

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended February 28, 2003

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: 1-9610

Carnival Corporation

(Exact name of registrant as specified in its charter)

Republic of Panama

(State or other jurisdiction of  
incorporation or organization)

59-1562976

(I.R.S. Employer  
Identification No.)

3655 N.W. 87th Avenue, Miami, Florida

(Address of principal executive offices)

33178-2428

(Zip code)

(305) 599-2600

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At April 9, 2003, the Registrant had outstanding 586,980,179 shares of its common stock, \$.01 par value.

**PART I FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**CARNIVAL CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)**

(in thousands, except earnings per share)

	<u>Three Months Ended February 28,</u>	
	<u>2003</u>	<u>2002</u>
<b>Revenues</b>	\$1,031,105	\$906,531
<b>Costs and Expenses</b>		
Operating	615,194	519,562
Selling and administrative	177,118	151,403
Depreciation and amortization	<u>106,483</u>	<u>89,754</u>
	<u>898,795</u>	<u>760,719</u>
<b>Operating Income</b>	<u>132,310</u>	<u>145,812</u>
<b>Nonoperating (Expense) Income</b>		
Interest income	4,229	6,663
Interest expense, net of capitalized interest	(29,392)	(29,455)
Other income, net	<u>14,729</u>	<u>4,959</u>
	<u>(10,434)</u>	<u>(17,833)</u>
<b>Income Before Income Taxes</b>	121,876	127,979
<b>Income Tax Benefit, Net</b>	<u>5,003</u>	<u>1,661</u>
<b>Net Income</b>	<u>\$ 126,879</u>	<u>\$129,640</u>
<b>Earnings Per Share</b>		
Basic	<u>\$0.22</u>	<u>\$0.22</u>
Diluted	<u>\$0.22</u>	<u>\$0.22</u>

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

**CARNIVAL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
(in thousands, except par value)

	February 28, <u>2003</u>	November 30, <u>2002</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 732,919	\$ 666,700
Short-term investments	37,575	39,005
Accounts receivable, net	110,132	108,327
Inventories	95,410	91,310
Prepaid expenses and other	178,675	148,420
Fair value of derivative contracts	58,324	
Fair value of hedged firm commitments	<u>9,702</u>	<u>78,390</u>
Total current assets	<u>1,222,737</u>	<u>1,132,152</u>
<b>Property and Equipment, Net</b>	10,238,832	10,115,404
<b>Goodwill</b>	706,490	681,056
<b>Other Assets</b>	314,775	297,175
<b>Fair Value of Hedged Firm Commitments</b>	<u>10,284</u>	<u>109,061</u>
	<u>\$12,493,118</u>	<u>\$12,334,848</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 70,000	\$
Current portion of long-term debt	156,744	154,633
Accounts payable	304,938	268,687
Accrued liabilities	277,444	290,391
Customer deposits	728,998	770,637
Dividends payable	61,632	61,612
Fair value of derivative contracts	10,944	73,846
Fair value of hedged firm commitments	<u>52,549</u>	
Total current liabilities	<u>1,663,249</u>	<u>1,619,806</u>
<b>Long-Term Debt</b>	3,083,621	3,013,758
<b>Deferred Income and Other Long-Term Liabilities</b>	190,003	170,814
<b>Fair Value of Derivative Contracts</b>	19,213	112,567
<b>Commitments and Contingencies (Notes 4 and 5)</b>		
<b>Shareholders' Equity</b>		
Common stock; \$.01 par value; 960,000 shares authorized; 586,973 shares at 2003 and 586,788 shares at 2002 issued and outstanding	5,870	5,868
Additional paid-in capital	1,093,230	1,089,125
Retained earnings	6,391,097	6,325,850
Unearned stock compensation	(12,733)	(11,181)
Accumulated other comprehensive income	<u>59,568</u>	<u>8,241</u>
Total shareholders' equity	<u>7,537,032</u>	<u>7,417,903</u>
	<u>\$12,493,118</u>	<u>\$12,334,848</u>

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

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

	<b>Three Months Ended February 28,</b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 126,879	\$ 129,640
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	106,483	89,754
Accretion of original issue discount	5,009	4,822
Other	(3,505)	911
Changes in operating assets and liabilities		
Decrease (increase) in		
Receivables	1,512	(17,593)
Inventories	(2,988)	1,627
Prepaid expenses and other	(26,427)	(31,280)
Increase (decrease) in		
Accounts payable	27,193	1,817
Accrued and other liabilities	(19,379)	(25,082)
Customer deposits	(43,966)	60,287
Net cash provided by operating activities	<u>170,811</u>	<u>214,903</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment, net	(112,137)	(443,393)
Proceeds from retirement of property and equipment	30,919	1,632
Other, net	(4,484)	(4,802)
Net cash used in investing activities	<u>(85,702)</u>	<u>(446,563)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt	148,238	37,560
Principal repayments of debt	(109,485)	(9,729)
Dividends paid	(61,613)	(61,548)
Proceeds from issuance of common stock, net	1,267	1,556
Other	(1)	(173)
Net cash used in financing activities	<u>(21,594)</u>	<u>(32,334)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,704</u>	<u>4,340</u>
Net increase (decrease) in cash and cash equivalents	66,219	(259,654)
Cash and cash equivalents at beginning of period	666,700	1,421,300
Cash and cash equivalents at end of period	<u>\$ 732,919</u>	<u>\$1,161,646</u>

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

**CARNIVAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1 - Basis of Presentation**

The accompanying financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Carnival Corporation, together with its consolidated subsidiaries, is referred to collectively in these consolidated financial statements and elsewhere in this Form 10-Q as "our," "us" and "we."

The accompanying consolidated balance sheet at February 28, 2003 and the consolidated statements of operations and cash flows for the three months ended February 28, 2003 and 2002 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in our 2002 Annual Report on Form 10-K.

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

**NOTE 2 - Property and Equipment**

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

	<b>February 28, 2003</b>	<b>November 30, 2002</b>
Ships	\$10,799,551	\$10,665,958
Ships under construction	<u>788,886</u>	<u>712,447</u>
	11,588,437	11,378,405
Land, buildings and improvements, and port facilities	328,061	314,448
Transportation equipment and other	<u>418,231</u>	<u>409,310</u>
Total property and equipment	12,334,729	12,102,163
Less accumulated depreciation and amortization	<u>(2,095,897)</u>	<u>(1,986,759)</u>
	<u>\$10,238,832</u>	<u>\$10,115,404</u>

Capitalized interest, primarily on our ships under construction, amounted to \$9 million and \$8 million for the three months ended February 28, 2003 and 2002, respectively.

**NOTE 3 - Debt**

Short-term borrowings consisted of unsecured fixed rate notes, bearing interest at libor plus 0.15% (1.5% weighted-average interest rate at February 28, 2003), payable to a bank through May 2003.

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

	<b>February 28, 2003 (a)</b>	<b>November 30, 2002 (a)</b>
Euro floating rate note, collateralized by one Costa Cruises ("Costa") ship, bearing interest at euribor plus 0.5% (4.0% at February 28, 2003 and November 30, 2002), due through 2008	\$ 117,664	\$ 118,727
Unsecured fixed rate notes, bearing interest at stated rates ranging from 6.15% to 7.7%, due through 2028(b)	856,309	856,680
Unsecured floating rate euro notes, bearing interest at rates ranging from euribor plus 0.35% to euribor plus 0.53% (3.1% to 3.4% and 3.6% to 4.0% at February 28, 2003 and November 30, 2002, respectively), due 2005 and 2006	772,021	680,377
Unsecured fixed rate euro notes, bearing interest at 5.57%, due in 2006	324,040	297,195
Unsecured \$1.4 billion revolving credit facility, bearing interest at libor plus 0.17% (1.6% at November 30, 2002), due in 2006		50,000
Other	44,457	44,468
Unsecured 2% convertible notes, due in 2021	600,000	600,000
Unsecured zero-coupon convertible notes, net of discount, with a face value of \$1.05 billion, due in 2021	<u>525,874</u>	<u>520,944</u>
	3,240,365	3,168,391
Less portion due within one year	<u>(156,744)</u>	<u>(154,633)</u>
	<u>\$3,083,621</u>	<u>\$3,013,758</u>

- (a) All borrowings are in U.S. dollars unless otherwise noted. Euro denominated notes have been translated to U.S. dollars at the period end exchange rates.
- (b) These notes are not redeemable prior to maturity. We have entered into two interest rate swap agreements, which mature in 2003 and 2004, and effectively convert \$225 million of this fixed rate debt to variable rate debt.

At February 28, 2003, we were in compliance with all of our debt covenants.

**NOTE 4 - Commitments****Ship Commitments**

A description of our ships under contract for construction at February 28, 2003 was as follows (in millions, except passenger capacity data):

<b>Ship</b>	<b>Expected Service Date (1)</b>	<b>Shipyard</b>	<b>Passenger Capacity (2)</b>	<b>Estimated Total Cost (3)</b>
<b>Carnival Cruise Lines ("CCL")</b>				
Carnival Glory	7/03	Fincantieri	2,974	\$ 510
Carnival Miracle	3/04	Masa-Yards (4)	2,124	375
Carnival Valor	11/04	Fincantieri (4)	2,974	510
Carnival Liberty	8/05	Fincantieri	<u>2,974</u>	<u>460</u>
Total CCL			<u>11,046</u>	<u>1,855</u>
<b>Holland America Line ("HAL")</b>				
Oosterdam	8/03	Fincantieri (4)	1,848	410
Westerdam	5/04	Fincantieri (4)	1,848	410
Newbuild	11/05	Fincantieri (4)	1,848	410
Newbuild	6/06	Fincantieri	<u>1,848</u>	<u>390</u>
Total Holland America			<u>7,392</u>	<u>1,620</u>
<b>Costa</b>				
Costa Mediterranea	6/03	Masa-Yards (5)	2,114	390
Costa Fortuna	12/03	Fincantieri (5)	2,720	480
Costa Magica	11/04	Fincantieri (5)	<u>2,720</u>	<u>500</u>
Total Costa			<u>7,554</u>	<u>1,370</u>
<b>Cunard Line ("Cunard")</b>				
Queen Mary 2	1/04	Chantiers de l'Atlantique (4)	2,620	780
Queen Victoria	2/05	Fincantieri (4)	<u>1,968</u>	<u>410</u>
Total Cunard			<u>4,588</u>	<u>1,190</u>
Total			<u>30,580</u>	<u>\$6,035</u>

- (1) The expected service date is the date the ship is currently expected to begin its first revenue generating cruise.
- (2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.
- (3) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items.
- (4) These construction contracts are denominated in euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
- (5) These construction contracts are denominated in euros, which is Costa's functional currency. The estimated total costs have been translated into U.S. dollars using the February 28, 2003 exchange rate.

In connection with our ships under contract for construction, we have paid \$789 million through February 28, 2003 and anticipate paying \$2.5 billion during the twelve months ending February 28, 2004 and \$2.7 billion thereafter.

**Proposed Dual-Listed Company Transaction with P&O Princess Cruises plc ("P&O Princess")**

After a series of preconditional offers made to the shareholders of P&O Princess by us, commencing in December 2001, on January 8, 2003 we entered into an agreement with P&O Princess, the world's third largest cruise company,

providing for a combination of both companies (the "Combined Group") under a dual-listed company ("DLC") structure.

If the DLC transaction is completed, it would create a combination of the two companies through a number of contracts and certain amendments to our Articles of Incorporation and By-Laws and to P&O Princess' Memorandum and Articles of Association. The two companies would retain their separate legal identities, and each company's shares would continue to be publicly traded on the New York Stock Exchange for us and the London Stock Exchange for P&O Princess. However, both companies would operate as if they were a single economic enterprise. The contracts governing the DLC structure would provide that the boards of directors of the two companies would be identical, the companies would be managed by a unified senior management team and that, as far as possible, P&O Princess' and our shareholders would be placed in substantially the same economic position as if they held shares in a single enterprise which owned all of the assets of both companies. The net effect of the DLC transaction would be that our existing shareholders would own an economic interest equal to approximately 74% of the Combined Group and the existing shareholders of P&O Princess would own an economic interest equal to approximately 26% of the Combined Group. Also in connection with the DLC transaction, we will be making a Partial Share Offer ("PSO") for 20% of P&O Princess' shares, which will enable P&O Princess shareholders to exchange P&O Princess shares for our shares on the basis of 0.3004 of our shares for each P&O Princess share up to, in aggregate, a maximum of 20% of P&O Princess issued share capital. If the maximum number of P&O Princess' shares are exchanged under the PSO, holders of our shares, including our new shareholders who exchanged their P&O Princess shares for our shares under the PSO, would own an economic interest equal to approximately 79% of the Combined Group and holders of P&O Princess shares would own an economic interest equal to approximately 21% of the Combined Group. The PSO is conditional on, among other things, the closing of the DLC transaction. Upon completion of the DLC transaction, P&O Princess will reorganize and consolidate its share capital so that one share of P&O Princess will have the same economic and voting interest as one of our shares. In addition, P&O Princess and we expect to execute deeds of guarantee under which each company would guarantee all of the indebtedness and similar obligations of the other company incurred after the closing date of the DLC transaction.

The completion of the DLC transaction between P&O Princess and us is subject to approval by P&O Princess' shareholders, who are currently expected to meet on April 16, 2003 to vote on the approval of the DLC transaction. Our shareholders met on April 14, 2003 and voted to approve the DLC transaction. If approved by P&O Princess shareholders, we expect the closing of the DLC transaction to occur on April 17, 2003. No assurance can be given that the DLC transaction will be completed and, if it is completed, when completion will take place. If the DLC transaction is not completed by September 30, 2003, either party can terminate the agreement if it is not in material breach of its obligations. We have incurred \$34 million of transaction costs as of February 28, 2003, and continue to incur costs, which have been or will be deferred in connection with the DLC transaction. In the event a transaction with P&O Princess is not consummated, we would be required to write off the above \$34 million plus all costs incurred and deferred subsequent to February 28, 2003. If the DLC transaction or another business combination transaction with P&O Princess is completed by us, these deferred costs, which are estimated to total approximately \$60 million upon completion, would be capitalized as part of the transaction.

If our agreement with P&O Princess is terminated under certain circumstances, P&O Princess would be required to pay us a break fee of \$49 million. These circumstances include, among other things, their Board of Directors withdrawing or adversely modifying its recommendation to shareholders to approve the DLC transaction, their Board of Directors recommending an alternative acquisition proposal to shareholders, or their

shareholders failing to approve the DLC transaction if a third-party acquisition proposal exists at the time of their meeting or if they breach their exclusivity covenant and a third party acquisition proposal with respect to them is completed prior to July 2004.

If the DLC transaction is completed, we will account for it as an acquisition of P&O Princess by us, using the purchase method.

#### **Travel Vouchers**

Pursuant to CCL's and Holland America's settlement of litigation, travel vouchers with face values of \$10 to \$55 were required to be issued to qualified past passengers. As of February 28, 2003, approximately \$123 million of these travel vouchers are available to be used for future travel prior to their expiration, principally in fiscal 2005.

#### **NOTE 5 - Contingencies**

##### **Litigation**

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

Several actions filed in the U.S. District Court for the Southern District of Florida against us and four of our executive officers on behalf of a purported class of persons who purchased our common stock were consolidated into one action in Florida (the "Stock Purchaser Complaint"). The plaintiffs have claimed that statements we made in public filings violated federal securities laws and seek unspecified compensatory damages and attorney and expert fees and costs. A magistrate judge recommended that our motion to dismiss the Stock Purchaser Complaint be granted and that the plaintiffs' amended complaint be dismissed without prejudice. However, because it was dismissed without prejudice, the plaintiffs may file a new amended complaint. Nevertheless, in January 2003 the parties entered into a memorandum of understanding settling the case pending confirmatory discovery and judicial approval. A substantial portion of the \$3.4 million settlement amount, which includes plaintiffs' legal fees, will be covered by insurance.

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

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska requesting that they appear before a grand jury. One of the subpoenas also requests the production of Holland America documents, which Holland America is producing. If the investigation results in charges being filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting,

which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The State of Alaska is separately investigating this incident. The ultimate outcome of these matters cannot be determined at this time. However, if Holland America were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

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

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

#### **Contingent Obligations**

At February 28, 2003, we had contingent obligations totaling \$1.06 billion to participants in lease out and lease back type transactions for three of our ships. At the inception of the leases, the entire amount of the contingent obligations was paid by us to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither funds nor the contingent obligations have been included on our balance sheets. We would only be required to make any payments under these lease contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, we obtained a direct guarantee from another AAA rated financial institution for \$287 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. If the major financial institutions' credit ratings fall below AA-, we would be required to move a majority of the funds from these financial institutions to other highly-rated financial institutions. If our credit rating falls below BBB, we would be required to provide a standby letter of credit for \$86 million, or alternatively provide mortgages in the aggregate amount of \$86 million on two of our ships.

In the unlikely event that we were to terminate the three lease agreements early or default on our obligations, we would, as of February 28, 2003 have to pay a total of \$168 million in stipulated damages. As of February 28, 2003, \$132 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. An additional standby letter of credit of \$45 million will be required to be issued if both Moody's Investors Service and Standard and Poor's credit ratings of our debt fall to A3 and A-, respectively. Between 2017 and 2022, we have the right to exercise options that would terminate these transactions at no cost to us. As a result of entering into these three transactions we received \$67 million, which was recorded as deferred income on our balance sheets and is being amortized to nonoperating income through 2022. In the event we were to default under our \$1.4 billion revolving credit facility, we would be required to post cash collateral to support the stipulated damages standby letters of credit.

**NOTE 6 - Shareholders' Equity**

Our Articles of Incorporation authorize our Board of Directors, at their discretion, to issue up to 40 million shares of our preferred stock. At February 28, 2003 and November 30, 2002, no preferred stock had been issued.

During the three months ended February 28, 2003 and 2002, we declared cash dividends of \$.105 per share each period, or an aggregate of \$62 million in each period.

**NOTE 7 - Comprehensive Income**

Comprehensive income was as follows (in thousands):

	<b>Three Months Ended February 28,</b>	
	<b>2003</b>	<b>2002</b>
Net income	\$126,879	\$129,640
Foreign currency translation adjustment, net	54,558	(8,156)
Unrealized (losses) gains on marketable securities, net	(1,137)	2,433
Changes related to cash flow derivative hedges	<u>(2,094)</u>	<u>4,579</u>
Total comprehensive income	<u>\$178,206</u>	<u>\$128,496</u>

**NOTE 8 - Segment Information**

Our cruise segment included six cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics. Cruise revenues are comprised of sales of passenger cruise tickets, which includes accommodations, meals and most onboard activities, in some cases the sale of air transportation to and from our cruise ships, and the sale of certain onboard activities and other services. The tour segment represents the transportation, hotel and tour operations of Holland America Tours ("Tours").

Selected segment information was as follows (in thousands):

	<b>Three Months Ended February 28,</b>			
	<b>2003 (a)</b>		<b>2002 (a) (b)</b>	
	<b>Revenues</b>	<b>Operating income (loss)</b>	<b>Revenues</b>	<b>Operating income (loss)</b>
Cruise	\$1,027,475	\$143,557	\$901,263	\$156,983
Tour	5,519	(11,247)	5,706	(11,171)
Intersegment elimination	<u>(1,889)</u>		<u>(438)</u>	
	<u>\$1,031,105</u>	<u>\$132,310</u>	<u>\$906,531</u>	<u>\$145,812</u>

- (a) Tour revenues included intersegment revenues, which primarily represent billings by the tour segment to the cruise segment for providing port hospitality services to cruise passengers.
- (b) Revenue amounts in 2002 have been reclassified to conform to the 2003 presentation. In addition, in 2003 we commenced allocating all corporate expenses to our cruise segment. Accordingly, the 2002 presentation has been restated to allocate, the previously unallocated, 2002 corporate expenses to our cruise segment.

**NOTE 9 - Earnings Per Share**

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

	<u>Three Months Ended February 28,</u>	
	<u>2003</u>	<u>2002</u>
Net income	<u>\$126,879</u>	<u>\$129,640</u>
Weighted-average common shares outstanding	586,895	586,268
Dilutive effect of stock plans	<u>885</u>	<u>1,471</u>
Dilutive weighted-average shares outstanding	<u>587,780</u>	<u>587,739</u>
Basic earnings per share	<u>\$0.22</u>	<u>\$0.22</u>
Diluted earnings per share	<u>\$0.22</u>	<u>\$0.22</u>

Our diluted earnings per share computation for the three months ended February 28, 2003 and 2002 did not include 32.7 million shares of our common stock issuable upon conversion of our 2% Notes and Zero-Coupon Notes, as this common stock was not issuable under the contingent conversion provisions of these debt instruments.

**NOTE 10 - Recent Accounting Pronouncements**

In November 2002, Financial Accounting Standards Board Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantors, Including Indirect Guarantees of Indebtedness of Others" was issued. FIN No. 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. Guarantors will also be required to meet expanded disclosure obligations. The initial recognition and measurement provisions of FIN No. 45 are effective for guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for annual and interim financial statements that end after December 15, 2002. We have adopted FIN No. 45 in the first quarter of 2003 and such adoption did not materially affect our financial statement disclosures.

In December 2002, Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of SFAS No. 123" was issued. SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee and director compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual financial statements for fiscal years ending after December 15, 2002 and for interim financial statements commencing after such date. We will adopt SFAS No. 148 in our Quarterly Report on Form 10-Q for the quarter ending May 31, 2003.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Cautionary Note Concerning Factors That May Affect Future Results**

Certain statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including certain statements concerning future results, plans and 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, as amended, and Section 21E of the Securities Exchange Act of 1934. You can find many (but not all) of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements, including those which may impact the forecasting of our net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, estimates of ship depreciable lives and residual values or business prospects, 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 Quarterly Report on Form 10-Q. These factors include, but are not limited to, the following:

- general economic and business conditions, which may impact levels of disposable income of consumers and the net revenue yields for our cruise brands;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- the impact of operating internationally;
- the international political and economic climate, armed conflict, terrorist attacks, availability of air service and other world events and adverse publicity and their impact on the demand for cruises;
- accidents and other incidents at sea affecting the health, safety, security and vacation satisfaction of passengers;
- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our businesses worldwide;
- our ability to attract and retain shipboard crew and maintain good relations with employee unions;
- our ability to obtain financing on terms that are favorable or consistent with our expectations;
- the impact of changes in operating and financing costs, including changes in foreign currency and interest rates and fuel, food, insurance and security costs;
- changes in the tax, environmental, health, safety, security and other regulatory regimes under which we operate;
- continued availability of attractive port destinations;
- our ability to successfully implement cost improvement plans and to integrate business acquisitions;
- continuing financial viability of our travel agent distribution system;
- weather patterns or natural disasters; and
- the ability of a small group of shareholders effectively to control the outcome of shareholder voting.

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

### Results of Operations

We earn our cruise revenues primarily from the following:

- the sale of passenger cruise tickets, which includes accommodations, meals, and most onboard activities,
- in some cases the sale of air transportation to and from our cruise ships, and
- the sale of goods and services on board our cruise ships, such as casino gaming, bar sales, gift shop and photo sales, shore excursions and spa services.

We also derive revenues from the tour and related operations of Tours.

For segment information related to our revenues and operating income see Note 8 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information were as follows:

	<b>Three Months Ended February 28,</b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>
<b>Revenues</b>	<u>100%</u>	<u>100%</u>
<b>Costs and Expenses</b>		
Operating	60	57
Selling and administrative	17	17
Depreciation and amortization	<u>10</u>	<u>10</u>
<b>Operating Income</b>	<u>13</u>	<u>16</u>
<b>Nonoperating Expense</b>	<u>(1)</u>	<u>(2)</u>
<b>Net Income</b>	<u>12%</u>	<u>14%</u>

### Statistical Information (in thousands, except occupancy)

Passengers carried	923	772
Available lower berth days (a)	5,805	5,060
Occupancy percentage (b)	102.8%	102.8%

- (a) Represents the total passenger capacity for the period, assuming two passengers per cabin, that we offered for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (b) In accordance with cruise industry practice, occupancy percentage is calculated using a denominator of two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

### General

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

We currently do not accumulate and report all costs separately for our onboard and other revenue producing activities because we view these costs principally as part of the overall cruise services provided to our passengers. We primarily use, and intend to continue to use, other metrics to measure our cruise segment performance and help manage this business. However, we intend to commence segregating these revenues and their related costs and expenses within our consolidated statements of operations to be included in our Quarterly Report on Form 10-Q for the quarter ending August 31, 2003.

Our available lower berth day capacity is currently expected to increase by 16.6%, 19.6% and 18.4% in the second, third and fourth quarters of fiscal 2003, as compared to the same periods of fiscal 2002, excluding any impact from the proposed P&O Princess DLC transaction.

The year over year percentage increase in our available lower berth day capacity, resulting primarily from new ships entering service, for fiscal 2004, 2005 and 2006 is currently expected to be 16.2%, 11.1% and 5.8%, respectively, excluding any impact from the proposed P&O Princess DLC transaction.

As discussed in Note 4 in the accompanying financial statements, we have a proposed DLC transaction with P&O Princess, which is subject to the approval of P&O Princess' shareholders. If the DLC transaction is completed, the Combined Group will be the largest cruise vacation group in the world, based on revenues, passengers carried and available capacity. As of April 9, 2003, the Combined Group would have had a fleet of 66 cruise ships offering 101,252 lower berths, with 17 additional cruise ships having 40,990 lower berths scheduled to be added through June 2006.

See the Liquidity and Capital Resources section below for additional discussion of the proposed DLC transaction.

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

#### **Outlook For Remainder of Fiscal 2003 ("2003")**

Looking to the remainder of 2003, the factors which affected our first quarter, such as concerns about the war with Iraq and the uncertain worldwide economy, are also impacting the balance of the year, particularly the second quarter.

With the start of the Iraqi war, we have seen a further impact on our booking trends for the second quarter. Occupancy for the second quarter is behind where we were at this time last year at prices that are well below that of the prior year. Given the current circumstances, it is difficult to provide specific revenue yield guidance for the second quarter, except that we expect revenue yields to be significantly below that of the prior year.

Assuming air transportation costs are the same as in the second quarter 2002, gross cruise operating and selling and administrative expenses per available lower berth day are expected to rise approximately 7 to 9 percent in the second quarter compared to last year's levels, due primarily to increased fuel costs, front-loading of advertising expenses in the first half of 2003, increased insurance, environmental and security expenses. Our fuel cost expectations are based on our fuel prices during the week of March 10, 2003.

For the second half of 2003, bookings have also been impacted by the close-in booking curve and the commencement of the war with Iraq. Occupancy for the second half of 2003 is significantly behind that of the prior year at prices that are slightly below that of the prior year. Given the current

environment and the close-in booking pattern, we are unable to provide revenue yield guidance for the second half of 2003, except that it is likely that revenue yields will be below that of the prior year.

Gross cruise operating and selling, general and administrative expenses per available lower berth day for the second half of 2003 are expected to be down slightly, compared to the same period in 2002, assuming no change in air transportation costs and fuel prices from the levels experienced in the second half of 2002.

Our previous guidance on costs per available lower berth day for the second quarter and second half of 2003 that was given in our press release dated March 21, 2003 was based on "net" cruise costs (costs excluding the cost of air transportation and travel agent commissions), while the cost guidance given above is based on "gross" cruise costs, which includes air transportation and travel agent commissions. We have made this change in our disclosure because of the issuance of Regulation G by the Securities and Exchange Commission. Because of this change in the basis of the computation, the percentage increase in gross cost per available lower berth day disclosed above for the second quarter is different from that included in our press release dated March 21, 2003, although there has been no change in our cost guidance for either the second quarter or second half of 2003.

This outlook does not take into consideration any impact from the completion of the proposed P&O Princess DLC transaction.

**Three Months Ended February 28, 2003 ("2003") Compared To Three Months Ended February 28, 2002 ("2002")**

**Revenues**

Revenues increased \$125 million, or 13.7%, in 2003 compared to 2002. Cruise revenues increased \$126 million, or 14%, to \$1.03 billion in 2003 from \$901 million in 2002. Our cruise revenue change resulted primarily from a 14.7% increase in our available lower berth day capacity. Our gross revenues per available berth day were negatively impacted by the concerns about a war with Iraq and the uncertain world economy, which resulted in slightly lower gross cruise ticket prices.

Our cruise revenues discussed above included onboard and other revenues such as bar sales, casino gaming, shore excursions, gift shop and spa sales, photo sales and pre-and post-cruise land packages. These activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues. In 2003 and 2002, onboard and other revenues represented 22.2% and 21.8%, respectively, of cruise revenues.

**Costs and Expenses**

Operating expenses increased \$96 million, or 18.4%, in 2003 compared to 2002. Cruise operating expenses increased \$97 million, or 19%, to \$609 million in 2003 from \$512 million in 2002. This increase was primarily a result of the impact of the 14.7% increase in our available lower berth day capacity and the \$20 million increase in fuel prices, which resulted from a 51% increase in fuel prices per metric ton, coupled with the increase in insurance, environmental and security costs.

Selling and administrative expenses increased \$26 million, or 17.0%, to \$177 million in 2003 from \$151 million in 2002. Cruise selling and administrative expenses increased \$26 million, or 17.9%, to \$170 million in 2003 from \$144 million in 2002. This increase was primarily due to the 14.7% increase in available lower berth day capacity and the front-loading of advertising expenses into the first half of 2003.

Depreciation and amortization increased by \$17 million, or 18.6%, to \$106 million in 2003 from \$90 million in 2002. This increase was primarily as a result of the expansion of our fleet and ship improvement expenditures.

#### **Nonoperating (Expense) Income**

Other income was \$15 million in 2003 comprised of \$19 million from net insurance proceeds, \$10 million as a result of Windstar Cruises' Wind Song's casualty loss and \$9 million as a reimbursement of expenses incurred in prior years, less certain other nonoperating expenses.

#### **Liquidity and Capital Resources**

##### **Sources and Uses of Cash**

Our business provided \$171 million of net cash from operations during the three months ended February 28, 2003, a decrease of \$44 million, or 20.5%, compared to the three months ended February 28, 2002, due primarily to a decrease in customers' advance ticket deposits. This decrease was principally a result of the slowdown in bookings as concerns over the war with Iraq heightened, causing a closer-in booking pattern.

During the three months ended February 28, 2003, our net expenditures for capital projects were \$112 million, of which \$74 million was spent for our ongoing shipbuilding program. The \$38 million of nonshipbuilding capital expenditures consisted primarily of ship refurbishments, Alaska tour assets, cruise port facility developments and information technology assets. In addition, we received an insurance reimbursement of \$31 million related to the Wind Song casualty loss.

During the three months ended February 28, 2003, we borrowed \$148 million, which included \$90 million under short-term loan agreements and \$58 million under Costa's euro denominated revolving credit facility. In addition, we made principal repayments of \$109 million, which included \$20 million under our short-term loan agreements, a \$50 million repayment under our \$1.4 billion revolver and \$39 million on Costa's revolving credit facility and Costa's collateralized debt. We also paid cash dividends of \$62 million in the first three months of fiscal 2003.

##### **Future Commitments and Funding Sources**

Our contractual cash obligations, with initial or remaining terms in excess of one year, and contingent liabilities remained generally unchanged at February 28, 2003 compared to November 30, 2002, except for changes in our shipbuilding and debt commitments discussed above and in Notes 3, 4 and 5 in the accompanying financial statements.

As of February 28, 2003, we had noncancelable contracts for the delivery of thirteen new ships over the next three years. Our remaining obligations related to these ships under contract for construction is to pay \$2.5 billion during the twelve months ending February 28, 2004 and \$2.7 billion thereafter.

At February 28, 2003, we had \$3.3 billion of debt, of which \$221 million is due during the twelve months ending February 28, 2004. See Notes 3 and 4 in the accompanying financial statements for more information regarding our debt and commitments.

At February 28, 2003, we had liquidity of \$2.3 billion, which consisted of \$770 million of cash, cash equivalents and short-term investments, and \$1.5 billion available for borrowing under our revolving credit facilities obtained through a group of banks, which have strong credit ratings. Our revolving credit facilities mature in 2006. A key to our access to liquidity is the maintenance of our strong long-term credit ratings. On April 14, 2003,

Moody's Investors Service, one of three debt rating agencies that rate our debt, announced that they had lowered our senior unsecured debt rating from A2 to A3 in anticipation of, among other things, the DLC transaction with P&O Princess. The other two rating agencies have not yet issued a revised debt rating reflecting the DLC transaction with P&O Princess. A reduction in Standard and Poor's credit rating of our debt would require us to issue a \$45 million standby letter of credit (see Note 5 in the accompanying financial statements). We continue to believe our senior unsecured debt will retain a strong investment grade rating.

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

Although no assurance can be given, we expect to complete our DLC transaction with P&O Princess on April 17, 2003. As a result of the DLC transaction, the Combined Group's outstanding long-term debt will be approximately \$6.0 billion and its shipbuilding commitments for 17 new cruise ships and one river boat will be approximately \$6.8 billion, which is a substantial increase over our existing obligations and commitments. However, we believe that the Combined Group's liquidity, including cash and committed financings, and cash flows from future operations will be sufficient to fund the expected capital projects, debt service requirements, dividend payments, working capital and other firm commitments through at least the next twelve months.

#### **Off-Balance Sheet Arrangements**

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

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated our disclosure controls and procedures as of April 9, 2003 and believe that they are effective.

##### **Changes in Internal Controls**

There were no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that our controls will succeed in achieving their stated goals under all potential future conditions, regardless of how remote.

## **PART II OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

An action referred to as the Costa ADA Complaint was previously reported in our Annual Report on Form 10-K for the year ended November 30, 2002. We reported that Costa and the plaintiffs agreed to settle this action pursuant to an agreement that Costa will make certain modifications to four of its ships with an option to include other ships into the settlement agreement. On March 7, 2003, Costa and the plaintiffs jointly filed a motion for class certification, fairness hearing, stay and for court approval of the settlement. A hearing on the joint motion has not yet been scheduled.

### **Item 6. Exhibits and Reports on Form 8-K.**

#### **(a) Exhibits**

- 3.1 Second Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit No. 3 to our registration statement on Form S-3 (File No. 333-68999), filed with the Securities and Exchange Commission.
- 3.2 Amendment to Second Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit No. 3.1 to our Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.
- 3.3 Certificate of Amendment of Articles of Incorporation of the Company, incorporated by reference to Exhibit No. 3.1 to our Quarterly Report on Form 10-Q for the quarter ended May 31, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.
- 3.4 Form of By-laws of the Company, incorporated by reference to Exhibit No. 3.2 to our registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.
- 10.1 Amendment of the Carnival Corporation "Fun Ship<sup>SM</sup>" Nonqualified Savings Plan.
- 10.2 Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees.
- 12 Ratio of Earnings to Fixed Charges.
- 99.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification of Chief Operating Officer pursuant to 18 U.S.C.

Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- 99.3 Certification of Chief Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**(b) Reports on Form 8-K**

We filed Current Reports on Form 8-K on December 2, 2002 (Items 5 and 7), on December 19, 2002 (Items 5 and 7) and on January 8, 2003 (Items 5 and 7).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

Date: April 14, 2003

/s/ Micky Arison  
Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

Date: April 14, 2003

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

Date: April 14, 2003

/s/ Gerald R. Cahill  
Gerald R. Cahill  
Senior Vice President-Finance  
and Chief Financial and  
Accounting Officer

**CERTIFICATIONS**

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 9, 2003

/s/ Micky Arison  
Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 9, 2003

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

I, Gerald R. Cahill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 9, 2003

/s/ Gerald R. Cahill  
Gerald R. Cahill  
Senior Vice President-Finance  
and Chief Financial and  
Accounting Officer

**Exhibit 10.1**

**AMENDMENT TO  
THE CARNIVAL CORPORATION  
"FUN SHIP<sup>SM</sup>" NONQUALIFIED SAVINGS PLAN**

**The Carnival Corporation "Fun Ship<sup>SM</sup>" Nonqualified Savings Plan (the "Plan") is hereby amended as follows:**

**(1) Section 2.8(c) of the Plan is amended to add the following sentence to the end thereto:**

Effective for Participants who are actively employed by an Employer (which solely for this purpose shall include Participants employed by an Affiliated Company) on or after December 20, 2002, a Participant's Eligible

Earnings for periods on and after January 1, 1998 shall not be limited by the preceding sentence.

**(2) Section 5.3 of the Plan is amended to add the following sentence to the end thereto:**

Participants who are actively employed by an Employer (which solely for this purpose shall include Participants employed by an Affiliated Company) on or after December 20, 2002 whose Eligible Earnings for periods on and after January 1, 1998, were affected by the limitation on Eligible Earnings under Section 2.8(c) shall be allocated an additional one-time Profit-Sharing Contribution equal to the amount (without earnings or losses) that would have been contributed had the limitation not been in place.

**Exhibit 10.2**

**AMENDMENT TO  
THE CARNIVAL CORPORATION  
NONQUALIFIED RETIREMENT PLAN FOR  
HIGHLY COMPENSATED EMPLOYEES**

**Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees (the "Plan") is hereby amended as follows:**

**(1) Section 1.9 of the Plan is amended to read as follows:**

1.9 Compensation - all cash remuneration paid or made available for any Plan Year by an Employer to an Employee for the Employee's services as salary, wages, commissions and including (a) bonuses (including those bonuses deferred under The Carnival Corporation "Fun Ship<sup>SM</sup>" Nonqualified Savings Plan), (b) pay at premium rates (holiday, overtime or other), and (c) any amounts contributed on behalf of the Employee to a cafeteria plan or cash or deferred arrangement and not includible in income under Section 125 or 402(g) of the Internal Revenue Code, but excluding (1) any other amounts paid for that Plan Year on account of the Employee under this Plan or under any other employee pension benefit plan (as defined in Section 3(2) of ERISA), (2) any other amounts which are not includible in the Employee's income for federal income tax purposes and (3) any income attributable to the Company's stock programs or other fringe benefit programs. Employee's Compensation shall not exceed the maximum compensation rate under section 401(a)(17) of the Code (determined without regard to the reduction to \$150,000 (i.e., \$250,000 for 1996)) as further indexed for cost of living by reference to the annual percentage change of the CPI-U, U.S. City Average, All Items (non-seasonally adjusted) for the period from August to August of the preceding year (i.e. the annual change published in September of the year prior to the year the compensation limit is in effect). Effective for Eligible Employees (other than Eligible Employees who are participating in The Carnival Corporation "Fun Ship<sup>SM</sup>" Nonqualified Savings Plan and receiving Company contributions under that plan) who are actively employed by an Employer (which solely for this purpose shall include Eligible Employees employed within the controlled group of the Company as determined under Sections 414(b), (c) or (m) of the Internal Revenue Code) on or after December 20, 2002, an Eligible Employee's Compensation for periods on and after January 1, 1989 shall not be limited by the preceding sentence.

EXHIBIT 12

CARNIVAL CORPORATION  
**Ratio of Earnings to Fixed Charges**  
(in thousands, except ratios)

	<u>Three Months Ended February 28,</u>	
	<u>2003</u>	<u>2002</u>
Net income	\$126,879	\$129,640
Income tax benefit, net	<u>(5,003)</u>	<u>(1,661)</u>
Income before income taxes	121,876	127,979
Fixed charges		
Interest expense, net	29,392	29,455
Interest portion of rent expense(1)	1,285	1,087
Capitalized interest	<u>9,198</u>	<u>7,869</u>
Total fixed charges	<u>39,875</u>	<u>38,411</u>
Fixed charges not affecting earnings		
Capitalized interest	<u>(9,198)</u>	<u>(7,869)</u>
Earnings before fixed charges	<u>\$152,553</u>	<u>\$158,521</u>
Ratio of earnings to fixed charges	<u>3.8x</u>	<u>4.1x</u>

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

**EXHIBIT 99.1**

Certification Pursuant to 18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Carnival Corporation (the "Company") Quarterly Report on Form 10-Q for the quarter ended February 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Micky Arison, 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 the Company.

Date: April 9, 2003

/s/ Micky Arison  
Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Carnival Corporation and will be retained by Carnival Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 99.2**

Certification Pursuant to 18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Carnival Corporation (the "Company") Quarterly Report on Form 10-Q for the quarter ended February 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Howard S. Frank, 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 the Company.

Date: April 9, 2003

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

A signed original of this written statement required by Section 906 has been provided to Carnival Corporation and will be retained by Carnival Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 99.3**

Certification Pursuant to 18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Carnival Corporation (the "Company") Quarterly Report on Form 10-Q for the quarter ended February 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald R. Cahill, 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 the Company.

Date: April 9, 2003

/s/ Gerald R. Cahill  
Gerald R. Cahill  
Senior Vice President - Finance  
and Chief Financial and  
Accounting Officer

A signed original of this written statement required by Section 906 has been provided to Carnival Corporation and will be retained by Carnival Corporation and furnished to the Securities and Exchange Commission or its staff upon request.