially all due to our expenditures for capital projects, of which $981 million was spent on our ongoing new shipbuilding program, primarily for *P&O Cruises (UK)'s Britannia*. In addition to our new shipbuilding program, we had capital expenditures of $1.0 billion for ship improvements and replacements and $301 million for information technology, buildings and improvements and other assets. Furthermore, in 2015 we received cash installments of $25 million from the sales of *Ocean Princess*, *Seabourn Legend* and *Seabourn Spirit*. Finally, we paid $219 million of fuel derivative settlements.

During 2014, our expenditures for capital projects were $2.6 billion, of which $1.5 billion was spent on our ongoing new shipbuilding program, substantially for *Regal Princess* and *Costa Diadema*. In addition to our new shipbuilding program, we had capital expenditures of $754 million for ship improvements and replacements and $305 million for information technology, buildings and improvements, and other assets. Furthermore, in 2014 we sold *Costa Voyager* and received $42 million in cash proceeds.

During 2013, our expenditures for capital projects were $2.1 billion, of which $1.3 billion was spent on our ongoing new shipbuilding program, including $836 million for the final delivery payments for *AIDAstella* and *Royal Princess*. In addition to our new shipbuilding program, we had capital expenditures of $633 million for ship improvements and replacements and $227 million for information technology and other assets. Furthermore, in 2013 we sold three of our Seabourn ships that are leaving the fleet by May 2015, and received $70 million in cash proceeds, which represented substantially all of the sales price.

Financing Activities

During 2015, net cash used in financing activities of $942 million was substantially due to the following:

- repaid a net $633 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the period;
- repaid $1.2 billion of long-term debt, including an early repayment of $225 million under an export credit facility;
- issued $1.3 billion of publicly-traded notes, which net proceeds are being used for general corporate purposes;
- borrowed $697 million of long-term debt under an export credit facility and a bank loan;
- paid cash dividends of $816 million;
- purchased $533 million of shares of Carnival Corporation common stock in open market transactions of which $276 million were purchased under our Repurchase Program and $257 million were purchased under our Stock Swap Program and
- sold $264 million of treasury stock under our Stock Swap program.

During 2014, net cash used in financing activities of $1.0 billion was substantially due to the following:

- borrowed a net $617 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the year;
- repaid $2.5 billion of long-term debt, including early repayments of $839 million of three bank loans and $590 million of two export credit facilities;
- borrowed $1.6 billion of new long-term debt under two export credit facilities and three bank loans and
- paid cash dividends of $776 million.

During 2013, net cash used in financing activities of $780 million was substantially due to the following:

- borrowed a net $4 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the year;
- repaid $2.2 billion of long-term debt;
- issued $1.7 billion of publicly-traded notes, of which $500 million was used to repay a like amount of export credit facilities, and the remaining $1.2 billion was and will be used for general corporate purposes, including repayments of portions of debt facilities maturing through May 2014;
- borrowed $1.0 billion of new long-term debt under two export credit facilities and one bank loan;
- paid cash dividends of $1.2 billion;
- purchased $138 million of shares of Carnival Corporation common stock in open market transactions of which $103 million were purchased under our Repurchase Program and $35 million were purchased under our Stock Swap Program and
- sold $35 million of treasury stock under our Stock Swap program.

Future Commitments and Funding Sources

At November 30, 2015, our contractual cash obligations, including ship construction contracts entered into through January 22, 2016**,** were as follows (in millions):

	Payments Due by						
	2016	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Total**
Recorded Contractual Cash Obligations							
Short-term borrowings	$ 30						$ 30
Long-term debt (a)	1,344	$ 1,007	$ 1,477	$ 1,400	$ 1,110	$ 2,419	8,757
Other long-term liabilities reflected on the balance sheet (b)	—	366	280	58	51	161	916
Unrecorded Contractual Cash Obligations							
Shipbuilding (c)	1,950	1,288	2,459	3,014	2,388	—	11,099
Operating leases (c)	52	41	34	31	29	203	390
Port facilities and other (c)	211	200	161	104	102	793	1,571
Purchase obligations (d)	915	81	39	14	10	13	1,072
Fixed rate interest payments (e)	173	145	121	106	88	287	920
Floating rate interest payments (e)	72	43	61	50	59	85	370
Total Contractual Cash Obligations (f)	$ 4,747	$ 3,171	$ 4,632	$ 4,777	$ 3,837	$ 3,961	$ 25,125

(a) Our long-term debt has a weighted-average maturity of 4.1 years. See Note 6 - "Unsecured Debt" in the consolidated financial statements for additional information regarding these debt obligations.

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

(c) Our shipbuilding contractual obligations are legal commitments and, accordingly, cannot be canceled without cause by the shipyards or us, and such cancellation will subject the defaulting party to significant contractual liquidating damage payments. See Note 7 - "Commitments" in the consolidated financial statements for additional information regarding these contractual cash obligations.

(d) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, either with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for their termination.

(e) Fixed rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a floating rate to a fixed rate. Floating rate interest payments represent forecasted cash outflows for interest payments on floating rate debt, including interest swapped from a fixed rate to a floating rate, using the November 30, 2015 forward interest rates for the remaining terms of the loans. Floating rate interest payments also include debt issuance costs that are payable upon drawing under most of our cancellable export credit facilities and facility fees on our revolving credit facilities.

(f) Amounts payable in foreign currencies, which are principally the euro, sterling and Australian dollars, are based on the November 30, 2015 exchange rates.

As of November 30, 2015, our total annual capital expenditures consist of ships under contract for construction, including ship construction contracts entered into through January 22, 2016, estimated improvements to existing ships and shoreside assets and are expected to be $3.5 billion in 2016, $2.7 billion in 2017, $3.8 billion in 2018, $4.4 billion in 2019 and $3.8 billion in 2020.

The year-over-year percentage increase in our annual capacity is currently expected to be 3.5% in 2016, 3.7% in 2017, 2.4% in 2018, 5.3% in 2019 and 7.2% in 2020. These percentage increases are expected to result primarily from contracted new ships entering service.

Our Boards of Directors have authorized, subject to certain restrictions, the repurchase of up to an aggregate of $1.0 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program. On January 28, 2016, the Boards of Directors approved a modification of the Repurchase Program authorization that increased the remaining $213 million of authorized repurchases by $1.0 billion. Accordingly, at January 28, 2016, the remaining availability under the Repurchase Program was $1.2 billion. See Note 10 - "Shareholders' Equity" in the consolidated financial statements for a further discussion of the Repurchase Program**.**

In addition to the Repurchase Program, the Boards of Directors authorized, in October 2008, the repurchase of up to 19.2 million Carnival plc ordinary shares and, in January 2013, the repurchase of up to 32.8 million shares of Carnival Corporation common stock under the Stock Swap programs. Under the Stock Swap programs, we sell shares of Carnival Corporation common stock and/or Carnival plc ordinary shares, as the case may be, and use a portion of the net proceeds to purchase an equivalent number of Carnival plc ordinary shares or shares of Carnival Corporation common stock, as applicable. We use the Stock Swap programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. Any realized economic benefit under the Stock Swap programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program. Depending on market conditions and other factors, we may repurchase shares of Carnival Corporation common stock and/or Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently.

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.5 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2016 annual general meeting or July 13, 2016. Finally, under the Stock Swap programs, any sales of the Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

At January 22, 2016, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 26.9 million shares of Carnival Corporation common stock. See Note 10 - “Shareholders’ Equity” in the consolidated financial statements for a further discussion of the Stock Swap programs.

At November 30, 2015, we had liquidity of $10.4 billion. Our liquidity consisted of $1.2 billion of cash and cash equivalents, which excludes $226 million of cash used for current operations, $2.8 billion available for borrowing under our revolving credit facilities, and $6.5 billion under our committed future financings, which are comprised of ship export credit facilities. Of this $6.5 billion, $1.5 billion is available for funding in 2016, $0.8 billion in 2017, $1.8 billion in 2018, $0.8 billion in 2019 and $1.6 billion in 2020. At November 30, 2015, our revolving credit facilities are scheduled to mature in 2020. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us.

Substantially all of our debt agreements contain financial covenants as described in Note 6 - “Unsecured Debt” in the consolidated financial statements. At November 30, 2015, we were in compliance with our debt covenants. In addition, based on, among other things, our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants for the foreseeable future. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

Off-Balance Sheet Arrangements

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

Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our hedging strategies and market risks, see the discussion below and Note 11 - “Fair Value Measurements, Derivative Instruments and Hedging Activities” in the consolidated financial statements.

Foreign Currency Exchange Rate Risks

Operational Currency Risks

We have foreign operations that have functional currencies other than the U.S. dollar, which result in foreign currency translational impacts. We execute transactions in a number of currencies different than their functional currencies, principally the euro, sterling and Australian, Canadian and U.S. dollars, which result in foreign currency transactional impacts. Based on a 10% hypothetical change in all currency exchange rates that were used in our December 18, 2015 guidance, we estimate (including both the foreign currency translational and transactional impacts) that our adjusted diluted earnings per share December 18, 2015 guidance would change by the following:

- $0.30 per share on an annualized basis for 2016 and
- $0.04 per share for the first quarter of 2016.

Investment Currency Risks

As of November 30 2015, we have foreign currency swaps and forwards of $387 million and $43 million, respectively, which settle through September 2019 and July 2017, respectively. These foreign currency swaps and forwards are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting the foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2015, we estimate that these foreign currency swaps' and forwards' fair values would change by $44 million, which would be offset by a corresponding change of $44 million in the U.S. dollar value of our net investments.

Newbuild Currency Risks

In 2015, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of *Majestic Princess'* and *Seabourn Encore's* euro-denominated shipyard payments. The *Majestic Princess'* collars mature in March 2017 at a weighted-average ceiling of $590 million and a weighted-average floor of $504 million. The *Seabourn Encore's* collars mature in November 2016 at a weighted-average ceiling of $221 million and a weighted-average floor of $185 million. If the spot rate is between the weighted-average ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under these collars. At November 30, 2015, the estimated fair value of these outstanding foreign currency zero cost collars was a $26 million liability. Based on a 10% hypothetical increase or decrease in the November 30, 2015 U.S. dollar to euro exchange rates, we estimate the fair value of our foreign currency zero cost collars' liability would decrease $32 million or increase $43 million, respectively.

At January 22, 2016, our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of $2.0 billion and substantially relates to Carnival Cruise Line, Holland America Line, P&O Cruises (Australia) and Seabourn newbuilds scheduled to be delivered through 2019. The functional currency cost of each of these ships will increase or decrease based on changes in the exchange rates until the payments are made under the shipbuilding contract, or we enter into a foreign currency hedge. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rates as of November 30, 2015, the unpaid cost of these ships would have a corresponding change of $194 million.

Interest Rate Risks

At November 30, 2015, we have interest rate swaps that have effectively changed $500 million of fixed rate debt to U.S. dollar LIBOR-based floating rate debt and $568 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. Based on a 10% hypothetical change in the November 30, 2015 market interest rates, the fair value of all our debt and related interest rate swaps would change by $77 million. In addition, based on a 10% hypothetical change in the November 30, 2015 market interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relates to the consumption of fuel on our ships. We expect to consume approximately 3.3 million metric tons of fuel in 2016. Based on a 10% hypothetical change in our December 18, 2015 guidances' forecasted average fuel price, we estimate that our 2016 fuel expense, excluding the effect of zero cost collar fuel derivatives, would change by $80 million.

We mitigate a portion of our economic risk attributable to potential fuel price increases through the use of Brent zero cost collars. The actual fuel we use on our ships is marine fuel. See Note 11 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in the consolidated financial statements for additional discussion of our fuel derivatives.

At November 30, 2015, our fuel derivatives cover a portion of our estimated fuel consumption through 2018. At November 30, 2015, the estimated fair value of our outstanding fuel derivative contracts was a net liability of $561 million. Based on a 10% hypothetical increase or decrease in the November 30, 2015 Brent forward price curve, we estimate the fair value of our fuel derivatives' net liability would decrease $101 million or increase $108 million, respectively. In addition, a 10% hypothetical change in our December 18, 2015 guidances' Brent price would result in a $0.04 per share change in realized losses on fuel derivatives for 2016 and a $0.01 per share change for the 2016 first quarter.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for 2011 through 2015 and as of the end of each such year, except for the statistical data, are derived from our audited consolidated financial statements and should be read in conjunction with those consolidated financial statements and the related notes.

	Years Ended November 30,				
	2015	2014	2013	2012	2011
	(dollars in millions, except per share, per ton and currency data)				
Statements of Income Data					
Revenues	$ 15,714	$ 15,884	$ 15,456	$ 15,382	$ 15,793
Operating income	$ 2,574	$ 1,772 (a)	$ 1,329 (a)	$ 1,629 (b)	$ 2,255 (b)
Net income	$ 1,757	$ 1,216 (a)	$ 1,055 (a)	$ 1,285 (b)	$ 1,912 (b)
Earnings per share					
Basic	$ 2.26	$ 1.57 (a)	$ 1.36 (a)	$ 1.66 (b)	$ 2.43 (b)
Diluted	$ 2.26	$ 1.56 (a)	$ 1.36 (a)	$ 1.65 (b)	$ 2.42 (b)
Adjusted net income (c)	$ 2,106	$ 1,504 (a)	$ 1,209 (a)	$ 1,501 (b)	$ 1,939 (b)
Adjusted earnings per share - diluted (c)	$ 2.70	$ 1.93 (a)	$ 1.55 (a)	$ 1.92 (b)	$ 2.46 (b)
Dividends declared per share	$ 1.10	$ 1.00	$ 1.00	$ 1.50 (d)	$ 1.00
Statements of Cash Flow Data					
Cash provided by operating activities	$ 4,545	$ 3,430	$ 2,834	$ 2,999	$ 3,766
Cash used in investing activities	$ 2,478	$ 2,507	$ 2,056	$ 1,772 (e)	$ 2,646
Capital expenditures	$ 2,294	$ 2,583	$ 2,149	$ 2,332	$ 2,696
Cash used in financing activities	$ 942	$ 1,028	$ 780	$ 1,190	$ 1,093
Dividends paid	$ 816	$ 776	$ 1,164	$ 779	$ 671
Statistical Data					
ALBDs (in thousands)	77,307	76,000	74,033	71,976	69,971
Occupancy percentage	104.8%	104.1%	105.1%	105.5%	106.2%
Passengers carried (in thousands)	10,837	10,566	10,061	9,829	9,559
Fuel consumption in metric tons (in thousands)	3,181	3,194	3,266	3,354	3,395
Fuel consumption in metric tons per ALBD	0.041	0.042	0.044	0.047	0.049
Fuel cost per metric ton consumed	$ 393	$ 636	$ 676	$ 710	$ 646
Currencies					
U.S. dollar to Euro	$ 1.12	$ 1.34	$ 1.32	$ 1.28	$ 1.40
U.S. dollar to Sterling	$ 1.54	$ 1.66	$ 1.56	$ 1.58	$ 1.60
U.S. dollar to Australian dollar	$ 0.76	$ 0.91	$ 0.98	$ 1.03	$ 1.03
U.S. dollar to Canadian dollar	$ 0.79	$ 0.91	$ 0.97	$ 1.00	$ 1.01

	As of November 30,				
	2015	2014	2013	2012	2011
	(dollars in millions)				
Balance Sheet and Other Data					
Total assets	$ 39,237	$39,448 (a)	$ 40,042 (b)	$ 39,126 (b)	$ 38,610 (b)
Total debt	$ 8,787	$9,088	$ 9,560	$ 8,902	$ 9,353
Total shareholders' equity	$ 23,771	$24,204 (a)	$ 24,492 (b)	$ 23,889 (b)	$ 23,804 (b)
Total debt to capital (f)	27.0%	27.3% (b)	28.1% (b)	27.1% (b)	28.2% (b)

(a) Previously reported results have changed as a result of our revision of prior period financial statements (see "Note1 - General - Revision of Prior Period Financial Statements" in the consolidated financial statements and "Key Performance Non-GAAP Financial Indicators," as applicable, for additional discussion).

(b) Previously reported results changed as follows as a result of our revision of prior period financial statements (see "Note 1 - General - Revision of Prior Period Financial Statements" in the consolidated financial statements for additional discussion):

	Year Ended November 30, 2012		Year Ended November 30, 2011	
Statements of Income Data	**As Previously Reported**	**As Revised**	**As Previously Reported**	**As Revised**
Operating income	$ 1,642	$ 1,629	$ 2,255	$ 2,255
Net income	$ 1,298	$ 1,285	$ 1,912	$ 1,912
Earnings per share				
Basic	$ 1.67	$ 1.66	$ 2.43	$ 2.43
Diluted	$ 1.67	$ 1.65	$ 2.42	$ 2.42
Adjusted net income	$ 1,514	$ 1,501	$ 1,939	$ 1,939
Adjusted earnings per share - diluted	$ 1.94	$ 1.92	$ 2.46	$ 2.46

	November 30, 2013		November 30, 2012		November 30, 2011	
Balance Sheet and Other Data	**As Previously Reported**	**As Revised**	**As Previously Reported**	**As Revised**	**As Previously Reported**	**As Revised**
Total assets	$ 40,104	$ 40,042	$ 39,161	$ 39,126	$ 38,637	$ 38,610
Total shareholders' equity	$ 24,556	$ 24,492	$ 23,929	$ 23,889	$ 23,832	$ 23,804
Total debt to capital (1)	28.0%	28.1%	27.1%	27.1%	28.2%	28.2%

(1) As a result of the revision, total debt to capital as of November 30, 2014 changed from 27.2%, as previously reported, to 27.3%.

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

	Years Ended November 30,				
	2015	**2014**	**2013**	**2012**	**2011**
Net income					
U.S. GAAP net income	$ 1,757	$ 1,216	$ 1,055	$ 1,285	$ 1,912
Restructuring expenses	25	18	—	—	—
(Gains) losses on ship sales and ship impairments, net (i)	(8)	2	163	49 (ii)	28 (iii)
Goodwill, trademark and other impairment charges (i)	—	—	27	173 (iv)	—
Unrealized losses (gains) on fuel derivatives, net	332	268	(36)	(6)	(1)
Adjusted net income	$ 2,106	$ 1,504	$ 1,209	$ 1,501	$ 1,939
Weighted-average shares outstanding	779	778	777	779	789
Earnings per share					
U.S. GAAP earnings per share	$ 2.26	$ 1.56	$ 1.36	$ 1.65	$ 2.42
Restructuring expenses	0.03	0.02	—	—	—
(Gains) losses on ship sales and ship impairments, net (i)	(0.01)	—	0.21	0.06 (ii)	0.04 (iii)
Goodwill, trademark and other impairment charges (i)	—	—	0.03	0.22 (iv)	—
Unrealized losses (gains) on fuel derivatives, net	0.42	0.35	(0.05)	(0.01)	—
Adjusted earnings per share (i)	$ 2.70	$ 1.93	$ 1.55	$ 1.92	$ 2.46

(i). See "Key Performance Non-GAAP Financial Indicators" for further discussion of the (gains) losses on ship sales and ship impairments, net and goodwill, trademark and other impairment charges for the years ended November 30, 2015, 2014, and 2013.
(ii). Represents impairment charges of $34 million for *Costa Allegra* and $23 million for two Seabourn ships, partially offset by an $8 million gain on the sale of *Pacific Sun*.
(iii). Represents impairment charges related to the sale of *Costa Marina* and *Pacific Sun*.
(iv). Represents impairment charges related to Ibero's goodwill and trademarks.

(d) Includes a special dividend of $0.50 per share.
(e) Net of $508 million of insurance proceeds received for the total loss of a ship.
(f) Percentage of total debt to the sum of total debt and shareholders' equity.

MARKET PRICE FOR COMMON STOCK AND ORDINARY SHARES

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share of Carnival plc, is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's American Depository Shares ("ADSs"), each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank. The daily high and low stock sales price for the periods indicated on their primary exchange was as follows:

	Carnival Corporation		Carnival plc			
	Per Share		Per Ordinary Share		Per ADS	
	High	Low	High	Low	High	Low
2015						
Fourth Quarter	$ 54.59	$ 47.42	£ 36.38	£ 32.33	$ 56.28	$ 49.23
Third Quarter	$ 54.05	$ 44.72	£ 35.76	£ 29.74	$ 55.81	$ 47.08
Second Quarter	$ 49.21	$ 43.10	£ 33.81	£ 28.90	$ 50.10	$ 44.04
First Quarter	$ 47.44	$ 41.86	£ 31.53	£ 26.74	$ 47.23	$ 42.03
2014						
Fourth Quarter	$ 44.44	$ 33.11	£ 28.25	£ 20.93	$ 44.24	$ 33.47
Third Quarter	$ 40.65	$ 35.70	£ 24.86	£ 20.85	$ 41.75	$ 35.37
Second Quarter	$ 40.41	$ 35.79	£ 25.10	£ 21.84	$ 41.03	$ 36.35
First Quarter	$ 41.89	$ 34.82	£ 26.15	£ 21.11	$ 42.77	$ 35.04

As of January 20, 2016, there were 3,397 holders of record of Carnival Corporation common stock and 34,397 holders of record of Carnival plc ordinary shares and 109 holders of record of Carnival plc ADSs. The past performance of our share prices cannot be relied on as a guide to their future performance.

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. If declared, holders of Carnival Corporation common stock and Carnival plc ADSs receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the U.S. dollar to sterling exchange rate quoted by the Bank of England in London at 12:00 p.m. on the next combined U.S. and UK business day that follows the quarter end.

The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings and the availability and cost of obtaining new debt. We cannot be certain that Carnival Corporation and Carnival plc will continue their dividend in the future, and if so, the amount and timing of such future dividends are not determinable and may be different than prior declarations.

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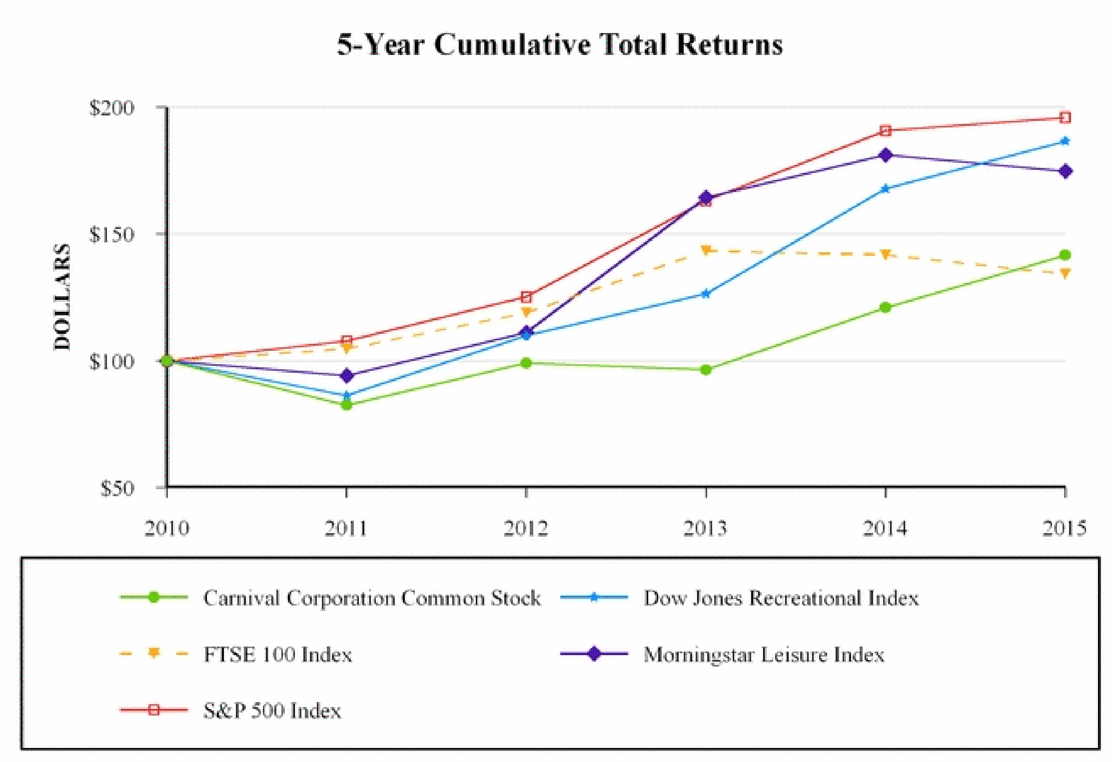
STOCK PERFORMANCE GRAPHS

Carnival Corporation

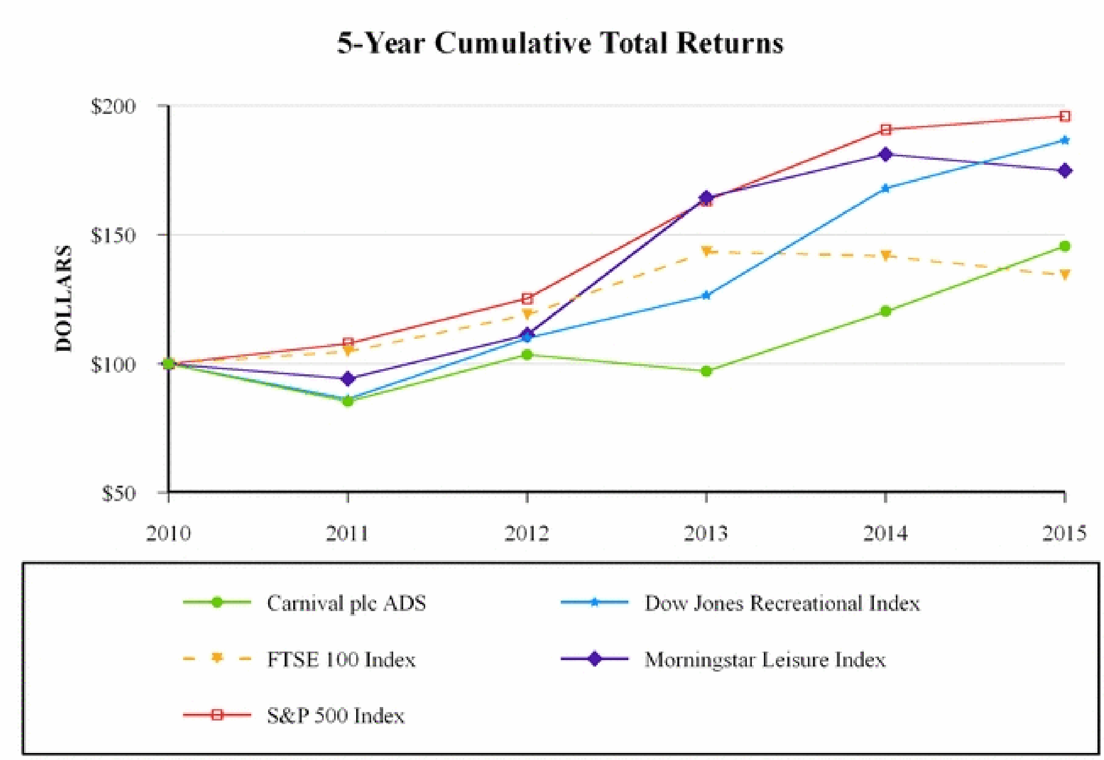
The following graph compares the Price Performance of $100 if invested in Carnival Corporation common stock with the Price Performance of $100 if invested in each of the Dow Jones U.S. Recreational Services Index (the “Dow Jones Recreational Index”), the FTSE 100 Index, the Morningstar Leisure/Lodging/Resorts and Casinos Blended Index (the “Morningstar Leisure Index”) and the S&P 500 Index. The Price Performance, as used in the Performance Graph, is calculated by assuming $100 is invested at the beginning of the period in Carnival Corporation common stock at a price equal to the market value. At the end of each year, the total value of the investment is computed by taking the number of shares owned, assuming Carnival Corporation dividends are reinvested, multiplied by the market price of the shares.



	Assumes $100 Invested on November 30, 2010 Assumes Dividends Reinvested Years Ended November 30,					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
Carnival Corporation Common Stock	$ 100	$ 83	$ 99	$ 97	$ 121	$ 142
Dow Jones Recreational Index	$ 100	$ 86	$ 110	$ 126	$ 168	$ 187
FTSE 100 Index	$ 100	$ 105	$ 119	$ 143	$ 142	$ 134
Morningstar Leisure Index	$ 100	$ 94	$ 111	$ 164	$ 181	$ 175
S&P 500 Index	$ 100	$ 108	$ 125	$ 163	$ 191	$ 196

Carnival plc

The following graph compares the Price Performance of $100 invested in Carnival plc ADSs, each representing one ordinary share of Carnival plc, with the Price Performance of $100 invested in each of the indexes noted below. The Price Performance is calculated in the same manner as previously discussed.



	Assumes $100 Invested on November 30, 2010 Assumes Dividends Reinvested Years Ended November 30,					
	2010	2011	2012	2013	2014	2015
Carnival plc ADS	$ 100	$ 85	$ 104	$ 97	$ 120	$ 146
Dow Jones Recreational Index	$ 100	$ 86	$ 110	$ 126	$ 168	$ 187
FTSE 100 Index	$ 100	$ 105	$ 119	$ 143	$ 142	$ 134
Morningstar Leisure Index	$ 100	$ 94	$ 111	$ 164	$ 181	$ 175
S&P 500 Index	$ 100	$ 108	$ 125	$ 163	$ 191	$ 196

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

Quarterly financial results for 2015 were as follows (in millions, except per share data):

	Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	$ 3,531	$ 3,590	$ 4,883	$ 3,711
Operating income	$ 266	$ 289	$ 1,510	$ 510
Net income	$ 49	$ 222	$ 1,216	$ 270
Earnings per share				
Basic	$ 0.06	$ 0.29	$ 1.56	$ 0.35
Diluted	$ 0.06	$ 0.29	$ 1.56	$ 0.35
Adjusted net income (a)	$ 159	$ 193	$ 1,365	$ 389
Adjusted earnings per share - diluted (a)	$ 0.20	$ 0.25	$ 1.75	$ 0.50
Dividends declared per share	$ 0.25	$ 0.25	$ 0.30	$ 0.30

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

	Quarters Ended			
	February 28	May 31	August 31	November 30
Net income				
U.S. GAAP net income	$ 49	$ 222	$ 1,216	$ 270
Restructuring expenses	—	7	14	4
Gain on ship sale	(2)	(2)	(2)	(2)
Unrealized losses (gains) on fuel derivatives, net	112	(34)	137	117
Adjusted net income	$ 159	$ 193	$ 1,365	$ 389
Weighted-average shares outstanding	779	780	781	777
Earnings per share				
U.S. GAAP earnings per share	$ 0.06	$ 0.29	$ 1.56	$ 0.35
Restructuring expenses	—	0.01	0.02	—
Unrealized losses (gains) on fuel derivatives, net	0.14	(0.05)	0.17	0.15
Adjusted earnings per share	$ 0.20	$ 0.25	$ 1.75	$ 0.50

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Quarterly financial results for 2014 were as follows (in millions, except per share data):

	Quarters Ended			
	February 28	May 31	August 31	November 30
Revenues	$ 3,585	$ 3,633	$ 4,947	$ 3,718
Operating income	$ 67 (a)	$ 147 (a)	$ 1,292 (a)	$ 265 (a)
Net (loss) income	$ (20) (a)	$ 98 (a)	$ 1,241 (a)	$ (104) (a)
(Loss) earnings per share				
Basic	$ (0.03) (a)	$ 0.13 (a)	$ 1.60 (a)	$ (0.13) (a)
Diluted	$ (0.03) (a)	$ 0.13 (a)	$ 1.60 (a)	$ (0.13) (a)
Adjusted net (loss) income (b)	$ (3) (a)	$ 73 (a)	$ 1,226 (a)	$ 208 (a)
Adjusted earnings per share - diluted (b)	$ 0.00 (a)	$ 0.09 (a)	$ 1.58 (a)	$ 0.27 (a)
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.25

(a) Previously reported results changed as follows as a result of our revision of prior period financial statements (see "Note 1 - General - Revision of Prior Period Financial Statements" in the consolidated financial statements for additional discussion):

	Quarter Ended February 28, 2014		Quarter Ended May 31, 2014	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Operating income	$ 72	$ 67	$ 155	$ 147
Net (loss) income	$ (15)	$ (20)	$ 106	$ 98
(Loss) earnings per share				
Basic	$ (0.02)	$ (0.03)	$ 0.14	$ 0.13
Diluted	$ (0.02)	$ (0.03)	$ 0.14	$ 0.13
Adjusted net income (loss)	$ 2	$ (3)	$ 80	$ 73
Adjusted earnings per share - diluted	$ 0.00	$ 0.00	$ 0.10	$ 0.09

	Quarter Ended August 31, 2014		Quarter Ended November 30, 2014	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Operating income	$ 1,298	$ 1,292	$ 267	$ 265
Net income (loss)	$ 1,247	$ 1,241	$ (102)	$ (104)
Earnings (loss) per share				
Basic	$ 1.61	$ 1.60	$ (0.13)	$ (0.13)
Diluted	$ 1.60	$ 1.60	$ (0.13)	$ (0.13)
Adjusted net income	$ 1,232	$ 1,226	$ 210	$ 208
Adjusted earnings per share - diluted	$ 1.58	$ 1.58	$ 0.27	$ 0.27

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

	Quarters Ended			
	February 28	May 31	August 31	November 30
Net income				
U.S. GAAP net (loss) income	$ (20)	$ 98	$ 1,241	$ (104)
Restructuring expenses	—	—	—	18
(Gains) on ship sales and ship impairments, net	—	(15)	—	17
Unrealized losses (gains) on fuel derivatives, net	17	(10)	(15)	277
Adjusted net (loss) income	$ (3)	$ 73	$ 1,226	$ 208
Weighted-average shares outstanding	776	778	778	776
Earnings per share				
U.S. GAAP (loss) earnings per share	$ (0.03)	$ 0.13	$ 1.60	$ (0.13)
Restructuring expenses	—	—	—	0.02
(Gains) on ship sales and ship impairments, net	—	(0.02)	—	0.02
Unrealized losses (gains) on fuel derivatives, net	0.02	(0.02)	(0.02)	0.36
Adjusted earnings per share	$ 0.00	$ 0.09	$ 1.58	$ 0.27

Exhibit 21

SIGNIFICANT SUBSIDIARIES OF CARNIVAL CORPORATION AND CARNIVAL PLC (1)

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Costa Crociere S.p.A. ("Costa") (2)	Italy
Cruiseport Curacao C.V. (3)	Curacao
HAL Antillen N.V.	Curacao
Holland America Line N.V. (4)	Curacao
Princess Bermuda Holdings Ltd.	Bermuda
Princess Cruise Lines Ltd. (5)	Bermuda
Sunshine Shipping Corporation Ltd. ("Sunshine") (6)	Bermuda

(1) Carnival Corporation, incorporated in the Republic of Panama, and Carnival plc, incorporated in England and Wales, are separate legal entities, which have entered into a DLC arrangement as discussed in Notes 1 and 3 to the Consolidated Financial Statements in Exhibit 13 to this Form 10-K. We have accounted for the DLC transaction under U.S. GAAP as an acquisition by Carnival Corporation of Carnival plc. Accordingly, we have determined the significant subsidiaries based upon the consolidated results of operations and financial position of Carnival Corporation & plc. All of our cruise brands are 100% owned, except as noted in (2)below.
(2) Subsidiary of Carnival plc (99.97% owned by Carnival plc).
(3) Subsidiary of Holland America Line N.V.
(4) Subsidiary of HAL Antillen N.V.
(5) Subsidiary of Sunshine.
(6) Subsidiary of Princess Bermuda Holdings Ltd.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 (File Nos. 333-106553, 333-106553-01, 333-202619 and 333-202619-01) of Carnival Corporation and Carnival plc, the Registration Statement on Form S-3 (File No. 333-186338) of Carnival plc, the Registration Statements on Form S-8 (File Nos. 333-173465, 333-125418, 333-105672, 333-67394, 333-43885 and 33-51195) of Carnival Corporation and the Registration Statements on Form S-8 (File Nos. 333-125418-01, 333-124640, 333-104609 and 333-84968) of Carnival plc, of our report dated January 29, 2016 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this joint Annual Report on Form 10-K.

/s/PricewaterhouseCoopers LLP
Miami, Florida
January 29, 2016

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Arnold W. Donald, David Bernstein and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2015 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals on this 15th day of October, 2015.

CARNIVAL CORPORATION

/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors

/s/ Sir Jonathon Band
Sir Jonathon Band
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Debra Kelly-Ennis
Debra Kelly-Ennis
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors

/s/ Sir Jonathon Band
Sir Jonathon Band
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Debra Kelly-Ennis
Debra Kelly-Ennis
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Laura Weil
Laura Weil
Director

/s/ Randall J. Weisenburger
Randall J. Weisenburger
Director

Exhibit 31.1

I, Arnold W. Donald, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: January 29, 2016

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

Exhibit 31.2

I, David Bernstein, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: January 29, 2016

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer

Exhibit 31.3

I, Arnold W. Donald, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: January 29, 2016

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

Exhibit 31.4

I, David Bernstein, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: January 29, 2016

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2015 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2016

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

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 2015 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the “Report”), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: January 29, 2016

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 2015 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2016

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

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2015 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: January 29, 2016

By: /s/ David Bernstein
David Bernstein
Chief Financial Officer