CARNIVAL PLC

Strategic Report and
IFRS Financial Statements
Year Ended November 30, 2015

The Annual Report of Carnival plc comprises the Strategic Report and Carnival plc consolidated and company IFRS Financial Statements contained herein, together with certain parts of the Proxy Statement (including its Annexes), dated February 19, 2016.

The Carnival plc consolidated IFRS Financial Statements, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. However, the Directors consider that, within the Carnival Corporation and Carnival plc dual listed company ("DLC") arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP consolidated financial statements ("DLC Financial Statements"). The DLC Financial Statements are included in the Carnival Corporation & plc 2015 Annual Report ("DLC Annual Report"), which is prepared to satisfy U.S. reporting requirements. Accordingly, the DLC Annual Report (containing the DLC Financial Statements) is included in Annex 1 to the Carnival plc Annual Report.

In order to obtain a better understanding of the Carnival Corporation & plc business, financial condition and results of operations, the Carnival plc stakeholders should read the items referenced below included in the Proxy Statement, Annex 1 and Carnival Corporation & plc joint Annual Report on Form 10-K ("Form 10-K"), in addition to the Carnival plc Strategic Report and IFRS Financial Statements contained herein.

The locations where the Carnival plc Annual Report Documents and Other Information can be found are as follows:

OTHER INFORMATION

The Notice of Annual Meetings and Proxy Statement, dated February 19, 2016 ("Proxy Statement") and Form 10-K are not set forth within this document, but are available for viewing at www.carnivalcorp.com or www.carnivalplc.com. The Carnival plc IFRS Financial Statements have been submitted to the National Storage Mechanism and are available for inspection at www.morningstar.co.uk/uk/NSM and will be included in the Annual Meeting materials available to the Carnival plc shareholders.

Strategic Report

The Directors consider that, within the DLC arrangement, the most appropriate presentation of Carnival plc's business strategy is by reference to the consolidated strategy of Carnival Corporation & plc. Accordingly, this Strategic Report presents the required strategy and business review for the combined group in order to satisfy reporting requirements of the Companies Act 2006.

Dear Shareholders,

2015 was a very strong year for our company. We accelerated progress toward our goal of delivering a double-digit return on our investment with earnings that were over 40 percent higher than 2014 – and that was on top of nearly 25 percent growth in 2013. We achieved over 4 percent higher revenue yields while our ongoing efforts to leverage our industry-leading scale helped to contain costs. Our adjusted earnings exceeded $2 billion (U.S. GAAP earnings of $1.8 billion). Record cash from operations topped $4 billion which was more than enough to fund our capital commitments and still return in excess of $1 billion to shareholders through a 20 percent increase in the annual dividend and the ongoing repurchase of Carnival stock.

These strong results were a tribute to the outstanding efforts of our 120,000 shipboard and shoreside team members who create exceptional vacation experiences for nearly 11 million guests annually, along with the vital support of our travel agent partners around the globe. Their combined efforts enabled us to overcome a variety of obstacles in 2015 and to exceed the high-end of the full-year guidance we provided at the beginning of the year. These obstacles included macroeconomic and geopolitical challenges, and the usual weather and other one-off events as well as a $0.10 per share drag from fuel prices and currency fluctuations compared to our earlier guidance.

We enjoyed strong performance on both sides of the Atlantic, particularly in North America. In fact, some of our brands have reached the double-digit return threshold already, including our flagship brand Carnival Cruise Line,. We are very proud of the Carnival Cruise Line team, which has worked so hard and so effectively to accelerate the brand's return to double-digits.

THE PATH TO DOUBLE-DIGIT RETURNS

Looking ahead, we are working hard to deliver double-digit return on our investment across the entire corporation through our ongoing efforts to drive demand in excess of measured capacity growth and to capture the inherent value of our industry-leading scale.

Measured Capacity Growth

We remain focused on maintaining measured capacity growth by delivering innovative, more efficient ships, while at the same time removing less efficient vessels from our fleet.

During the year, progress continued on our fleet-enhancement program as we finalized agreements for eight new cruise ships for delivery between 2018 and 2020 as part of our strategic partnership with Fincantieri in Italy and Meyer Werft in Germany and Finland.

These new ships will be among the most efficient we have ever built and will significantly enhance the return profile of our entire fleet. Several of these next-generation ships will pioneer a new era in the use of sustainable fuels through our "green cruising" design represented by the first cruise ships to be powered at sea and in port by liquefied natural gas, considered the world's cleanest burning fossil fuel. These ships will also introduce a host of innovative guest experiences that we will announce in the coming months.

We are especially excited about our new ship deliveries in 2016, including *AIDAprima*, *Carnival Vista*, Holland America *Koningsdam* and Seabourn *Encore*. Among the innovative features designed to further complement the guest experience unique to each brand, these new additions bring to the fleet an outdoor ice rink, a lazy river ride, the first ship-top open-air cycling skyride, the first IMAX theatre at sea and Blend, the first purpose-built personalized shipboard wine-blending venue. We expect each ship delivery to help drive demand well in excess of our planned capacity growth.

Even with these four new ships, our capacity growth in North America and Europe will be less than 2 percent in 2016. As anticipated, our overall 3.5 percent capacity growth will again be weighted toward Asia Pacific as we transfer capacity to meet increasing demand in that region.

Accelerating Demand

I am very proud of our teams' many accomplishments last year. Those efforts included our multi-faceted campaign built around the 2015 Super Bowl, which generated more than 10 billion positive media impressions during the height of wave season; P&O Cruises' delivery of *Britannia*, the largest ship ever built specifically for British guests and named by Her Majesty the Queen; Princess Cruises' 50th anniversary celebration, which reunited the original cast of "The Love Boat" television series, and featured an award-winning float in the Rose Parade; Cunard's 175th anniversary salute to Liverpool where the three Queens – *Elizabeth, Victoria* and *Queen Mary 2* – captivated 1.3 million onlookers in what may have been the largest attendance at a single day maritime event in history; and, most recently, our historic five-ship event in Sydney Harbor for P&O Cruises (Australia).

These well-crafted opportunities showcase our brands, increase consumer awareness and bolster consideration for a cruise vacation. In fact, our positive media impressions are up three-fold in just two years.

In 2015, we made significant progress on many other initiatives designed to achieve consistent revenue yield improvement by creating demand that surpasses supply.

Of course, the best way to increase demand is to continue to exceed guest expectations. One way to accomplish that is to bring the best specialty restaurants and celebrity chef–designed menus to sea. Our growing list of renowned chefs includes Thomas Keller, Australian chef Curtis Stone and chocolatier Norman Love, joining Marco Pierre White, Guy Fieri and David Burke, among others.

We continue to enhance our entertainment offerings across our brands with the addition of B.B. King's Blues Club, the live interactive music experience Billboard Onboard, The Voice of the Ocean, Lincoln Center Stage and new productions by Stephen Schwartz, award-winning composer of "Wicked," along with a host of technological and programming innovations.

The diversity of great entertainers aboard our ships keeps growing with headliners like country music superstar Carrie Underwood, folk legends Crosby, Stills and Nash; jazz star Herbie Hancock; and even the Grinch, through Carnival Cruise Line's Seuss at Sea program. And, to give consumers yet another reason to take a cruise, we will host our first Fashion Week at sea in 2016.

These, along with fresh retail and gaming options, are all designed to offer guests even more of what they want and in turn drive higher onboard revenue.

Our focus is on consistently exceeding guest expectations and creating lifelong advocates. Customer feedback indicates that we are continuing to deliver on our guest experience, and the intent to repeat is very strong across our brands.

New Market Opportunities

We reinforced our leadership position in the burgeoning China cruise region with the successful introduction of a fourth ship in 2015. We are well positioned in 2016 with two more year-round ships – one each for the Costa Cruises and Princess Cruises brands.

We expect to bolster our growth in China for years to come. Beyond 2016, Princess Cruises' *Majestic Princess*, the first ship built specifically for Chinese guests and designed to stimulate consumer demand, will enter China along with both our Carnival Cruise Line and AIDA brands. Entering China with multiple brands enables us to grow our presence faster and achieve deeper penetration by providing cruise experiences aimed at differentiated segments. In addition, we recently signed a joint venture with the China State Shipbuilding Corporation and the China Investment Corporation to further our growth in this region.

We are well positioned to capitalize on the growing demand for international travel among Chinese consumers following the recent easing of travel restrictions coupled with a growing upper middle class. Chinese outbound travelers, already estimated at 135 million strong, are expected to grow to 200 million by 2020. Over time we are confident that China will rank among the largest source regions for cruises.

While today China represents just 5 percent of our global capacity, we expect it to continue to be an expansive growth region for us. By shifting capacity growth from North America and Europe to the fast growing China region, we are further fostering combined revenue yield growth.

Working Together to Unlock our Potential

Our team is totally engaged in capturing the full benefit of the latent opportunity inherent in our industry-leading scale – in both driving revenues and containing costs.

The more than 5 percent onboard revenue growth achieved in 2015 is an affirmation of the inherent power of harnessing our collective efforts as we embrace a fundamental behavioral change through communicating, collaborating and coordinating across our 10 world-leading brands.

Improved coordination among our brands has also contributed to revenue yield improvements, and we have completed the design phase of a common revenue management system across a number of our brands.

Significant progress was also made delivering cost savings in 2015 in a variety of procurement areas including air travel, food and hotel supplies. We have identified additional opportunities to leverage our scale to reduce costs while enhancing the guest experience in 2016 and beyond. These efforts will deliver a cumulative total cost savings of $170 million since we began the conversation just over two years ago and will continue to be rolled out over time and help to offset inflation.

Sustainable Operations

Our reputation and success depend on having sustainable and transparent operations. We continually strive to ensure cruising is the most enjoyable vacation experience for our guests. We fulfill this commitment by keeping guests and crew members safe, protecting the environment, developing our workforce, strengthening our stakeholder relations, enhancing the port communities our ships visit and maintaining our financial strength. We also strive to be a responsible global corporate citizen and to be a company that people want to work for.

We continue to make progress on many fronts in our sustainability journey and we have expanded our corporate goals beyond our carbon emissions reduction goal to develop 10 new sustainability goals. These goals are focused on further reducing our environmental footprint by 2020, enhancing the health, safety and security of our guests and crew members, and ensuring sustainable business practices across our brands and business partners.

Developing and implementing advancements in technology is also an important component of our sustainability strategy. We continue to drive innovation and technological breakthroughs within the cruise and maritime industries. We have taken the lead on developing solutions to meet the operational parameters of new fuel-emission regulations and have embarked on a process of installing new exhaust gas cleaning systems on our ships.

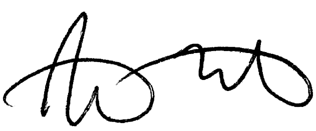
In a further effort to have a positive impact, we have introduced our newest brand Fathom, which is pioneering a new travel category we call impact travel. The Fathom approach incorporates mindful, purpose-driven activities and programs that enable guests to have a real, sustainable impact on the communities we visit, and a uniquely rewarding experience.

DELIVERING ALONG THE PATH

Growth is the result of a combination of well-executed business plans and innovation that makes a difference. Our efforts in China, our new ship platforms, our ongoing brand innovations and our investments in the travel experience of the future are all building blocks. We have much more to do to keep the momentum going in 2016 and beyond.

While we briefly celebrate 2015 – an overall very good year for our corporation and our shareholders – we remain focused on our primary objective. We have a clear strategy to deliver double-digit return on investment in the next two to three years.

Thank you for your confidence and your shared vision of building upon the great legacy that is Carnival Corporation & plc as we continue to deliver the world’s greatest holiday experiences.



Arnold W. Donald
President and Chief Executive Officer
February 19, 2016

2. 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 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements. Together with their consolidated subsidiaries, Carnival Corporation and Carnival plc are referred to collectively within this Strategic Report 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 $35 billion at February 19, 2016. We are also the largest cruise company having carried 47% of global cruise guests in 2015 and a leading provider of vacations to all major cruise destinations throughout the world (see Item 2. 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 Item 2. 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 4.0 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 February 19, 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 Item 2. 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 is comprised of 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 other 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 Item 2. Business. C. "Our Global Cruise Business – Ships Under Contract for Construction" below.

(b) Global Cruise Industry amounts were obtained from our 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 February 19, 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 February 19, 2016.

See Note 2, "Segment Information" to the Carnival plc financial statements for additional segment and geographic information.

II. Ships Under Contract for Construction

As of February 19, 2016, summary information of our ships under contract for construction is as follows (a):

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 the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements for additional ship commitment information.

III. Cruise Brands

a. North America

Carnival

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 CRUISES
come back new℠

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 Journeys" 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®

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®

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℠ on deck and Caviar in the Surf℠ 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.

fathom™

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

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

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

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 Papua 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 Item 3. Business Review -"Key Performance Non-GAAP Financial Indicators" within this Strategic Report 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 guests' 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,
- Shore excursions,
- Gift shop sales,
- Photo sales,
- Internet and communication services,
- Full service spas,
- 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. Sales Relationships

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. Of our total employees, 21,000 are female and 73,600 are male. Two of the nine members of our Boards of Directors are female and seven are male. Our 10 executive officers are male. 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, hire and train 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 ("EGCSs") 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 February 19, 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 EGCSs 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,
- ECGSs,
- 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 February 19, 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements and Item 3. Business Review – "Critical Accounting Estimates – Asset Impairments" within this Strategic Report for additional discussion of our trademarks.

XXII. Competition

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. Website Access to Carnival Corporation & plc SEC Reports

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 within this Strategic Report is not incorporated by reference into this Strategic Report.

E. Industry and Market Data

This Strategic Report 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 Item 5. Risk Management and/or Mitigation of Principal Risks within this Strategic Report.

3. Business Review.

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 February 19, 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 Item 5. Risk Management and/or Mitigation of Principle Risks within this Strategic Report and "Cautionary Note Concerning Factors That May Affect Future Results" within this Strategic Report.

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 based on IFRS accounting standards 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 and goodwill require us to make significant estimates to determine the fair values of these ships 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 10 "Property and Equipment" of the Carnival plc financial statements.

We believe it is probable that each of our cruise brands' estimated fair value that carries goodwill at November 30, 2015 exceeded their carrying value. See Note 11 "Goodwill" of the Carnival plc financial statements.

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 and cruise brands. 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 annual assessments of our cruise brands that carry goodwill, 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 weighted-average cost of capital ("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 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.

We believe that we have made reasonable estimates and judgments in determining whether our cruise ships and goodwill 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 that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable matters, if any, can be made. In assessing probable losses, we make estimates of the amount of highly 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 and the amount of the loss can be reasonably estimated in accordance with IFRS. 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 matters, historical claims experience, actuarially determined estimates of liabilities and any related insurance coverages. See Note 23 "Contingent Liabilities" of the Carnival plc financial statements.

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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Statistical Information

	Years Ended November 30, 2015	2014
ALBDs (in thousands) (a) (b)	77,307	76,000
Occupancy percentage (c)	104.8%	104.1%
Passengers carried (in thousands)	10,837	10,566
Fuel consumption in metric tons (in thousands)	3,181	3,194
Fuel consumption in metric tons per ALBD	0.041	0.042
Fuel cost per metric ton consumed	$ 393	$ 636
Currencies		
U.S. dollar to euro	$ 1.12	$ 1.34
U.S. dollar to sterling	$ 1.54	$ 1.66
U.S. dollar to Australian dollar	$ 0.76	$ 0.91
U.S. dollar to Canadian dollar	$ 0.79	$ 0.91

(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 Cruises ("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.

(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

The Business Review within this Strategic Report 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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 (in millions):

	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 cruise ship operating expenses, our previously reported results changed as follows (in millions, except per ALBD data):

	Year Ended November 30, 2014	
	As Previously Reported	As Revised
Gross cruise costs per ALBD	$ 161.69	$ 161.93
Net cruise costs per ALBD	$ 124.35	$ 124.59
Net cruise costs excluding fuel per ALBD	$ 97.60	$ 97.84
U.S. GAAP net income	1,236	1,216
Adjusted net income	1,524	1,504

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 periods' currency exchange rates have remained constant with the 2014 periods' rates. 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 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
Passenger ticket revenues	$ 11,601	$ 12,316	$ 11,889
Onboard and other revenues	3,887	4,052	3,780
Gross cruise revenues	15,488	16,368	15,669
Less cruise costs			
Commissions, transportation and other	(2,161)	(2,324)	(2,299)
Onboard and other	(526)	(549)	(519)
	(2,687)	(2,873)	(2,818)
Net passenger ticket revenues	9,440	9,992	9,590
Net onboard and other revenues	3,361	3,503	3,261
Net cruise revenues	$ 12,801	$ 13,495	$ 12,851
ALBDs	77,307,323	77,307,323	75,999,952
Gross revenue yields	$ 200.34	$ 211.73	$ 206.17
% (decrease) increase vs. prior year	(2.8)%	2.7%	0.1%
Net revenue yields	$ 165.58	$ 174.57	$ 169.09
% (decrease) increase vs. prior year	(2.1)%	3.2%	
Net passenger ticket revenue yields	$ 122.11	$ 129.25	$ 126.18
% (decrease) increase vs. prior year	(3.2)%	2.4%	
Net onboard and other revenue yields	$ 43.48	$ 45.32	$ 42.90
% increase vs. prior year	1.3%	5.6%	

	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
Cruise operating expenses	$ 9,292	$ 9,767	$ 10,261
Cruise selling and administrative expenses	2,058	2,168	2,046
Gross cruise costs	11,350	11,935	12,307
Less cruise costs included above			
Commissions, transportation and other	(2,161)	(2,324)	(2,299)
Onboard and other	(526)	(549)	(519)
Restructuring expenses	(25)	(30)	(18)
Gains on ship sales and ship impairments, net	8	8	(2)
Net cruise costs	8,646	9,040	9,469
Less fuel	(1,249)	(1,249)	(2,033)
Net cruise costs excluding fuel	$ 7,397	$ 7,791	$ 7,436
ALBDs	77,307,323	77,307,323	75,999,952
Gross cruise costs per ALBD	$ 146.81	$ 154.39	$ 161.93
% decrease vs. prior year	(9.3)%	(4.7)%	
Net cruise costs per ALBD	$ 111.83	$ 116.94	$ 124.59
% decrease vs. prior year	(10.2)%	(6.1)%	
Net cruise costs excluding fuel per ALBD	$ 95.68	$ 100.78	$ 97.84
% (decrease) increase vs. prior year	(2.2)%	3.0%	

	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**
Net income		
U.S. GAAP net income	$1,757	$1,216
Restructuring expenses	25	18
Gains on ship sales and ship impairments, net	(8)	2(a)
Unrealized losses on fuel derivatives	332	268
Adjusted net income	$2,106	$1,504
Weighted-average shares outstanding	779	778
Earnings per share		
U.S. GAAP earnings per share	$ 2.26	$ 1.56
Restructuring expenses	0.03	0.02
Gains on ship sales and ship impairments, net	(0.01)	-(a)
Unrealized losses on fuel derivatives	0.42	0.35
Adjusted earnings per share	$ 2.70	$ 1.93

(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*.

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.

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 Item 5. Risk Management and/or Mitigation of Principal Risks within this Strategic Report. 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.

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.

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.

Future Commitments and Funding Sources

At November 30, 2015, our contractual cash obligations, including ship construction contracts entered into through February 19, 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 (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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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 February 19, 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. From January 28, 2016, through February 19, 2016, we repurchased 8.3 million shares of Carnival Corporation common stock for $369 million under the Repurchase Program. Accordingly, at February 19, 2016, the remaining availability under the Repurchase Program was $843 million. See Note 17 – "Reserves and Other Equity Activity" of the Carnival plc 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.

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 ("CIL") sold 5.1 million of Carnival plc ordinary shares for net proceeds of $264 million. Substantially all of the net proceeds from these sales were used to purchase 5.1 million shares 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. market on at least an equivalent basis. During 2015, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the Stock Swap program.

From December 1, 2015 through February 19, 2016, CIL sold 0.9 million ordinary shares of Carnival plc through its sales agent for net proceeds of $40 million. Substantially all of the net proceeds of these sales were used to purchase 0.9 million shares of Carnival Corporation common stock. Accordingly, at February 19, 2016 the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 26.0 million shares of Carnival Corporation common stock.

Finally, the Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap program 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. See Note 17 – "Reserves and Other Equity Activity" of the Carnival plc financial statements.

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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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. *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 February 19, 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.

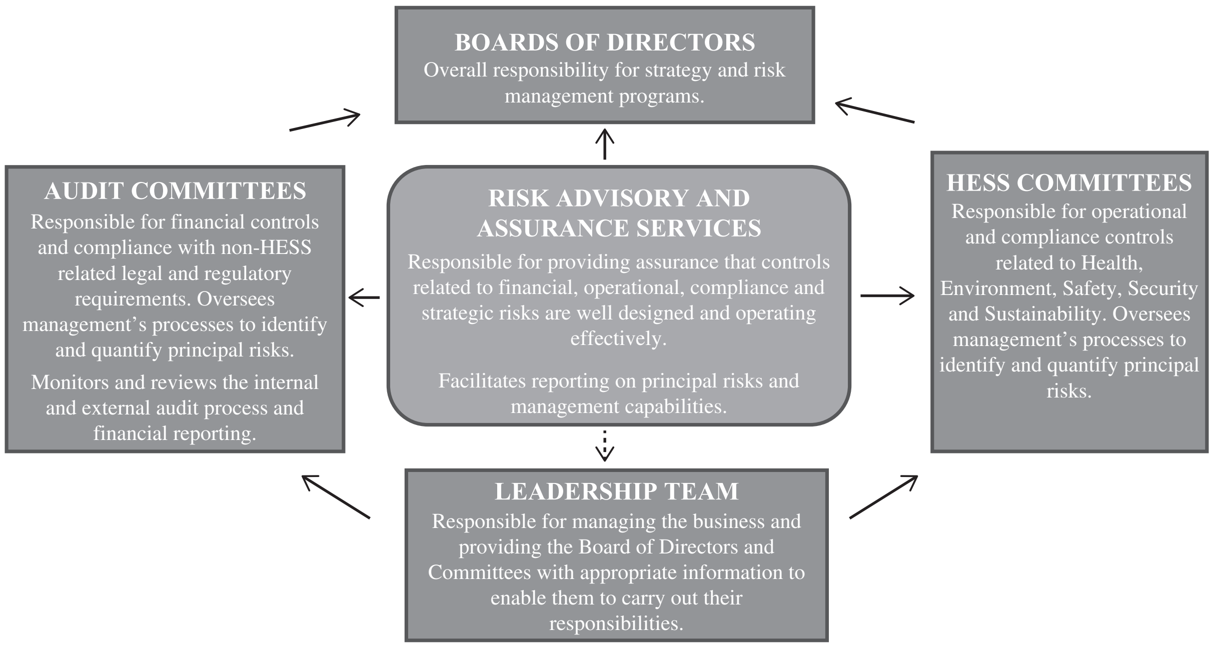
Fuel Price Risks

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 guidance's, 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" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc 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 guidance's, 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.

4. Internal Control and Risk Assessment



Note: The BOD's Compensation and Nominating & Governance Committees are also responsible for some of the strategy and risk management programs.

Carnival Corporation & plc's Boards of Directors

The Boards of Directors ("BODs") have overall responsibility for determining the strategic direction of Carnival Corporation & plc and the nature and extent of the risk assumed by it. The BODs have carried out a robust assessment to ensure that these principal risks, including those that would threaten its business model, future performance, solvency or liquidity are effectively managed and/or mitigated to help ensure Carnival Corporation & plc is viable. As a result of this assessment the BODs have identified the nine principal risks and their management and/or mitigation as listed in Item 5. Risk Management and/or Mitigation of Principal Risks within this Strategic Report. The BODs oversight includes briefings by management, review of audit results and corrective actions, and the results of risk assessment and risk monitoring activities. The framework above illustrates the interaction between the BODs, its Committees and Carnival Corporation & plc management in order to continuously and annually assess, manage and/or mitigate risks. In this regard, the BODs delegate certain risk management activities to all its Committees, but principally to the Audit and HESS Committees as follows:

Audit Committees

The Audit Committees are responsible for oversight of Carnival Corporation & plc financial controls and compliance activities and oversees management's processes to identify and quantify principal risks. They monitor Carnival Corporation & plc's principal financial risks and non-HESS operational and compliance risks identified by the risk assessment processes and report their findings to the BODs. They are also responsible for reviewing in detail the effectiveness of Carnival Corporation & plc's system of internal control policies, and procedures for the identification, assessment and reporting of risk, including identifying new risks as they arise. They review and make recommendations arising from management reports on the effectiveness of internal controls and risk management systems. In addition, the Audit Committees review the historical audit coverage, the audit plan for the upcoming year and results of any testing carried out by Carnival Corporation & plc's internal audit department, Risk Advisory & Assurance Services ("RAAS"), and its external auditors. They also review arrangements by which employees may confidentially raise concerns about improprieties in Carnival Corporation & plc's financial reporting and financial controls. Finally, in connection with their risk oversight role, the Audit Committees regularly meet privately with representatives from Carnival Corporation & plc's independent auditors and registered certified public accounting firm, the Chief Audit Officer and the General Counsel.

HESS Committees

The HESS Committees monitor Carnival Corporation & plc's performance in managing and/or mitigating principal non-financial risks, principally those arising in respect of health, environment, safety and security and sustainability and report their findings to the BODs on a regular basis. The HESS Committees also identify new risks or exposures as they arise. Finally, they oversee management's processes to identify and quantify principal risks and review with management the actions required to minimize such risks.

Leadership Team

The Leadership Team, which consists of our most senior executive management, is responsible for having active plans to strategically manage and/or mitigate the principal financial and non-financial risks identified by the business from the risk assessment processes that are integrated within Carnival Corporation & plc's operations to ensure ongoing viability. Management responsibility for the management and/or mitigation of Carnival Corporation & plc's principal financial and non-financial risks is determined by the Leadership Team. Finally, the Leadership Team also identifies new risks as they arise and ensures they are properly reviewed and monitored.

RAAS

The RAAS department reports directly to the Chairs of the Audit and HESS Committees. RAAS supports the Audit and HESS Committees in fulfilling their governance and oversight responsibilities and are recognized as the BODs primary partner for providing risk advisory and assurance services. RAAS is responsible for providing assurance that controls related to financial (including the U.S. Sarbanes-Oxley Act ("SOX")), operational, compliance and strategic risks are well designed and operate effectively. This is achieved through the performance of annual audits and other reviews as requested by senior executive management and the Audit and HESS Committees. RAAS also conducts annual HESS audits of each brand's head office and of each ship in Carnival Corporation & plc's fleet. In addition, RAAS facilitates reporting on principal risks and how management manages and/or mitigates these risks. RAAS ensures their annual audit plan is well aligned with strategic goals and principal risks. During 2015, RAAS worked closely with the BODs and senior executive management to re-define the Enterprise Risk Management program for value and success.

Senior management receives periodic information regarding internal control issues arising at the business units. The primary focus of this aspect of the control process is the RAAS Department that is responsible for monitoring the process, ensuring that issues common to more than one business unit are identified and that all relevant matters are brought to the attention of the BODs as a whole. In carrying out its functions, the RAAS Department is supported by the Global Accounting and Reporting Services and Corporate Legal Departments, as well as the CEO and the Chief Financial Officer (the "Certifying Officers"). The Certifying Officers are required by rules of the SEC to file written certifications on a quarterly basis certifying, among other items, that they have disclosed to the auditors and the Audit Committees all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Carnival Corporation & plc's ability to record, process, summarize and report financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in Carnival Corporation & plc's internal control over financial reporting.

Internal control and risk management within Carnival Corporation & plc's business units is an ongoing process embedded in each of the operations. It is designed to identify, evaluate and manage the principal risks faced by the units. A robust system of internal controls designed to be capable of responding quickly to evolving risks in the business has been established, comprising procedures for the prompt reporting of significant and material internal control deficiencies together with the appropriate remedial actions.

Carnival Corporation & plc has adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") guidance for implementing its internal controls based on the criteria established in the 2013 framework as part of our SOX compliance plan. COSO is considered to be the model internal control framework and references the same internal control objectives and components as are used by the 2014 revised UK Corporate Governance Code in assessing the effectiveness of a company's risk and control processes.

The system of internal control was in place throughout fiscal 2015 and has continued in place up to the date of approval of this Strategic Report. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The BODs confirm that they have performed their annual review of its effectiveness and that it is in compliance with the 2014 revised UK Corporate Governance Code. The BODs review of the system of internal controls has not identified any significant failings or weaknesses, and therefore, no remedial actions are required.

5. Risk Management and/or Mitigation of Principal Risks.

You should carefully consider the specific principal risk factors set forth below and the other information contained within this Strategic Report, 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 within this Strategic Report and in the Carnival plc Financial Statements 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" within this Strategic Report.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance and policy

- ➢ We have established HESS Committees to assist the BODs in fulfilling their responsibility to supervise and monitor our health, environment, safety and security-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 principal risks or exposures and associated mitigation plans.
- ➢ We are identifying and standardizing best-practice policies and procedures in HESS disciplines across the entire organization and we share them with our principal competitors in the cruise industry.
- ➢ We are further enhancing our processes for auditing ship and shore-based operations and continuously improving our HESS performance throughout our operations and regularly perform shoreside and shipboard audits and take appropriate action when deficiencies are identified.
- ➢ We develop and implement effective and verifiable management systems to fulfill our HESS commitments, and identify those employees responsible for managing HESS and sustainability programs and ensure that there are clear lines of accountability.
- ➢ We align our management compensation with our HESS performance.

Operations

Overall

- ➢ We have the ability to change our ship itineraries to mitigate contagious diseases, security and weather-related risks.
- ➢ We have established a proactive public communications program to help mitigate the adverse impacts from incidents.
- ➢ We have ship compliance officers who train, monitor and report on compliance with our ship operational and regulatory policies and procedures.
- ➢ We provide regular HESS support, training, guidance and information to guests, employees and others working on our behalf.
- ➢ We report HESS incidents and investigate when appropriate, in order to take action to prevent recurrence.
- ➢ We maintain insurance on our ship's hull and machinery and also for other liabilities resulting from ship and other incidents.

Health

- ➢ We regularly clean and sanitize our ships before and during a cruise and have implemented enhanced guest and crew health-screening protocols to curtail the spread of contagious diseases.

Environment

- ➢ We identify the aspects of our business that impact the environment and continue to take appropriate action to minimize that impact.

Safety and Training

- ➢ We have enhanced our procedures, systems and training to further mitigate the risk of engine room fires.
- ➢ We have expanded and accelerated the training of our bridge and engine room officers in maritime-related best practices at our global training facilities in Almere, the Netherlands.
- ➢ We have standardized bridge and engine resource management procedures on our ships and have expanded our existing oversight function to monitor bridge and engine room operations.

Security

- ➢ We identify security-related threats at sea and ashore and set security protocols to mitigate risks, up to and including cancelling port calls.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ We have a strong balance sheet as evidenced by our investment grade credit ratings, which provides us with the ability in most financial market environments to obtain debt financing, as needed. We also have in excess of $2.5 billion in committed revolving credit facilities through at least 2020 with some of the strongest banks in the world, as well as almost $6.5 billion in committed export credit financings available for drawing at the time of the underlying ship deliveries, between 2016 and 2020.

Operations

- ➢ We can mitigate some of this risk by redeploying our ships to more profitable regions of the world because of the mobility of our ships.
- ➢ We have established proactive communication programs to deliver our message to consumers, which helps drive cruise demand.

Security

➢ We identify security-related threats at sea and ashore and set security protocols to mitigate risks, up to and including cancelling port calls.

- *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 Item 2. 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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ We have established Audit Committees to assist with the BOD’s oversight of, among other things, our compliance with legal and regulatory requirements (other than HESS matters); the performance of our internal audit functions and relevant elements of our risk management programs. The Audit Committees and our management team review principal risks or exposures and associated mitigating actions.
- ➢ We have established HESS Committees to assist the BODs in fulfilling their responsibility to supervise and monitor our health, environment, safety and security-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 principal risks or exposures and associated mitigating actions.
- ➢ We have a global risk advisory and assurance function to help ensure financial, operational and compliance controls are well-designed and operating effectively.

Legal and Regulatory

- ➢ We have robust global compliance programs to help ensure all our internal and certain external stakeholders are properly educated about laws and regulations.

- ➢ We work with appropriate government authorities to ensure we are in compliance with rules and regulations applicable to our ship and shoreside operations, and we consult with numerous professionals and participate in various trade associations to help ensure we are aware, and are able to manage the impact, of potential changes to existing regulations.
- ➢ We inform policy makers of our positions and make recommendations regarding proposed changes to existing laws and regulations.
- ➢ We have all of our shipboard operations and ships regularly audited by the national flag state authorities and classification societies and maintain the required certificates of compliance in accordance with the International Safety Management Code.
- ➢ We have ship compliance officers who train, monitor and report on compliance with our ship operational and regulatory policies and procedures.
- ➢ We monitor our tax obligations and ensure we address our significant obligations.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ We have regular Audit and HESS Committees oversight to discuss the risks of cyber-attacks and the mitigating systems, processes and controls we have in place to address these risks.
- ➢ We have a global risk advisory and assurance function to help ensure financial, operational and compliance controls are well-designed and operating efficiently.
- ➢ We have a strong balance sheet as evidenced by our investment grade credit ratings, which provides us with the ability in most financial market environments to obtain debt financing, as needed. We also have in excess of $2.5 billion in committed revolving credit facilities through at least 2020 with some of the strongest banks in the world, as well as almost $6.5 billion in committed export credit financings available for drawing at the time of the underlying ship delivery, between 2016 and 2020.

Disruptions

- ➢ We regularly update and test our business continuity and disaster recovery plans.
- ➢ We have implemented general information technology and application controls that we routinely test to ensure that they are functioning as designed.
- ➢ We have developed and tested a global information technology cybersecurity incident response plan that includes processes that integrate technical, legal and communication actions.

Breaches in Security

- ➢ We implement and maintain security controls to help protect our information technology applications, networks and customer and company data by focusing on protection, identification, access and recovery.
- ➢ We continue to review emerging security threats that may impact our critical systems, data and processes.
- ➢ We continually assess cyber-attack risks to our ship control systems and implement security controls to mitigate them.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ We have established HESS Committees to assist the BODs oversight of, among other things, the recruitment, development and retention of qualified shipboard personnel.
- ➢ We have established a Compensation Committee to assist the BODs in fulfilling their responsibility related to compensation of our senior management.
- ➢ We have established a Nominations Committee to assist the BODs in fulfilling their responsibility for succession planning, high-level recruiting and governance.

Operations

- ➢ We provide hotel and marine-related training to ensure that our shipboard crew, including officers, have the knowledge and skills to properly perform their jobs, including a world-leading simulation training center for our deck and technical officers.
- ➢ We have strong cadet screening and interviewing programs.
- ➢ We are piloting shipboard compensation programs that align compensation with attainment of competencies critical to the safe operation of our ships.
- ➢ We seek to employ diverse people and ensure our workplaces provide a supportive environment.
- ➢ We have formalized personnel appraisal processes.
- ➢ We use employee feedback tools to monitor employees' perspectives and take appropriate actions.
- ➢ We monitor our employee turnover and its underlying causes to understand if there are specific actions that need to be implemented to reduce turnover.
- ➢ Our executive compensation programs are designed to reward financial results and effective strategic leadership through the use of both short-term rewards and long-term incentives, including performance-based elements.
- ➢ We have structured our work processes and incentive compensation plans to reflect a culture that enables our brands to better align their individual performance with our primary financial goals.

- We seek to provide total compensation that allows us to be competitive in the labor markets in which we operate.
- Our decentralized structure supports our CEO and management succession planning.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Consumption

- We may implement additional fuel conservation initiatives and increase ticket prices and collect fuel supplements, which would help to fully or partially offset fuel price increases.
- We can revise itineraries to reduce fuel consumption.
- We have established teams to research and implement innovative technologies to reduce fuel consumption.
- We are adding new, more fuel-efficient ships to our fleet and are opportunistically disposing of less fuel efficient ships.
- We have aligned certain employees' compensation with fuel efficiency targets.

Pricing

- We have established a fuel derivatives program to mitigate a portion of our economic risk attributable to potential fuel price increases.
- We expect to have EGCSs installed on approximately 70% of our fleet by the end of 2017, which will mitigate the impact of regulations that effectively require the use of low sulfur fuels that are higher-priced.

- ➢ We buy large quantities of fuel from selected suppliers to leverage our purchasing power.
- ➢ We are building cruise ships that are propelled by LNG as an alternative to marine fuel oil.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ We net certain exposures to take advantage of natural offsets and also use financial instruments when appropriate.

Operations

- ➢ We may redeploy our ships to mitigate the unfavorable impacts of changes in foreign currency exchange rates.
- ➢ We monitor foreign currency exchange rates and increase ticket and onboard product and service prices to offset adverse changes, when possible.
- ➢ We source guests from different markets based on the relative strength of local currencies to alternative currencies.
- ➢ We sell/buy foreign currencies throughout the year to average-out our foreign currency exchange exposures.

- *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.

Examples of how we manage and/or mitigate this principal risk:

Governance

- ➢ BODs approval are required for certain transactions as follows:
  - — Material changes to our capital structure;
  - — Guarantees in excess of a defined threshold;
  - — Purchase or sale of ships with a carrying value in excess of a defined threshold;
  - — Capital appropriations in excess of a defined threshold;
  - — Disposal of fixed assets with a carrying value or for a consideration in excess of a defined threshold.
  - — Major investments including the acquisition or disposal of interests of more than 5% in the voting shares of any publicly-traded company or the making of any take-over bid and
  - — Entry into any contract (other than procurement contracts for goods and services) with an aggregate value in excess of a defined threshold;

- ➢ We require management to obtain approval from Carnival Corporation & plc's President and CEO for all capital appropriation requests in excess of a defined threshold.
- ➢ We have a three-year Strategic Plan that is reviewed and approved by the BODs.

Operations

- ➢ We have a three-year Strategic Plan and a Capital Plan that is reviewed and approved by our Leadership Team.
- ➢ We use payback periods, return on investment and internal rate of return as key metrics in making our capital allocation decisions.
- ➢ We align senior management's performance-based share awards with company-wide return on invested capital.

- *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 Principal 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.

Examples of how we manage and/or mitigate this principal risk:

Operating Cash Flows

- ➢ We have a three-year Strategic Plan that forecasts our significant cash needs and sources.
- ➢ We monitor and forecast our liquidity and manage our dividend policy, share buybacks and other metrics to maintain strong investment grade credit ratings.

Financings

- ➢ At November 30, 2015, we had liquidity of approximately $10.4 billion, which consisted of:
  - — cash and cash equivalents
  - — availability for borrowing under our revolving credit facilities and
  - — availability for future borrowing under our committed ship export credit facilities when the underlying ships are delivered.
- ➢ We maintain a reasonable debt maturity profile that is spread out over a number of years.
- ➢ We typically enter into a contract to purchase a new ship when there is an underlying ship financing commitment from the shipyard's country.
- ➢ We have a strong balance sheet as evidenced by our investment grade credit ratings, which provides us with the ability in most financial market environments to obtain debt financing, as needed. We also have in excess of $2.5 billion in committed revolving credit facilities through

2020 with some of the strongest banks in the world, as well as almost $6.5 billion in committed export credit financings available for drawing at the time of the underlying ship delivery, between 2016 and 2020.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained within this Strategic 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. 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 ALBD; estimates of ship depreciable lives and residual values; liquidity; goodwill and ship fair values and outlook.

The principal risks we are exposed to are identified within this Strategic Report and additional non-principal risks are identified in our Form 10-K. This Strategic Report 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 Strategic 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.

6. Going Concern Confirmation.

The assessment of future commitments and funding sources within the Business Review indicates that Carnival Corporation & plc is well positioned to meet its commitments and obligations for at least 12 months from the date of this report. In light of these circumstances, the BODs have a reasonable expectation that Carnival Corporation & plc has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Carnival plc consolidated IFRS financial statements.

7. Viability Statement.

The BODs consider that, within the DLC arrangement, the most appropriate presentation of Carnival plc's viability is by reference to the consolidated viability of Carnival Corporation & plc. Accordingly, this Viability Statement that is prepared in accordance with provision C.2.2 of the 2014 revised UK Corporate Governance Code presents the combined group and the BODs have assessed the prospects of Carnival Corporation & plc over a longer period than the twelve months required by the going concern basis of preparation. Whilst the BODs has no reason to believe Carnival Corporation & plc will not be viable over a longer period, the period over which they considered viability is a period of three years. The principal reasons why this period was selected are as follows:

i) Carnival Corporation & plc's Strategic Plan that is presented to the BODs covers a three-year period;
ii) Carnival Corporation & plc plans its guest sourcing and ship deployment strategies over a two to three year horizon;
iii) It takes approximately three years to build a new cruise ship, which is Carnival Corporation & plc's most significant capital investment and
iv) The BODs considers that the three-year Strategic Plan provides a satisfactory basis to judge Carnival Corporation & plc's viability.

The three-year Strategic Plan review also makes certain assumptions about ship additions, improvements and disposals that are likely to occur during the Strategic Plan period, and considers the financings that will also be related to these capital investments. In considering the likely effectiveness of such actions, the conclusions of the BODs regular monitoring and review of risk management and internal control systems, as described on pages 54 to 66, is taken into account. The Carnival Corporation & plc three-year Strategic Plan considers key Non-GAAP metrics as follows:

- Net revenue yields,
- Net cruise costs per ALBD,
- Operating income,
- Operating income per ALBD,
- Earnings per share,
- Liquidity and
- Return on invested capital.

Certain of these metrics are subject to sensitivity analysis, which involves changing a number of the main assumptions underlying the BODs' approved Strategic Plan both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of Carnival Corporation & plc's principal risks actually occurring.

Based on the results of these analyses, and the BODs' risk appetite and how these risks are managed or mitigated, the BODs have a reasonable expectation that Carnival Corporation & plc will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

8. Repurchase Authorizations and Stock Swap Programs.

A. Repurchase Authorizations

Our BODs 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. The Repurchase Program does not have an expiration date and may be discontinued by our BODs 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. From January 28, 2016 through February 19, 2016, we repurchased 8.3 million shares of Carnival Corporation common stock for $369 million under the Repurchase Program. Accordingly, at February 19, 2016 the remaining availability under the Repurchase Program was $843 million.

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 February 19, 2016, the remaining availability under the Stock Swap programs was 18.1 million Carnival plc ordinary shares and 26.0 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.

B. 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 February 19, 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 CIL was authorized to sell up to 32.8 million Carnival plc ordinary shares in the UK market and had 26.0 million shares remaining at February 19, 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, CIL 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.

From December 1, 2015 through February 19, 2016, CIL sold 0.9 million ordinary shares of Carnival plc through its sales agent for net proceeds of $40 million. Substantially all of the net proceeds of these sales were used to purchase 0.9 million shares of Carnival Corporation common stock. See Note 17 – "Reserves and Other Equity Activity" of the Carnival plc financial statements.

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.

This Strategic Report, as set out on pages 1 to 69, has been approved by the Board.

By order of the Board

Micky Arison
Chairman of the Board of Directors
February 19, 2016

INTRODUCTORY NOTE TO THE CARNIVAL PLC IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 2015

The Carnival plc consolidated IFRS Financial Statements on pages 71 to 116, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries.

However, the Directors consider that, within the Carnival Corporation and Carnival plc dual listed company arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP consolidated financial statements ("DLC Financial Statements"), which are included in Annex 1, but do not form part of these Carnival plc financial statements.

CARNIVAL PLC
GROUP STATEMENTS OF INCOME
(in millions, except per share data)

	Years Ended November 30,	
	2015	**2014**
Revenues		
Cruise		
Passenger tickets	$ 5,300	$ 5,664
Onboard and other	1,262	1,329
Tour and other	226	215
	6,788	7,208
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	1,075	1,187
Onboard and other	200	201
Payroll and related	695	716
Fuel	536	836
Food	369	391
Other ship operating	1,493	1,389
Tour and other	156	160
	4,524	4,880
Selling and administrative	782	813
Depreciation and amortisation	640	665
Impairment (reversals) losses, net	(22)	16
	5,924	6,374
Operating Income	864	834
Nonoperating (Expense) Income		
Interest income	1	2
Interest expense, net of capitalised interest	(57)	(70)
Other expense, net	(7)	(3)
	(63)	(71)
Income Before Income Taxes	801	763
Income Tax Expense, Net	(30)	(20)
Net Income	$ 771	$ 743
Earnings Per Share		
Basic	$ 3.57	$ 3.45
Diluted	$ 3.56	$ 3.44

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation. In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own Statements of Income or Statements of Comprehensive Income.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1). For information, set out below is the U.S. GAAP and adjusted consolidated earnings per share included within the DLC Financial Statements of the DLC Annual Report and the Business Review section of the Strategic Report, respectively, for the years ended November 30:

	2015	**2014 (a)**
DLC U.S. GAAP basic earnings per share	$ 2.26	$ 1.57
DLC U.S. GAAP diluted earnings per share	$ 2.26	$ 1.56
DLC adjusted diluted earnings per share	$ 2.70	$ 1.93

(a) The 2014 earnings per share amounts have been revised for the accounting for one of Carnival Corporation brands' marine and technical spare parts in order to consistently expense and classify them fleetwide (see Note 1 of the DLC Financial Statements provided to shareholders as other information, which are included in Annex 1, but do not form part of these Carnival plc financial statements).

CARNIVAL PLC
GROUP STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in millions)

	Years Ended November 30,	
	2015	**2014**
Net Income	$ 771	$ 743
Other Comprehensive (Loss) Income		
Items that will not be reclassified through the Statements of Income		
Actuarial (losses) gains on post-employment benefit obligations	(15)	6
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	(1,054)	(712)
Net gains on hedges of net investments in foreign operations	43	25
Net losses on cash flow derivative hedges	(32)	(37)
	(1,043)	(724)
Other Comprehensive Loss	(1,058)	(718)
Total Comprehensive (Loss) Income	$ (287)	$ 25

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

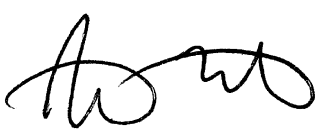
Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
BALANCE SHEETS
(in millions)

	Group		Company	
	November 30,			
	2015	2014	2015	2014
ASSETS				
Current Assets				
Cash and cash equivalents	$ 821	$ 217	$ 731	$ 107
Trade and other receivables, net	148	145	72	72
Insurance recoverables	105	166	-	-
Inventories, net	126	127	45	38
Prepaid expenses and other	113	129	49	50
Total current assets	1,313	784	897	267
Property and Equipment, Net	12,745	13,659	4,610	4,064
Amount Owed from Subsidiaries	-	-	220	77
Goodwill	588	669	165	172
Other Intangible Assets	50	-	-	-
Other Assets	144	216	36	31
Investments in Subsidiaries	-	-	5,717	6,129
	$14,840	$15,328	$11,645	$10,740
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term borrowings	$ 30	$ 14	$ -	$ -
Current portion of long-term debt	354	518	313	470
Amount owed to the Carnival Corporation group	2,039	1,513	2,057	1,328
Accounts payable	262	328	92	100
Claims reserve	151	178	34	9
Accrued liabilities and other	395	402	183	182
Customer deposits	1,217	1,208	820	745
Total current liabilities	4,448	4,161	3,499	2,834
Long-Term Debt	1,936	2,130	1,598	1,687
Other Long-Term Liabilities	212	283	61	78
Shareholders' Equity				
Share capital	358	358	358	358
Share premium	143	137	143	137
Retained earnings	8,362	7,835	6,275	5,734
Other reserves	(619)	424	(289)	(88)
Total shareholders' equity	8,244	8,754	6,487	6,141
	$14,840	$15,328	$11,645	$10,740

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

The Carnival plc Group financial statements contained on pages 71 to 116 were approved by the Board of Directors on February 19, 2016 and signed on their behalf by



Micky Arison
Chairman of the Board of Directors

Arnold W. Donald
President and Chief Executive Officer and Director

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
STATEMENTS OF CASH FLOWS
(in millions)

	Group		Company	
	Years Ended November 30,			
	2015	2014	2015	2014
OPERATING ACTIVITIES				
Income before income taxes	$ 801	$ 763	$ 788	$ 153
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortisation	640	665	246	220
Ship impairment (reversals) losses, net	(22)	53	-	-
Gain on ship sale	-	(37)	-	-
Share-based compensation	9	10	4	5
Interest expense, net	56	68	37	32
Other, net	20	12	15	15
	1,504	1,534	1,090	425
Changes in operating assets and liabilities				
Receivables	(12)	15	(4)	(8)
Inventories	(14)	6	(10)	3
Insurance recoverables, prepaid expenses and other	127	413	(2)	(21)
Accounts payable	(31)	(3)	(5)	16
Claims reserve and accrued and other liabilities	(84)	(359)	(10)	42
Customer deposits	106	41	106	63
Cash provided by operations before interest and taxes	1,596	1,647	1,165	520
Interest received	1	2	10	20
Interest paid	(62)	(77)	(47)	(56)
Income taxes paid, net	(31)	(9)	(1)	(1)
Net cash provided by operating activities	1,504	1,563	1,127	483
INVESTING ACTIVITIES				
Additions to property and equipment	(1,326)	(1,075)	(1,001)	(780)
Proceeds from sale of ship	-	42	-	647
Capital contribution to a subsidiary	-	-	-	(1,243)
Other, net	8	21	7	11
Net cash used in investing activities	(1,318)	(1,012)	(994)	(1,365)
FINANCING ACTIVITIES				
Changes in loans with the Carnival Corporation group and Group companies	707	(728)	768	645
Proceeds from (repayments of) short-term borrowings, net	20	(35)	-	10
Principal repayments of long-term debt	(484)	(357)	(443)	(308)
Proceeds from issuance of long-term debt	456	773	456	773
Dividends paid	(227)	(216)	(227)	(216)
Other, net	(2)	(4)	(1)	(3)
Net cash provided by (used in) financing activities	470	(567)	553	901
Effect of exchange rate changes on cash and cash equivalents	(52)	(30)	(62)	(56)
Net increase (decrease) in cash and cash equivalents	604	(46)	624	(37)
Cash and cash equivalents at beginning of year	217	263	107	144
Cash and cash equivalents at end of year	$ 821	$ 217	$ 731	$ 107

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share capital	Share premium	Retained earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2013	$358	$136	$7,291	$ (359)	$ 4	$1,503	$ 1,148	$ 8,933
Comprehensive income								
Net income	-	-	743	-	-	-	-	743
Changes in foreign currency translation adjustment	-	-	-	(712)	-	-	(712)	(712)
Net gains on hedges of net investments in foreign operations	-	-	-	25	-	-	25	25
Net losses on cash flow derivative hedges	-	-	-	-	(37)	-	(37)	(37)
Actuarial gains on post-employment benefit obligations	-	-	6	-	-	-	-	6
Total comprehensive income (loss)	-	-	749	(687)	(37)	-	(724)	25
Cash dividends declared	-	-	(216)	-	-	-	-	(216)
Other, net	-	1	11	-	-	-	-	12
Balances at November 30, 2014	358	137	7,835	(1,046)	(33)	1,503	424	8,754
Comprehensive income								
Net income	-	-	771	-	-	-	-	771
Changes in foreign currency translation adjustment	-	-	-	(1,054)	-	-	(1,054)	(1,054)
Net gains on hedges of net investments in foreign operations	-	-	-	43	-	-	43	43
Net losses on cash flow derivative hedges	-	-	-	-	(32)	-	(32)	(32)
Actuarial losses on post-employment benefit obligations	-	-	(15)	-	-	-	-	(15)
Total comprehensive income (loss)	-	-	756	(1,011)	(32)	-	(1,043)	(287)
Cash dividends declared	-	-	(239)	-	-	-	-	(239)
Other, net	-	6	10	-	-	-	-	16
Balances at November 30, 2015	$358	$143	$8,362	$(2,057)	$(65)	$1,503	$ (619)	$ 8,244

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share Capital	Share premium	Retained Earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2013	$358	$128	$5,779	$ 75	$ 4	$36	$ 115	$6,380
Comprehensive income								
Net income	-	-	155	-	-	-	-	155
Changes in foreign currency translation adjustment	-	-	-	(191)	-	-	(191)	(191)
Net gains on hedges of net investments in foreign operations	-	-	-	25	-	-	25	25
Net losses on cash flow derivative hedges	-	-	-	-	(37)	-	(37)	(37)
Actuarial gains on post-employment benefit obligations	-	-	6	-	-	-	-	6
Total comprehensive income (loss)	-	-	161	(166)	(37)	-	(203)	(42)
Cash dividends declared	-	-	(216)	-	-	-	-	(216)
Other, net	-	9	10	-	-	-	-	19
Balances at November 30, 2014	358	137	5,734	(91)	(33)	36	(88)	6,141
Comprehensive income								
Net income	-	-	786	-	-	-	-	786
Changes in foreign currency translation adjustment	-	-	-	(212)	-	-	(212)	(212)
Net gains on hedges of net investments in foreign operations	-	-	-	43	-	-	43	43
Net losses on cash flow derivative hedges	-	-	-	-	(32)	-	(32)	(32)
Actuarial losses on post-employment benefit obligations	-	-	(15)	-	-	-	-	(15)
Total comprehensive income (loss)	-	-	771	(169)	(32)	-	(201)	570
Cash dividends declared	-	-	(239)	-	-	-	-	(239)
Other, net	-	6	9	-	-	-	-	15
Balances at November 30, 2015	$358	$143	$6,275	$(260)	$(65)	$36	$(289)	$6,487

The accompanying notes on pages 77 to 116 are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
NOTES TO GROUP AND COMPANY IFRS FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

Carnival plc was incorporated in England and Wales in 2000 and its headquarters is located at Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, UK (registration number 4039524). The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Carnival plc (the "Company"), its subsidiaries and associates (referred to collectively in these IFRS financial statements as the "Group," "our," "us," and "we").

As of February 19, 2016, our cruise brands' summary information is as follows:

Cruise Brands	Passenger Capacity (a)	Percentage of Total Capacity	Number of Cruise Ships
Costa	35,924	34%	15
AIDA	18,656	18	10
P&O Cruises (UK)	18,383	18	8
Princess (b)	14,056	13	6
P&O Cruises (Australia)	7,324	7	5
Cunard	6,694	6	3
Carnival Cruise Line (b)	4,248	4	2
	105,285	100%	49

(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.
(b) Princess and Carnival Cruise Line, two of Carnival Corporation's North America cruise brands, time charter four and one of their ships, respectively, to us to operate year-round in Australia and/or Asia. In addition, Princess time-charters two and Carnival Cruise Line time-charters one ship to us to operate seasonally from Australia and/or Asia.

Basis of Preparation

The Carnival plc Group and Company financial statements are presented in U.S. dollars unless otherwise noted, as this is the Group's and Company's presentation currency. They are prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are stated at fair value.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and International Financial Reporting Interpretations Committee interpretations. The financial statements have been prepared on a going concern basis. The Directors of the Group have a reasonable expectation that, on the basis of current financial projections and available borrowing facilities and based on reassessments of principle risks, we are well-positioned to meet our commitments and obligations for the next 12 months from the date of this report and will remain in operational existence.

The preparation of Group and Company financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported and disclosed amounts in the financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances, and form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in preparing the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A review of the critical accounting estimates made by management is included within the Business Review section of the Strategic Report on pages 37 to 39.

Basis of Consolidation

The Carnival plc Group IFRS Financial Statements include the results of the Company and all its controlled subsidiaries, which subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All significant intra-Group balances and transactions are eliminated in consolidation.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), known as Carnival Corporation & plc, 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. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate Boards of Directors, but the Boards of Directors and senior executive management of both companies are identical. Further details relating to the DLC arrangement are included in Note 3 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful description of their economic interest in the DLC arrangement, consolidated financial statements of Carnival Corporation & plc are included in the DLC Annual Report. The DLC Financial Statements have been prepared under purchase accounting principles whereby the DLC transaction was accounted for as an acquisition of Carnival plc by Carnival Corporation.

The Group and Company IFRS Financial Statements are required to satisfy reporting requirements of the Companies Act 2006 and do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. Accordingly, the Directors consider that, within the DLC arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. generally accepted accounting principles ("U.S. GAAP") DLC Financial Statements, on the basis that all significant financial and operating decisions affecting the DLC companies are made on the basis of U.S. GAAP information and consequences. Accordingly, the DLC Financial Statements are provided to shareholders as other information, which are included in Annex 1, but do not form part of these Carnival plc financial statements. Finally, the Carnival plc Directors' Report, Part II of the Carnival plc Directors' Remuneration Report and the Carnival plc Corporate Governance Report, included as Annexes A, B and C, respectively, to the Notice of Annual Meetings and Proxy Statement, dated February 19, 2016 ("Proxy Statement"), Part I of the Carnival plc Directors' Remuneration Report, contained within the Proxy Statement and the Strategic Report are all included as part of the 2015 Carnival plc Annual Report. Additional information related to environmental, social and governance issues can be found in our Strategic Report, Carnival plc Directors' Report and Carnival plc Corporate Governance Report.

The above mentioned Proxy Statement information can be found at the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com.

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 net realisable value. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment, including ships, are stated at cost less accumulated depreciation. Depreciation and amortisation 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 during 2016, we will operate 49 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 capitalised 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 capitalise 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 capitalised 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 based on our estimate of its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. This is determined by using the asset's estimated discounted future cash flows. If these estimated discounted future cash flows are less than the carrying value of the asset, an impairment charge is recognised for the excess. 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. If subsequent to the impairment there has been a change in the estimates used to determine our ships recoverable amount, then the carrying amount of the ship may be increased by the reversal of the impairment. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognised for the ship in prior years. A significant amount of judgment is required in estimating the future cash flows and fair values of our cruise ships.

Goodwill

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 business units, also referred to as "cruise brands", on the basis of expected benefit resulting from the acquisition and is stated at cost less accumulated goodwill impairment charges. The recoverability of goodwill is determined by comparing the carrying amount of the net assets allocated to each cash-generating unit ("CGU") with its recoverable amount. The estimated recoverable amount is the higher of the cruise brand fair value less cost to sell and its value in use, and if the recoverable amount is greater than the cruise brand net asset carrying value, then the goodwill amount is deemed recoverable. A significant amount of judgment is required in estimating the recoverable amounts of our cruise brands' goodwill.

Revenue and Expense Recognition

Revenue comprises sales to third-parties and excludes VAT and other similar sales taxes. Guest cruise deposits represent unearned revenues and are initially included in customer deposit liabilities when received (see Business Review section on page 49 within the Strategic Report for additional discussion of customer deposits). Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognised 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 recognising 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 utilised or upon issuance to certain ship charterers. Guest cancellation fees are recognised 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 recognised 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 recognised. 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 recognised.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognised 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 recognised ratably over the term of the charter agreement using the straight-line method (see Note 2).

Insurance

We maintain insurance, including under Carnival Corporation & plc’s group risk sharing programs, 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 recognise insurance recoverables from third-party insurers for incurred expenses at the time the recovery is virtually certain and upon realisation 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. 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 in the translation reserve, which is a separate component of other reserves within shareholders' equity. Therefore, the U.S. dollar value of these non-equity translated items in our Group and Company 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 recognised currently in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. These net gains or losses resulting from these "nonoperating foreign currency transactions" were insignificant in 2015 and 2014. In addition, the unrealised gains or losses on our long-term intercompany receivables and payables 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 in the translation reserve.

Share-Based Compensation

We recognise compensation expense for all share-based compensation awards using the fair value method. For time-based share awards, we recognise 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 recognise 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 recognised compensation expense will be reversed and future compensation expense will be adjusted accordingly. For market-based share awards, we recognise 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 recognised. 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 the estimate.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of ordinary shares and common stock equivalents outstanding during each period.

Pensions

The Group operates both defined benefit and defined contribution plans. The net deficit or surplus for each defined benefit pension plan is calculated in accordance with IAS 19(R), based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on AA credit rated bonds or local equivalents that have maturity dates approximating the terms of the pension plans' obligations.

Actuarial gains and losses that arise in calculating the defined benefit pension plans' obligations are recognised in the period in which they arise directly in the Group and Company's comprehensive income.

The operating and financing costs of defined benefit pension plans are recognised in the Group and Company's income; current service costs are spread systematically over the expected average remaining service lives of employees and financing costs are recognised in the periods within which they arise. To the extent that the benefits vest immediately, the expense is recognised immediately in the Group and Company's income.

Defined contribution plan expenses are recognised in the period to which they relate. We contribute to these plans based on employee contributions, salary levels and length of service.

Derivatives and Other Financial Instruments

We utilise derivative and nonderivative 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. Our policy is not to use any financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. The changes in fair value are recognised currently in earnings if the derivatives do not qualify as effective hedges. Subject to specific criteria, derivatives, financial assets and financial liabilities may be designated as forming hedge relationships, as a result of which changes in their fair value are offset in the Group and Company's income or recognised directly in the Group and Company's comprehensive income, depending on the nature of the hedge relationship. Hedging derivatives fall into three classifications: fair value hedges, cash flow hedges and hedges of a net investment. Changes in the fair value of fair value hedge derivatives are offset against the changes in the fair value of the underlying hedged items in the Group and Company's income. The effective portion of the changes in fair value of cash flow hedge derivatives are recognised in the Group and Company's comprehensive income until the underlying hedged item is recognised in earnings or the forecasted transaction is no longer probable. Changes in the fair value of hedges of a net investment are recognised in the Group and Company's comprehensive income to offset a portion of the change in the translated value of the net investment being hedged. In the event that a previously hedged investment is sold or liquidated, the accumulated amount previously recognised from hedging is required to be removed from the hedging reserve within shareholders' equity and reflected in net income. We formally document hedging relationships for all derivative and nonderivative 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 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 the Statements of Cash Flows in the same category as the item being hedged.

Interest-bearing debt and bank overdrafts are recorded at their initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs, and subsequently stated at amortised cost, including accrued interest. Any difference between the proceeds after debt issuance costs and the premium and redemption values are amortised to interest expense over the term of the debt, typically on a straight-line basis which approximates the effective interest method.

Income Taxes

Deferred income taxes are provided using the balance sheet liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Deferred income taxes are measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Current income taxes are the taxes payable on the taxable income for the year, applying current rates and any adjustments in respect of previous years.

Dividends

Dividend distributions are recognised in the period in which the dividends are declared, since under the DLC arrangement the declaration of a dividend by the Boards of Directors of Carnival Corporation and Carnival plc establishes a liability for Carnival plc.

Changes in Accounting Policy and Disclosures

During 2015, we adopted the amendments to IFRS 10, 11 and 12 that did not have a material effect on us.

New and Amended Standards That Will Be Adopted By Us In The Future

- IFRS 8, "Operating Segments" amendment effective for accounting periods beginning on or after February 1, 2015;
- IFRS 15, "Revenue from contracts with customers" effective for accounting periods beginning on or before January 1, 2018 and
- IFRS 16, "Leases" effective for annual periods beginning on or after January 1, 2019.

Management is still in the process of determining if these standards will have a material impact on us.

NOTE 2 - Segment Information

IFRS 8 "Operating Segments" requires that an entity's operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"), who for us is the President and Chief Executive Officer of Carnival Corporation and Carnival plc.

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements. Accordingly, decisions to allocate resources and assess performance for Carnival plc are made by the CODM upon review of the U.S. GAAP segment results across all of Carnival Corporation & plc's cruise brands and other segments. Carnival Corporation & plc has three reportable cruise segments that are comprised of its (1) North America cruise brands, (2) Europe, Australia & Asia ("EAA") cruise brands and (3) Cruise Support. In addition, Carnival Corporation & plc has a Tour and Other segment.

The Carnival Corporation & plc North America cruise segment includes Carnival Cruise Line, Holland America Line, Princess and Seabourn. The Carnival Corporation & plc 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. The Carnival Corporation & plc Cruise Support segment represents certain of its port and related facilities and other services that are provided for the benefit of its cruise brands and Fathom's pre-launch selling, general and administrative expenses.

The Carnival Corporation & plc Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours. In 2014, the Tour and Other segment also included one ship that it 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 finance-type lease and, accordingly, they are being accounted for as operating leases whereby we recognise charter revenue over the term of the agreements.

Subsequent to entering into these agreements, Carnival Corporation & plc's Tour and Other segment includes these three ships. The significant accounting policies of these segments are the same as those described in Note 2 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Selected information for the Carnival Corporation & plc segments and the reconciliation to the corresponding Carnival plc amounts as of and for the years ended November 30 was as follows (in millions):

	Revenues	Operating expenses	Selling and administrative	Depreciation and amortisation	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 (b)	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(d)
Intersegment elimination (a)	(133)	(133)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	15,714	9,447	2,067	1,626	2,574	2,294	39,237
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (e)	(8,926)	(4,923)	(1,285)	(986)	(1,710)(c)	(968)	(24,397)
Carnival plc – IFRS	$ 6,788	$ 4,524	$ 782	$ 640	$ 864	$ 1,326	$ 14,840
2014							
North America Cruise Brands (a) (f)	$ 9,559	$ 6,436	$ 1,121	$ 961	$ 1,041	$ 1,315	$ 22,681
EAA Cruise Brands (b)	6,148	3,914	725	616	893 (g)	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(d)
Intersegment elimination (a)	(128)	(128)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	15,884	10,421	2,054	1,637	1,772	2,583	39,448
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (e)	(8,676)	(5,541)	(1,241)	(972)	(938)	(1,508)	(24,120)
Carnival plc – IFRS	$ 7,208	$ 4,880	$ 813	$ 665	$ 834	$ 1,075	$ 15,328

(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 the Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

(b) Carnival plc consists principally of the EAA cruise brands.

(c) Includes impairment charge reversals to income of $17 million for *Costa Celebration*, $16 million for *Costa neoClassica* and $3 million for *Grand Holiday*, partially offset by an impairment charge of $14 million for *Costa neoRiviera*.

(d) 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 Carnival Corporation & plc owned ships that it leased out under long-term charters to unaffiliated entities.

(e) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. These North American Carnival Corporation cruise brands are Carnival Cruise Line, Holland America Line, Princess and Seabourn. The U.S. GAAP vs. IFRS accounting differences principally relate to differences in the carrying value of ships and related depreciation expenses.

(f) Previously reported Carnival Corporation results changed as a result of our revision of prior period financial statements (see "Note 1- General – Revision of Prior Period Financial Statements" of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements) as follows (in millions):

	November 30, 2014		
North America Cruise Brands	**As Previously Reported**	**Adjustment**	**As Revised**
Operating costs and expenses	$ 6,418	$ 18	$ 6,436
Depreciation and amortization	$ 959	$ 2	$ 961
Operating income (loss)	$ 1,061	$ (20)	$ 1,041
Total assets	$ 22,765	$ (84)	$ 22,681

(g) Includes impairment charges of $31 million for *Grand Holiday* and $22 million for *Grand Celebration* partially offset by a $37 million gain on the sale of *Costa Voyager*.

IFRS 8 also requires disclosure of certain geographical information that is in addition to the requirement to disclose information reviewed by the CODM. The Group's revenues by geographical 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**
North America	$ 1,109	$ 1,049
Europe	4,412	4,925
Australia and Asia	1,090	1,014
Others	177	220
	$ 6,788	$ 7,208

Substantially all of our cruise assets are ships and our cruise capital expenditures are substantially all incurred for ships and ships under construction. Our ships move between geographic regions and, therefore, it is not meaningful to allocate these ship assets and ship capital expenditures to particular regions. In addition, segment information relating to liabilities is not reported to or used by the CODM in order to assess performance and allocate resources to a segment. Our Tour operations' guests are primarily sourced from North America, which is where all our Tour operations' assets and capital spending are located.

NOTE 3 - Income, Expense and Auditors' Remuneration

Operating lease expenses were as follows (in millions):

	Years Ended November 30,	
	2015	**2014**
Ships	$ 570	$ 444
Property	25	27
Other	5	6
	$ 600	$ 477

Auditors' remuneration was as follows (in millions):

Fees payable to the Company's auditor for the audit of the Group and Company financial statements	$ 1	$ 1
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	1	1
	$ 2	$ 2

In addition, during 2015, there were non-audit service fees that were payable to the auditor of $0.2 million ($0.3 million in 2014).

During 2015, the Group recognised:

- a $36 million ship impairment charge reversal to income for *Costa Celebration* (formerly *Grand Celebration*), *Costa neoClassica* and *Grand Holiday* resulting from these ships having been impaired in prior years and their subsequent performance being better than expected and
- a $14 million ship impairment charge for *Costa neoRiviera*.

During 2014, the Group recognised:

- ship impairment charges of $31 million for Ibero's *Grand Holiday* and $22 million for *Grand Celebration* and
- a $37 million gain from the sale of *Costa Voyager*.

Refer to Note 10 for ship impairments and sales discussion.

Selling and administrative expenses include advertising and promotion expenses of $283 million and $292 million and payroll and related expenses of $378 million and $388 million in 2015 and 2014, respectively.

During 2015, the Group recognized $24 million of restructuring expenses related to certain AIDA and Costa operations.

NOTE 4 - Income and Other Taxes

Income tax (expense) benefit, comprised entirely of overseas taxes incurred outside the UK, was as follows (in millions):

	Years Ended November 30,	
	2015	**2014**
Current taxes	$(34)	$(31)
Deferred taxes	4	11
Income tax expense, net	$(30)	$(20)

The total income tax (expense) benefit is reconciled to income taxes calculated at the UK standard tax rate as follows (in millions):

	Years Ended November 30,	
	2015	**2014**
Income before income taxes	$ 801	$ 763
Notional tax expense at UK standard tax rate (2015-20.3% and 2014-21.7%)	(163)	(165)
Effect of Italian and UK tonnage tax and other overseas taxes at different rates	133	145
	$ (30)	$ (20)

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. All interest expense related to income tax liabilities is included in income tax expense. In addition, 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.

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 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 Germany/Italy 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.

U.S. and State Income 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.

Certain of the Company's 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.

NOTE 5 - Dividends

The Board of Directors declared regular quarterly dividends for the first and second quarters at $0.25 per share and for the third and fourth quarters at $0.30 per share in 2015 ($0.25 per share for each quarter in 2014). Our quarterly dividend declarations amounted to $54 million in the first and second quarters and $65 million and $66 million in the third and fourth quarters, respectively, or an aggregate of $239 million in 2015 and $54 million per quarter or an aggregate of $216 million in 2014.

NOTE 6 - 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
Net income for basic and diluted earnings per share	$ 771	$ 743
Weighted-average ordinary shares outstanding	216	215
Dilutive effect of equity plans	1	1
Diluted weighted-average shares outstanding	217	216
Basic earnings per share	$3.57	$3.45
Diluted earnings per share	$3.56	$3.44

As described in Note 1, Carnival Corporation and Carnival plc operate as a DLC. Under the contracts governing the DLC arrangement, the Carnival Corporation & plc consolidated earnings accrue equally to each share of Carnival Corporation common stock and each Carnival plc ordinary share. For this reason, the U.S. GAAP earnings per share for Carnival Corporation & plc are provided for information on page 71.

The weighted-average number of ordinary shares has been reduced for shares in the Company held by the Company's Employee Benefit Trust for the satisfaction of equity awards that have not vested unconditionally. These Employee Benefit Trust held shares do not receive any dividends.

The dilutive shares relate to ordinary shares to be issued on vesting of restricted stock units, performance-based share awards and market-based share awards and the exercise of employee share options. Details of employee share-based compensation are discussed in Note 20.

NOTE 7 - Cash and Cash Equivalents

Cash and cash equivalents were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Cash on ships	$ 46	$ 50	$ 21	$ 16
Cash used for current operations	90	79	41	27
Money market funds and time deposits	685	88	669	64
	$ 821	$ 217	$ 731	$ 107

NOTE 8 – Trade and Other Receivables, Net

Trade and other receivables, net, were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Trade, net	$ 116	$ 111	$ 52	$ 55
VAT, income taxes and other	32	34	20	17
	$ 148	$ 145	$ 72	$ 72

The aging of trade receivables was as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Current	$ 87	$ 99	$ 49	$ 52
1 to 30 days	23	7	2	2
31 to 90 days	5	4	1	1
91 to 180 days	3	3	1	1
Over 180 days	3	7	-	-
	$ 121	$ 120	$ 53	$ 56

The allowance account movements were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Allowance for bad debts at December 1,	$ 10	$ 10	$ 1	$ 2
Recoveries	(1)	(1)	-	-
Write-offs	(4)	-	-	(1)
Allowance for bad debts at November 30,	$ 5	$ 9	$ 1	$ 1

NOTE 9 - Inventories, Net

Inventories, net were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Food and beverage provisions and hotel and restaurant products and supplies, net	$ 80	$ 69	$ 27	$ 22
Fuel	24	39	11	14
Merchandise held for resale, net	13	15	1	-
Other	9	4	6	2
	$ 126	$ 127	$ 45	$ 38

NOTE 10 - Property and Equipment

Property and equipment movements were as follows (in millions):

	Group			Company		
	Ships and ship Improvements	Other property and equipment	Total	Ships and ship improvements	Other property and equipment	Total
Cost at November 30, 2013	$18,048	$1,341	$19,389	$ 5,860	$103	$ 5,963
Exchange movements	(1,293)	(85)	(1,378)	(272)	(21)	(293)
Additions	926	152	1,078	747	33	780
Disposals	(141)	(7)	(148)	(671)	(2)	(673)
Cost at November 30, 2014	17,540	1,401	18,941	5,664	113	5,777
Exchange movements	(2,137)	(61)	(2,198)	(320)	(8)	(328)
Additions	1,222	114	1,336	964	42	1,006
Disposals	(70)	(75)	(145)	(36)	(4)	(40)
Cost at November 30, 2015	$16,555	$1,379	$17,934	$ 6,272	$143	$ 6,415
Accumulated depreciation at November 30, 2013	$ (4,406)	$ (680)	$ (5,086)	$(1,549)	$ (53)	$(1,602)
Exchange movements	305	77	382	80	7	87
Depreciation and amortisation	(580)	(85)	(665)	(206)	(14)	(220)
Impairments (a)	(53)	-	(53)	-	-	-
Disposals	135	5	140	20	2	22
Accumulated depreciation at November 30, 2014	(4,599)	(683)	(5,282)	(1,655)	(58)	(1,713)
Exchange movements	596	25	621	115	5	120
Depreciation and amortisation	(567)	(73)	(640)	(235)	(12)	(247)
Impairment reversals (losses), net (b)	22	-	22	-	-	-
Disposals	62	28	90	31	4	35
Accumulated depreciation at November 30, 2015	$ (4,486)	$ (703)	$ (5,189)	$(1,744)	$ (61)	$(1,805)
Net book value						
At November 30, 2015	$12,069	$ 676	$12,745	$ 4,528	$ 82	$ 4,610
At November 30, 2014	$12,941	$ 718	$13,659	$ 4,009	$ 55	$ 4,064

(a) 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 finance lease and, accordingly, it will be accounted for as an operating lease whereby we will recognize the charter revenue over the term of the agreement. As a result of this transaction, we performed a ship impairment review and recognised a $31 million impairment charge 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's 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 discounted 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 discounted 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 discounted cash flow analysis, we determined that the net carrying value for *Grand Celebration* exceeded its estimated discounted future cash flows. As a result, we recognised a $22 million ship impairment charge during the second quarter of 2014.

Also, during the 2014 second quarter, *Costa Voyager* was sold and we recognised a $37 million gain as a reduction of impairment charges.

(b) At July 31, 2015, we performed discounted future cash flow analysis of certain Costa ships to determine if these ships were impaired based on similar assumptions noted above. Based on its discounted cash flow analysis, we determined that the net carrying value for *Costa neoRiviera* exceeded its estimated discounted future cash flows. As a result, we recognised a $14 million ship impairment charge during the third quarter of 2015. In addition, based on their discounted cash flow analyses, we recognized ship impairment charge reversals to income of $36 million for *Costa Celebration, Costa neoClassica* and *Grand Holiday* during 2015.

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. Our ships' fair values are typically estimated based either on ship sales price negotiations and the associated probability of the ship selling or discounted future cash flows.

We believe that we have made reasonable estimates and judgments in determining whether ships 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 recognise an impairment loss.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. Capitalised interest, substantially all on our ships under construction, amounted to $7 million in 2015 ($10 million in 2014). The interest capitalisation rate is based on the weighted-average interest rates applicable to borrowings within the DLC during each period. During 2015, the average capitalisation rate was 2.9% (3.2% during 2014).

During 2015, the Group and Company took delivery of the 3,647-passenger capacity P&O Cruises (UK)'s *Britannia* and during 2014 the Group took delivery of the 3,692 passenger *Costa Diadema*. In addition, during 2015 and 2014, the Group made stage payments for ships under construction.

In December 2014, we entered into a bareboat charter/sale agreement under which the 1,492-passenger capacity *Costa 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 finance lease and, accordingly, it was accounted for as an operating lease whereby we recognise the charter revenue over the term of the agreement.

At November 30, 2015, the cost of ships under construction included above totalled $255 million ($315 million at November 30, 2014). At November 30, 2015, the net book value of ship assets is shown after deducting government construction grants of $104 million ($129 million at November 30, 2014). At November 30, 2015, the book value of our land was $33 million ($39 million at November 30, 2014).

See Note 3 for additional ship-related discussions.

NOTE 11 - Goodwill and Other Intangible Assets

Goodwill movements were as follows (in millions):

	Group		Company
	Goodwill	**Other Intangible Assets**	**Goodwill**
At November 30, 2013	$723	$ -	$179
Exchange movements	(54)	-	(7)
At November 30, 2014	669	-	172
Additions	-	53	-
Charges for the year	-	(2)	-
Exchange movements	(81)	(1)	(7)
At November 30, 2015	$588	$50	$165

At November 30, 2015 and 2014, all of our cruise brands carried goodwill, except for P&O Cruises (UK) and P&O Cruises (Australia), and the carrying value of our CGUs' or cruise brands' goodwill balance was as follows: AIDA, $122 million (2014 $143 million), Costa, $301 million (2014 $354 million) and Cunard $165 million (2014 $172 million). As of July 31, 2015, we performed our annual goodwill impairment reviews to assess the recoverable amount of each cruise brand's goodwill. For the impairment reviews, the estimated recoverable amounts were based on the higher of the cruise brands' fair value less costs to sell and its value in use. Recoverable amounts for our brands that carried goodwill were determined using the 10-year discounted future cash flow analysis. Our annual impairment reviews resulted in no goodwill impairments.

The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses relate to forecasting future operating results and are as follows:

- net revenue yields and net cruise costs including fuel prices;
- capacity changes, including the expected deployment of vessels into, or out of, the cruise brands, including, but not limited to, the new ships discussed in Note 22;
- weighted-average cost of capital pre-tax discount rates, which ranged from 6.0% to 11.1% of market participants, adjusted for the risk attributable to the geographic region in which the brands operate and
- capital expenditures, terminal values and a range of 0.0% to 3.0% for long-term perpetuity growth rates.

The cash flows were estimated based on those a market participant would expect to derive from the businesses. For all the cruise brands, we used relevant past experience in determining an estimate of future cash flows.

For AIDA we have significant headroom and based on the sensitivity analysis performed no reasonably possible changes in the assumptions would cause the carrying amount of the brand's goodwill to exceed its recoverable amount.

The determination of our cruise brands' goodwill recoverable amounts 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 has 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 recognise an impairment charge.

The fair value of the Costa goodwill currently exceeds the carrying value by more than $750 million. Changes in the individual assumptions would cause the recoverable amount to fall below the carrying amount as follows:

- a reduction in the perpetuity growth rate after 10 years from the 3.0 % assumption applied to a revised assumption of a 1.0% growth rate or less or
- an increase in the discount rate from the 11.1% assumption applied to a revised assumption of 12.1% or more or
- a reduction in the projected operating cash flows across future years by 12.5% or more or
- an increase in fuel price to $759 per metric ton (or 17%) through 2017 and then a 2% annual increase thereafter or
- the inability to achieve a net revenue yield growth of 4.2% for the next four years and 1.7% thereafter.

The fair value of the Cunard goodwill currently exceeds the carrying value by almost $480 million. Changes in the individual assumptions would cause the recoverable amount to fall below the carrying amount as follows:

- a reduction in the perpetuity growth rate after 10 years from an assumed increase of 2.5% compared to an assumed negative growth rate of 3.3% or
- an increase in the discount rate from the 9.0% assumption applied to a revised assumption of 11.4% or more or
- a reduction in the projected operating cash flows across future years by 25.1% or more or
- if there is one less ship in Cunard's fleet or
- an increase in fuel price to $954 per metric ton (or 43%) through 2019 and then a 2% annual increase thereafter or
- no increase in net revenue yields for the next three years and the inability to achieve net revenue yield growth of 2.5% thereafter.

Our brands' estimated recoverable amount significantly exceeded their carrying amount and there have not been any events or circumstances subsequent to July 31, 2015, which we believe require us to perform interim goodwill impairment tests.

Other intangible assets consist of port usage rights and are stated at cost less accumulated amortization, which is calculated to amortise their costs on a straight-line basis over their expected useful lives. Expected useful lives are reviewed annually.

NOTE 12 - Other Assets

Other assets were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Other receivables, including VAT	$ 58	$ 68	$ -	$ -
Insurance recoverables	28	89	-	-
Prepaid expenses and other	42	42	29	25
Deferred taxes	9	11	-	-
Derivative contract receivables	7	6	7	6
	$ 144	$ 216	$ 36	$ 31

Substantially all deferred tax assets relate to net operating losses expected to be recovered against future taxable income. At November 30, 2015, the Group had gross deferred tax assets of $124 million ($132 million at November 30, 2014) and the Company had gross deferred tax assets of $104 million at both November 30, 2015 and 2014, which were not recognised.

NOTE 13 - Investments in Subsidiaries

The Company's investments in subsidiaries' movements were as follows (in millions):

At November 30, 2013	$ 5,106
Capital contributions to a subsidiary (a)	1,243
Exchange movements	(220)
At November 30, 2014	6,129
Exchange movements	(412)
At November 30, 2015	$ 5,717

(a) The capital contributions enabled a subsidiary to fund a ship addition and repay intercompany debt.

At November 30, 2015, the Company's principal operating subsidiary was Costa Crociere S.p.A., which is incorporated in Italy and is 99.97% directly owned by the Company, and principally affects the figures shown in the Group financial statements. This subsidiary owns and operates the Costa and AIDA cruise brands, and through November 30, 2014, the Ibero, Cunard, P&O Cruises (Australia), P&O Cruises (UK) and the leased ships from the Carnival Cruise Line and Princess brands are divisions of the Company, whereas AIDA is a branch of Costa.

The Company's subsidiaries, whose ownership interest is through ordinary shares, including the UK subsidiaries exempt from the requirement to prepare individual audited accounts or individual accounts, (as further specified below) for the year ended November 30, 2015 are as follows:

Company	UK Companies House Registration Number	Country of Incorporation	Effective Interest
A. C. N. 098290834 Pty. Ltd.		Australia	100%
AIDA Kundencenter GmbH		Germany	100%
Air-Sea Holiday GmbH		Switzerland	100%
Alaska Hotel Properties LLC		United States	100%
Barcelona Cruise Terminal SLU		Spain	100%
Carnival UK Limited	03141044	United Kingdom	100%
Carnival Celebration, Inc.		United States	100%
Carnival Corporation & plc Asia (Hong Kong) Limited		Hong Kong	100%
Carnival Corporation & plc Asia Pte. Ltd.		Singapore	100%

Company	UK Companies House Registration Number	Country of Incorporation	Effective Interest
Carnival Corporation Hong Kong Limited		Hong Kong	100%
Carnival Corporation Korea Limited		Korea	100%
Carnival FC B.V.		Netherlands	99.99%
Carnival Japan, Inc.		Japan	100%
Carnival Maritime GMBH		Germany	100%
Carnival Technical Services, Inc.		Japan	100%
CC U.S. Ventures, Inc.		United States	100%
Costa Crociere PTE Ltd.		Singapore	100%
Costa Crociere S.p.A.		Italy	99.97%
Costa Cruceros S.A.		Argentina	95%
Costa Cruise Lines Inc.		United States	100%
Costa Cruise Lines UK Limited (a)	02482631	United Kingdom	100%
Costa Cruises Shipping Services (Shanghai) Company Limited		China	100%
Costa Cruises Travel Agency (Shanghai) Co., Ltd.		China	100%
Costa Cruzeiros Agencia Maritime e Turismo Ltda.		Brazil	100%
Costa International B.V.		Netherlands	100%
Costa Kreuzfahrten GmbH		Switzerland	100%
Cozumel Cruise Terminal S.A. de C.V.		Mexico	99%
Cruise Terminal Services S.A. de C.V.		Mexico	99%
Cruise Ships Catering & Services International N.V.		Curacao	100%
Cunard Celtic Limited		Hong Kong	100%
Cunard Line Limited		Bermuda	100%
F.P.M. SAS		French Polynesia	100%
Fathom Travel Ltd. (b)	9608240	United Kingdom	100%
Fleet Maritime Services (Bermuda) Limited		Bermuda	100%
Fleet Maritime Services Holdings (Bermuda) Limited		Bermuda	100%
Fleet Maritime Services Holdings (India) Ltd.		India	100%
Gibs, Inc.		United States	100%
Global Fine Arts, Inc.		United States	100%
Global Shipping Service (Shanghai) Co., Ltd.		China	100%
Grand Cruise Investments Unipessoal LdA		Portugal	100%
Grand Cruise Shipping Unipessoal LdA		Portugal	100%
Holding Division Iberocruceros SLU		Spain	100%
Holland America Line Inc.		United States	100%
Holland America Line U.S.A., Inc.		United States	100%
HSE Hamburg School of Entertainment GmbH		Germany	100%
Ibero Cruzeiros Ltda.		Brazil	99.9%
Iberocruceros SLU		Spain	100%
International Cruise Services, S.A. de C.V.		Mexico	100%
International Maritime Recruitment Agency, S.A. de C.V.		Mexico	100%
Milestone N.V.		Curacao	100%
Navitrans B.V.		Netherlands	100%
Operadora Catalina S.r.L.		Dominican Republic	100%
P&O Princess American Holdings (a)	01453164	United Kingdom	100%
P&O Princess Cruises International Limited (b)	03902746	United Kingdom	100%
P&O Princess Cruises Pension Trustee Limited (a)	04069014	United Kingdom	100%
P&O Princess Purchasing Limited	00511878	United Kingdom	100%
P&O Properties (California), Inc.		United States	100%
P&O Travel Limited (a)	0773151	United Kingdom	100%
Prestige Cruises Management S.A.M.		Monaco	96%
Prestige Cruises N.V.		Curacao	100%
Princess Cruises & Tours, Inc.		United States	100%
Princess U.S. Holdings, Inc.		United States	100%

Company	UK Companies House Registration Number	Country of Incorporation	Effective Interest
Royal Hyway Tours, Inc.		United States	100%
SeaVacations Limited (b)	03681272	United Kingdom	100%
SeaVacations UK Limited (b)	03633566	United Kingdom	100%
Spanish Cruise Services N.V.		Curacao	100%
Tour Alaska, LLC		United States	100%
Westmark Hotels of Canada, Ltd.		Canada	100%
Westmark Hotels, Inc.		United States	100%
Westours Motor Coaches, LLC		United States	100%

(a) Exempt from preparing individual accounts by virtue of Section 394A of the Companies Act 2006 and from filing individual accounts by virtue of section 448A of the Companies Act 2006.
(b) Exempt from preparing individual audited accounts by virtue of Section 479A of the Companies Act 2006.

In order to obtain the above filing exemptions, the Company has guaranteed the outstanding liabilities to which each of the above companies is subject at November 30, 2015.

NOTE 14 - Unsecured Debt

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

	Group (a)		Company (a)	
	November 30,			
	2015	2014	2015	2014
Long-Term Debt				
Export Credit Facilities				
Fixed rate	$ 134	$ 198	$ 134	$ 198
Euro fixed rate	233	306	-	-
Euro floating rate (b)	1,236	1,136	1,131	1,000
Bank Loans				
Euro fixed rate	132	187	132	187
Floating rate	150	150	150	150
Private Placement Notes				
Euro fixed rate	51	153	51	152
Long-Term Debt	1,936	2,130	1,598	1,687
Current Portion of Long-Term Debt				
Export Credit Facilities				
Fixed rate	65	65	65	65
Euro fixed rate	30	35	-	-
Euro floating rate (b)	151	134	140	121
Bank Loans				
Euro fixed rate	28	34	28	34
Euro floating rate	-	249	-	249
Private Placement Notes				
Euro fixed rate	80	1	80	1
Current Portion of Long-Term Debt	354	518	313	470
Short-Term Borrowings				
Euro floating rate bank loans	30	14	-	-
Short-Term Borrowings	30	14	-	-
Total Debt	$ 2,320	$ 2,662	$ 1,911	$ 2,157

(a) The debt table does not include the impact of our foreign currency and interest rate swaps. Amounts falling due within one year include accrued interest. The floating rate is based on LIBOR or EURIBOR. Substantially all of our fixed rate debt can only be called or prepaid by incurring additional costs. Further detail relating to the Group's policies on managing currency and interest rate risks and additional information on debt and committed financings are provided in Notes 1 and 24 herein, within the Business Review section of the Strategic Report and in Notes 6 and 11 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.
(b) In 2015, we borrowed $472 million under a euro-denominated export credit facility, the proceeds of which were used to pay for a portion of P&O Cruises (UK)'s *Britannia* purchase price. The debt is due in semi-annual instalments through February 2027.

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.

Scheduled annual maturities of our debt were as follows (in millions):

	Group		Company	
	November 30,			
Fiscal	**2015**	**2014**	**2015**	**2014**
2015		$ 532		$ 470
2016	$ 384	500	$ 313	454
2017	413	257	375	211
2018	287	290	248	244
2019	226	218	188	172
2020	180	206	141	161
Thereafter	830	659	646	445
	$ 2,320	$ 2,662	$ 1,911	$ 2,157

Our debt is denominated in different currencies, including the effect of foreign currency swaps, as follows (in millions):

	Group		Company	
	November 30,			
	2015	**2014**	**2015**	**2014**
Euro	$ 2,014	$ 2,251	$ 1,562	$ 1,746
U.S. dollar	306	411	349	411
	$ 2,320	$ 2,662	$ 1,911	$ 2,157

NOTE 15 - Other Long-Term Liabilities

Other long-term liabilities were as follows (in millions):

	Group		Company	
	November 30,			
	2015	2014	2015	2014
Claims reserve	$ 54	$ 120	$ 8	$ 13
Customer deposits	36	41	28	29
Deferred income taxes	29	32	-	-
Post-employment benefits (Note 18)	26	37	1	8
Derivative payables	18	21	18	21
Income taxes	7	9	-	1
Other	42	23	6	6
	$ 212	$ 283	$ 61	$ 78

The Group and Company claims reserve includes estimated liabilities for crew, guest and other third party claims and the Group's claims reserve primarily all related to the January 2012 ship incident.

Deferred income tax liabilities are principally related to differences between the (1) book and tax methods of calculating depreciation expense in our Holland America Princess Alaska Tours business and other North America operations and (2) the timing of recognising our Cozumel, Mexico port hurricane insurance settlement.

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. At November 30, 2015, these interest rate swap agreements effectively changed $418 million of EURIBOR-based floating rate euro debt to fixed rate euro debt. These interest rate swaps settle through March 2025.

Other liabilities of the Group and Company primarily include liabilities for contractual disputes and property lease obligations. These lease obligations are expected to be settled over their term.

NOTE 16 - Share Capital

The issued and fully paid Carnival plc ordinary share capital was as follows (dollars in millions):

	Number of Shares	Share Capital
At November 30, 2013	214,474,909	$ 358
Shares issued	21,691	-
At November 30, 2014	214,496,600	358
Shares issued	138,363	-
At November 30, 2015	214,634,963	$ 358

During 2015, the Company issued 135,104 ordinary shares (17,889 ordinary shares in 2014) following the exercise of share options, for total consideration of $6 million ($1 million in 2014) and for the issuance of Restricted Share Awards ("RSAs"), Restricted Stock Units ("RSUs") and Performance-Based Shares ("PBSs") and Market-Based Shares ("MBSs") and issued 3,259 ordinary shares (3,802 ordinary shares in 2014) in connection with the Carnival plc Employee Stock Purchase Plan. In addition, 300,000 ordinary shares were issued in 2015 (301,000 ordinary shares in 2014) to the Carnival plc Employee Benefit Trust, which are not included above as they were recorded as treasury stock. At November 30, 2015, there were 1,820,000 cumulative outstanding ordinary shares issued to the Carnival plc Employee Benefit Trust.

The Company has 50,000 allotted but unissued redeemable preference shares of £1 each. These redeemable preference shares are entitled to a cumulative fixed dividend of 8% per annum. The preference shares, which carry no voting rights, rank behind other classes of shares in relation to the payment of capital on certain types of distributions from the Company. The Company also has two allotted and issued subscriber shares of £1 each, that carry no voting rights and no right to receive any dividend or any amount paid on return of capital. Finally, the

Company has one special voting share of £1 issued to Carnival Corporation in connection with the DLC transaction to enable Carnival Corporation's shareholders to vote as a group on Company shareholder matters.

NOTE 17 - Reserves and Other Equity Activity

The Group merger reserve relates to the difference between the book value and the fair value of certain businesses sold to Carnival Corporation during 2004 as part of a DLC corporate restructuring, which was accounted for as a group reconstruction.

At November 30, 2015 and 2014, the Carnival plc Employee Benefit Trust held 369,752 and 363,793 ordinary shares of Carnival plc, respectively, with an aggregate par value of $0.6 million at both November 30, 2015 and 2014. At November 30, 2015, the market value of these shares was $19 million ($16 million at November 30, 2014). If they had been sold at this market value there would have been no tax liability in either 2015 or 2014 on the capital gain arising from the sale.

The income attributable to shareholders of the Company was $0.9 billion in 2015 ($0.2 billion in 2014). The 2015 income included $0.6 billion of dividends from a subsidiary. Retained earnings consisted of $4.7 billion ($4.1 billion in 2014) of distributable reserves and $1.7 billion of nondistributable reserves at both November 30, 2015 and 2014.

In 2015, our Board of Directors had authorised, subject to certain restrictions, the repurchase of up to an aggregate of $1.0 billion of Carnival plc ordinary shares and/or Carnival Corporation common stock (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by the Boards of Directors at any time.

During 2015, Carnival Corporation repurchased 5.3 million shares of 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 Board of Directors approved a modification of the Repurchase Program authorization that increased the remaining $213 million of authorized repurchases by $1.0 billion. From January 28, 2016, through February 19, 2016, we repurchased 8.3 million shares of Carnival Corporation common stock for $369 million under the Repurchase Program. Accordingly, at February 19, 2016 the remaining availability under the Repurchase Program was $843 million.

In addition to the Repurchase Program, the Board of Directors authorised, 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 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 realised 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.

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, CIL sold 5.1 million of Carnival plc ordinary shares for net proceeds of $264 million. Substantially all of the net proceeds from these sales were used to purchase 5.1 million shares 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. market on at least an equivalent basis. During 2015, no Carnival Corporation common stock was sold or Carnival plc ordinary shares were repurchased under the Stock Swap program.

From December 1, 2015 through February 19, 2016, CIL sold 0.9 million ordinary shares of Carnival plc through its sales agent for net proceeds of $40 million. Substantially all of the net proceeds of these sales were used to purchase 0.9 million shares of Carnival Corporation common stock. Accordingly, at February 19, 2016 the remaining availability under the Stock Swap programs was 18.1 million Carnival ordinary shares and 26.0 million shares of Carnival Corporation common stock.

Finally, the Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap program 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.

See the Statements of Changes in Shareholders' Equity for movements in capital and other reserves.

NOTE 18 - Post-Employment Benefits

Employee Benefit Plans

Carnival plc is a contributing employer to three defined benefit pension plans: the P&O Princess Cruises (UK) Pension Scheme ("Company's UK Plan"), the multiemployer Merchant Navy Officers Pension Fund ("MNOPF") and the multiemployer Merchant Navy Ratings Pension Fund ("MNRPF"). The defined benefit plans are formally valued triennially by independent qualified actuaries. The valuations for these plans have been carried out at regular intervals, as required by the applicable UK regulations.

The Company's UK Plan's assets are managed on behalf of the trustee by independent fund managers. The Company's UK Plan is closed to new membership. Based on the most recent actuarial review of the Company's UK Plan at March 31, 2014, it was determined that this plan was 102% funded.

The MNOPF is a funded defined benefit multiemployer plan in which British officers employed by companies within the Group have participated and continue to participate. The MNOPF is divided into two sections, the "New Section" and the "Old Section", each of which covers a different group of participants, with the Old Section closed to further benefit accrual and to new membership and the New Section is only closed to new membership. The MNOPF is accounted for as a defined benefit plan. Based on the most recent actuarial review of the New Section at March 31, 2014, it was determined that this plan was 87% funded and the deficits are to be recovered through funding contributions from participating employers. The formal triennial valuation for the MNOPF at March 31, 2015 is currently in-process and, accordingly, the results are not available as of February 19, 2016.

The Old Section covers predecessor employers' officers employed prior to 1978 and is fully funded. In December 2012, the fund's trustee completed a buy-in of the Old Section liabilities with a third-party insurer, whereby the insurer will pay the officers' pension liabilities as they become due. Therefore, we believe our obligation to share in any future funding is remote.

The MNRPF is also a defined benefit multiemployer pension plan available to certain of P&O Cruises (UK)'s shipboard British personnel. This plan is closed to new membership and based on the most recent actuarial review at March 31, 2014, it was determined that this plan was 67% funded and, accordingly, has a funding deficit.

The recorded assets and liabilities on the Group's balance sheets for the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF and other post-employment benefit liabilities were as follows (in millions):

	November 30,	
	2015	2014
Long-term assets		
Employee benefit plan surplus	$ -	$ 10
Long-term liabilities		
Employee benefit plan deficits	$ 1	$ 8
Other post-employment benefits	25	29
	$ 26	$ 37

The employee benefit plan information provided below relates to the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF.

The pension liabilities for accounting purposes were calculated at November 30, 2015 and 2014 by the Group's qualified actuary. The principal assumptions used were as follows:

	Company's UK Plan (%)		MNOPF New Section (%)		MNRPF (%)	
	2015	2014	2015	2014	2015	2014
Discount rates	3.7	3.9	3.5	3.8	3.5	3.8
Expected rates of salary increases	3.7	3.7	3.6	3.7	3.6	3.7
Pension increases						
Deferment	2.2	2.2	2.1	2.2	2.1	2.2
Payment	3.0	3.0	2.9	3.0	2.9	3.0
Inflation	3.2	3.2	3.1	3.2	3.1	3.2

Assumptions regarding future mortality experience are set based on the Self-Administered Pension Schemes tables for the "base" mortality tables. The weighted-average life expectancy in years of a 65-year old pensioner on the balance sheet dates was as follows:

	November 30,	
	2015	2014
Male	22.8	22.5
Female	25.7	25.1

The weighted-average life expectancy in years of a 45-year old future pensioner retiring at age 65 was as follows:

	November 30,	
	2015	2014
Male	25.6	25.1
Female	28.4	27.8

With regard to the Company's UK plan, management considers the types of investment classes in which pension plan assets are invested and the expected compound return that the portfolio can reasonably be expected to earn over time, based on long-term real rates of return experienced in the respective markets.

The amounts recognised in the balance sheets for these plans were determined as follows (in millions):

	November 30,	
	2015	2014
Present value of obligations	$ (579)	$ (572)
Fair value of plans' assets	608	583
Net assets before restriction on assets	29	11
Restriction on assets	(30)	(9)
Net (liabilities) assets recognized in balance sheet	$ (1)	$ 2

Actuarial gains and losses for these plans were as follows (in millions):

	Years Ended November 30,				
	2015	2014	2013	2012	2011
Losses on plans' liabilities	$ (18)	$ (37)	$ (37)	$(20)	$ (13)
Gains on plans' assets, including restriction on assets	3	41	34	15	7
	$ (15)	$ 4	$ (3)	$ (5)	$ (6)

The cumulative actuarial losses recognised in the Group or Company Statements of Shareholders' Equity at November 30, 2015 for these plans were $49 million ($34 million at November 30, 2014).

The amounts recognised in the Group Statements of Income for these plans were as follows (in millions):

	Years Ended November 30, 2015	Years Ended November 30, 2014
Current service cost	$ 7	$ 7
Past service cost and losses on settlements	-	2
Service cost	7	9
Interest cost on defined benefit obligation	21	24
Interest income on plan assets	(22)	(23)
Net interest on defined benefit liability	(1)	1
Administrative expenses	4	2
Cost recognised in Group Statements of Income	$ 10	$ 12

Our estimated contributions expected to be paid into these plans during 2016 are $6 million for the Company's UK Plan and $1 million for the MNOPF New Section.

Analysis of the movements in the balance sheet assets (liabilities) for these plans was as follows (in millions):

	2015	2014
Net assets/(liabilities) at December 1	$ 2	$ (23)
Expenses (see above)	(10)	(12)
Amounts recognised in the Group Statements of Comprehensive Income	(15)	4
Employer contributions	22	32
Exchange movements	-	1
Net (liabilities)/assets at November 30	$ (1)	$ 2

Changes in the present value of defined benefit obligations for these plans were as follows (in millions):

	2015	2014
Present value of obligations at December 1	$ 572	$ 543
Current service cost	7	7
Interest cost	21	24
Contributions from employees	1	1
Benefits paid	(18)	(17)
Past service cost	-	2
Actuarial losses on plan liabilities	18	37
Exchange movements	(22)	(25)
Present value of obligations at November 30	$ 579	$ 572

The sensitivity of plan liabilities to changes in certain key assumptions were as follows:

- 0.5% reduction in the discount rate results in an increase of $55 million;
- 0.5% increase in inflation rate results in an increase of $41 million and
- 1 year increase in life expectancy would result in an increase of $19 million.

Changes in the fair value of these plans' assets were as follows (in millions):

	2015	2014
Fair value of plans' assets at December 1	$ 583	$ 537
Interest income on plan assets	22	23
Return on plan assets greater than discount rate	23	35
Employer contributions	22	32
Contributions from employees	1	1
Benefits paid	(18)	(17)
Administrative expenses	(4)	(2)
Gain due to change in share of MNRPF	1	-
Exchange movements	(22)	(26)
Fair value of plans' assets at November 30	$ 608	$ 583

The actual gains on these plans' assets in 2015 were $45 million ($58 million in 2014).

These plans' assets were comprised as follows (in millions, except percentages):

	November 30,			
	2015		2014	
		%		%
Equities	$ 266	43.8	$ 238	40.8
Property	-	-	14	2.4
Corporate bonds	97	16.0	96	16.5
Fixed interest gilts	108	17.7	116	19.8
Liability matching investments	137	22.5	119	20.5
	$ 608	100.0	583	100.0
Restriction on assets (a)	(30)		(9)	
	$ 578		$ 574	

(a) These assets are restricted because they relate to multiemployer plans.

The Company's net pension balance represents substantially all of the Group's funded employee benefit plans.

Other Post-Employment Benefits

At November 30, 2015, other post-employment benefit liabilities included $7 million ($8 million at November 30, 2014) for a deferred bonus agreement to make annual payments to a former executive director through 2019. In addition, under Italian employment legislation Costa is required to maintain a staff leaving indemnity. Under the indemnity employees are entitled to receive a payment, calculated by reference to their length of service and salary up to December 31, 2006, if they cease employment with Costa. These payments are not conditional on employees reaching normal retirement age and following amendments to the legislation generate no further benefit accrual after December 31, 2006. At November 30, 2015, Costa had accrued a liability of $8 million ($11 million at November 30, 2014).

Defined Contribution Plans

The Group has several defined contribution plans available to most of its shore staff employees. During 2015, the Group expensed $9 million ($8 million in 2014) for these plans.

NOTE 19 - Key Management

The aggregate compensation of the Group's key management was as follows (in millions):

	Years Ended November 30,	
	2015	2014
Fees	$ 1	$ 1
Salaries and benefits	2	2
Performance related bonuses	5	4
Total short-term employment benefits	8	7
Share-based compensation	7	8
	$ 15	$ 15

The key management, which consists of the Board of Directors, has responsibility and authority for controlling, directing and planning Carnival plc's activities. Their aggregate compensation includes amounts paid by both Carnival Corporation and Carnival plc.

During 2015 and 2014, there were no exercises of share options by executive directors of Carnival plc ordinary shares. Further details on Directors' remuneration, including RSA, RSU, PBS and MBS awards, share options and pension entitlements, are set out in Parts I and II of the Carnival plc Directors' Remuneration Report.

NOTE 20 - Employees

The average number of our employees was as follows:

	Years Ended November 30,	
	2015	2014
Shore staff	6,571	6,493
Sea staff	29,892	29,112
	36,463	35,605

The aggregate payroll and related expenses included in both cruise operating expenses and selling and administrative expenses were as follows (in millions):

	Years Ended November 30,	
	2015	2014
Salaries, wages and benefits	$ 860	$ 838
Social security and payroll taxes	52	55
Pensions	19	27
Share-based compensation	9	10
	$ 940	$ 930

Share-based compensation included $0.2 million in 2015 and 2014 that were recharged by Carnival Corporation in respect of RSU, PBS and MBS awards, and options granted over Carnival Corporation common stock to certain U.S.-based Carnival plc Group employees.

Equity Plans

We issue our share-based compensation awards under the Carnival plc stock plan, which has 8.2 million shares available for future grant at November 30, 2015. This plan allows us to issue time-based share ("TBS") awards, (which include restricted stock awards ("RSA") and restricted stock units ("RSU")), performance based share ("PBS") awards and 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 $9 million in 2015 ($10 million in 2014), the vast majority of which is included in selling and administrative and the remainder in cruise payroll and related expenses.

TBS, PBS and MBS Awards

Carnival plc grants RSUs, which all vest at the end of three years and accrue forfeitable dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared and have no voting rights. The share-based compensation expense for TBS awards is based on the quoted market price of the Carnival plc shares on the date of grant.

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

In 2014, the Committee approved MBS awards to be granted to certain of our senior executives. The MBS awards were valued at $3 million in 2014 as of the date of the grant. The share based compensation expense for MBS awards were based on the quoted market price of the Carnival plc ordinary shares on the date of grant and the probability of certain market conditions being achieved. One-half 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.

The Group awarded 211,704 RSUs and 31,563 PBSs at a weighted-average price of £30.93 in 2015 (252,042 RSUs, 50,778 PBSs and 41,479 MBSs at a weighted-average price of £27.72 in 2014) principally to certain officers and management level employees.

Prior to granting RSUs, PBSs and MBSs, the Committee granted options over ordinary shares, under the Carnival plc 2005 Employee Share Plan and the Carnival plc Executive Share Option Plan, which have maximum terms of up to seven years for options granted after October 2006. Options granted prior to October 2006 have maximum terms of up to ten years. The number and weighted-average exercise price of Carnival plc options were as follows:

	2015		2014	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at December 1	257,924	$ 46.55	739,707	$ 45.82
Exercised	(135,690)	$ 44.54	(17,889)	$ 39.87
Forfeited or expired	(122,234)	$ 44.95	(463,894)	$ 42.54
Outstanding and exercisable at November 30	-	$ -	257,924	$ 46.55

The obligations underlying the Company's stock options, RSUs, PBSs and MBSs awards are settled through the issuance of Carnival plc ordinary shares.

NOTE 21 - Related Party Transactions

Group

During 2015, Holland America Line and Princess purchased land tours from us totalling $133 million ($128 million in 2014) and packaged these land tours for sale with their cruises. In addition, during 2015 and 2014, we sold $1 million of shore excursions and transportation services to the Carnival Corporation group.

At November 30, 2015, we owed $2.0 billion ($1.5 billion at November 30, 2014) to the Carnival Corporation group, which was unsecured and repayable on demand. The $2.0 billion liability to the Carnival Corporation group at November 30, 2015 is euro-denominated and bears interest ($1.3 billion at November 30, 2014).

During 2015, Fathom, a Group subsidiary, entered into a service agreement with Holland America Line and Princess for the provision of services related to building occupancy, customer support, finance, human resources, information technology, legal and revenue operations. During 2015, $0.1 million was purchased from Holland America and Princess by Fathom for these services.

Within the DLC arrangement, there are instances where we provide services to Carnival Corporation group companies, and also where Carnival Corporation group companies provide services to us. For example, we participate in Carnival Corporation & plc's group risk-sharing programs related to hull and machinery for ships and crew and guest claims. Additional disclosures of related party transactions are discussed in Note 3 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Within our operational and organisational structure, the key management personnel, as defined under IAS 24 "Related Party Disclosures," consists of the Directors of the Company. Details of the Directors' remuneration are provided in the Carnival plc Directors' Remuneration Report and any relevant transactions are given in the "Certain Relationships and Related Party Transactions" section, both of which are included within the Proxy Statement. The aggregate emoluments of our key management are shown in Note 19.

Company

At November 30, 2015 and 2014, Carnival Corporation owned 1,115,450, or 0.5% of the Company's ordinary shares, which are non-voting. During 2015 and 2014, CIL did not purchase any ordinary shares of Carnival plc. At November 30, 2015, CIL owned 25,792,144 or 11.9% (30,848,634 or 14.3% at November 30, 2014) of the Company's ordinary shares, which are also non-voting.

During 2015, CIL sold 5.1 million of Carnival plc ordinary shares for net proceeds of $264 million. Substantially all of the net proceeds from these sales were used to repurchase 5.1 million shares 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. market on at least an equivalent basis.

In both 2015 and 2014, Carnival Corporation and CIL received dividends on their Carnival plc ordinary shares in the aggregate amount of $32 million.

During 2015, the Company had multi-year ship charter agreements with Princess and Carnival Cruise Line for five (2014 four ships) and one of their ships, respectively, for us to operate year-round in Australia and/or Asia. Since September 2014, Carnival Cruise Line began time chartering another ship to us that operated seasonally from Australia. Both the year-round and seasonal charters are accounted for as operating leases. Princess and Carnival Cruise Line are subsidiaries of Carnival Corporation. The total charter payments in 2015 were $570 million ($444 million in 2014), which were included in other ship operating expenses.

In October 2015, P&O Cruises (Australia) purchased *Ryndam* and *Statendam,* which each have a passenger capacity of 1,260, for an aggregate of $243 million from Holland America Line and renamed them *Pacific Aria* and *Pacific Eden*, respectively.

During 2015, the Company continued to provide a guarantee to the MNOPF for certain employees who have transferred between subsidiaries of the Company.

The key management personnel of the Company comprise members of the Boards of Directors. Except for some share-based compensation and some fees for UK-based services, the Directors did not receive any remuneration from the Company in 2015 and 2014, as their emoluments were borne by other companies within the DLC. Details of the Company's share-based compensation to Directors are disclosed in the Carnival plc Directors' Remuneration Report, which is included in the Proxy Statement. The Company did not have any transactions with the Directors during 2015 and 2014, other than those discussed in our Directors' Remunerations Report.

Transactions with Subsidiaries

The Company enters into loans with its subsidiaries at floating rates of interest, generally at rates agreed to between the parties from time to time. At November 30, 2015, the Company had a receivable from its subsidiary totalling $212 million of a floating rate euro-denominated loan ($62 million at November 30, 2014). In addition at November 30, 2015, the Company had net receivables of $8 million from its subsidiaries, which are callable on demand ($15 million of net receivables callable on demand at November 30, 2014).

NOTE 22 - Commitments

Group

At November 30, 2015 including ship construction contracts entered into through February 19, 2016, we had nine ships under contract for construction with an aggregate passenger capacity of 39,944 lower berths with four for AIDA, four for Costa and one for P&O Cruises (Australia). The estimated total cost of these ships is $7.3 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. We have paid $0.3 billion through November 30, 2015 and our remaining cruise ship commitments, aggregated based on each ship's delivery date, are expected to be $0.3 billion in 2016, $0.4 billion in 2017, $1.0 billion in 2018, $2.5 billion in 2019 and $2.8 billion in 2020.

Future minimum lease and port facility commitments, aggregated based on the lease and port facility expiration dates, for noncancellable operating leases and port facility agreements were as follows (in millions):

	November 30,	
Fiscal	2015	2014
2015		$ 567
2016	$ 650	9
2017	3	6
2018	16	15
2019	3	11
2020	11	5
Thereafter	449	460
Total	$ 1,132	$ 1,073

Company

At November 30, 2015, the Company had $742 million ($751 million in 2014) of contracted capital commitments relating to ship construction contracts. Ship capital commitments included contract payments to the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items.

NOTE 23 - Contingent Liabilities

The cross guarantees provided to and from Carnival Corporation as a result of the DLC arrangement, as further discussed within Notes 3, 6 and 11 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements and within the Business Review section of the Strategic Report, provide that Carnival plc has guaranteed all Carnival Corporation's indebtedness and certain other of their monetary obligations and Carnival Corporation has provided similar guarantees to Carnival plc.

Some of the debt contracts that we enter into include indemnification provisions that obligate the Group 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 the Group is not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. The Group has 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.

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 the Group and Company financial statements.

NOTE 24 - Financial Instruments

Fair Value Measurements

IFRS establishes a fair value hierarchy that prioritises 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 maximise the use of observable inputs and minimise 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.

There were no transfers between Level 1, Level 2 and Level 3 during 2015 and 2014. The 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 realised in a current or future market exchange.

The fair value of cross guarantees within the DLC arrangement (see Note 23) are not significant at November 30, 2015 or 2014, and are not expected to result in any material loss.

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

Financial assets were as follows (in millions):

Group

	November 30, 2015				November 30, 2014			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Cash and cash equivalents (a)	$ 136	$ 136	$ -	$ -	$ 129	$ 129	$ -	$ -
Long-term other assets (b)	3	-	-	3	14	-	-	13
	$ 139	$ 136	$ -	$ 3	$ 143	$ 129	$ -	$ 13

Company

	November 30, 2015				November 30, 2014			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Cash and cash equivalents (a)	$ 62	$ 62	$ -	$ -	$ 43	$ 43	$ -	$ -
	$ 62	$ 62	$ -	$ -	$ 43	$ 43	$ -	$ -

(a) Cash and cash equivalents are comprised of cash on hand. Due to their short maturities the carrying values approximate their fair values.

(b) At November 30, 2015 and 2014, long term other assets were substantially all comprised of notes receivable. The fair value of our note receivable was estimated using a risk-adjusted discount rate.

The carrying and estimated fair values of debt were as follows (in millions) (a):

Group

	November 30, 2015				November 30, 2014			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Floating rate								
Euro export credit facilities	$1,387	$ -	$1,402	$ -	$1,270	$ -	$1,236	$ -
Bank loans	150	-	149	-	150	-	149	-
Euro bank loan	-	-	-	-	249	-	248	-
Short-term euro bank loans	30	-	30	-	14	-	14	-
	$1,567	$ -	$1,581	$ -	$1,683	$ -	$1,647	$ -
Fixed rate								
Bearing interest at 3.0% to 3.9%	$ 295	$ -	$ 327	$ -	$ 396	$ -	$ 428	$ -
Bearing interest at 4.0% to 6.9%	327	-	358	-	430	-	466	-
Bearing interest at 7.0% to 7.9%	131	-	145	-	153	-	178	-
	$ 753	$ -	$ 830	$ -	$ 979	$ -	$1,072	$ -

Company

	Carrying Value 2015	Level 1 2015	Level 2 2015	Level 3 2015	Carrying Value 2014	Level 1 2014	Level 2 2014	Level 3 2014
Floating rate								
Euro export credit facilities	$1,271	$ -	$1,284	$ -	$1,121	$ -	$1,090	$ -
Euro bank loan	-	-	-	-	249	-	248	-
Bank loans	150	-	149	-	150	-	149	-
	$1,421	$ -	$1,433	$ -	$1,520	$ -	$1,487	$ -
Fixed rate								
Bearing interest at 3.0% to 3.9%	$ 160	$ -	$ 176	$ -	$ 221	$ -	$ 239	$ -
Bearing interest at 4.0% to 6.9%	199	-	210	-	263	-	279	-
Bearing interest at 7.0% to 7.9%	131	-	145	-	153	-	178	-
	$ 490	$ -	$ 531	$ -	$ 637	$ -	$ 696	$ -

(a) 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 being slightly lower (slightly higher at November 30, 2014), 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.

The summary of the maturity profiles of the financial liabilities at November 30, 2015 and 2014 was as follows (in millions):

Group

2015	2016	2017	2018	2019	2020	There-after	Total
Floating rate debt	$ 188	$306	$156	$148	$139	$739	$1,676
Fixed rate debt	233	143	161	103	63	159	862
Undiscounted cash flow obligations of debt, including future interest	421	449	317	251	202	898	2,538
Amounts owed to Carnival Corporation group	2,039	-	-	-	-	-	2,039
Claims reserve (a)	151	-	-	-	-	-	151
Trade payables, accrued liabilities and other	657	-	-	-	-	-	657
Other liabilities	-	25	21	18	15	33	112
At November 30, 2015	$3,268	$474	$338	$269	$217	$931	$5,497

2014	2015	2016	2017	2018	2019	There-after	Total
Floating rate debt	$ 406	$292	$142	$143	$131	$689	$1,803
Fixed rate debt	174	261	156	183	114	261	1,149
Undiscounted cash flow obligations of debt, including future interest	580	553	298	326	245	950	2,952
Amounts owed to Carnival Corporation group	1,513	-	-	-	-	-	1,513
Claims reserve (a)	178	-	-	-	-	-	178
Trade payables, accrued liabilities and other	730	-	-	-	-	-	730
Other liabilities	-	93	26	23	22	38	202
At November 30, 2014	$3,001	$646	$324	$349	$267	$988	$5,575

(a) Primarily all of our claims reserve relate to crew, guest and other third-party claims from a January 2012 ship incident.

Company

2015	2016	2017	2018	2019	2020	There-after	Total
Floating rate debt	$ 146	$294	$145	$136	$127	$671	$1,519
Fixed rate debt	194	105	125	67	29	28	548
Undiscounted cash flow obligations of debt, including future interest	340	399	270	203	156	699	2,067
Amounts owed to Carnival Corporation group	2,057	-	-	-	-	-	2,057
Trade payables, accrued liabilities and other	309	-	-	-	-	-	309
Other liabilities	-	11	6	4	3	9	33
At November 30, 2015	$2,706	$410	$276	$207	$159	$708	$4,466

2014	2015	2016	2017	2018	2019	There-after	Total
Floating rate debt	$ 378	$278	$128	$128	$116	$595	$1,623
Fixed rate debt	127	215	111	140	73	66	732
Undiscounted cash flow obligations of debt, including future interest	505	493	239	268	189	661	2,355
Amounts owed to Carnival Corporation group	1,328	-	-	-	-	-	1,328
Trade payables, accrued liabilities and other	291	-	-	-	-	-	291
Other liabilities	-	22	7	6	4	11	50
At November 30, 2014	$2,124	$515	$246	$274	$193	$672	$4,024

Substantially all financial liabilities are held at amortised cost. The fair values of our financial liabilities not included in the table above approximate their book values.

As noted below the Group's liquidity is considered on a consolidated Carnival Corporation & plc basis. Included in the "Future Commitments and Funding Sources" section within the Business Review section of the Strategic Report is a schedule of the maturity profiles of the recorded and unrecorded contractual cash obligations of Carnival Corporation & plc at November 30, 2015.

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):

Group

	November 30, 2015		November 30, 2014	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Assets				
Cash equivalents (a)	$ 685	$ -	$ 88	$ -
Marketable securities held in trust (b)	$ 1	$ -	$ 1	$ -
Derivatives				
Net investment hedges (c)	$ -	$ 14	$ -	$ 12
Liabilities				
Derivatives				
Interest rate swaps (d)	$ -	$ (24)	$ -	$ (28)
Foreign currency zero cost collars (e)	$ -	$ -	$ -	$ (1)

Company

	November 30, 2015		November 30, 2014	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Assets				
Cash equivalents (a)	$ 669	$ -	$ 64	$ -
Derivatives				
Net investment hedges (c)	$ -	$ 14	$ -	$ 12
Liabilities				
Derivatives				
Interest rate swaps (d)	$ -	$ (24)	$ -	$ (28)
Foreign currency zero cost collars (e)	$ -	$ -	$ -	$ (1)

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

(b) At November 30, 2015 and 2014, marketable securities held in trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks and money market funds.

(c) At November 30, 2015, we had foreign currency forwards totalling $44 million ($403 million at November 30, 2014) 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.

(d) At November 30, 2015 and 2014, we had euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At November 30, 2015, these interest rate swap agreements effectively changed $418 million ($546 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.

(e) At November 30, 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 ship building payments totalling $550 million.

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 model such as interest rate and yield 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 and interest rate swaps 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.

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 recognised 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	$14	$ -	$14	$ -	$ 14
Liabilities	$24	$ -	$24	$ -	$ 24

	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	$14	$(2)	$12	$ -	$ 12
Liabilities	$31	$(2)	$29	$ -	$ 29

Capital Management

Within the DLC arrangement, the consolidated Carnival Corporation & plc group's primary financial goals are to profitably grow its cruise business and increase its ROIC, reaching double digit returns in the next two to three years, while maintaining a strong balance sheet. Their ability to generate significant operating cash flows allows Carnival Corporation & plc to internally fund its capital investments. Carnival Corporation & plc's goal is to return excess adjusted free cash flows to its shareholders in the form of additional dividends and/or share buybacks. In addition, Carnival Corporation & plc is committed to maintaining its strong investment grade credit ratings, which are among the highest in the leisure travel industry. Other objectives of its capital structure policy are to maintain a sufficient level of liquidity with its 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. The Group manages its capital on a consolidated Carnival Corporation & plc basis, applying U.S. GAAP. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the Business Review section of the Strategic Report.

The net debt to capital ratio of the Group at November 30, 2015 and 2014 was calculated as follows (in millions):

	2015	2014
Total debt	$ 2,320	$ 2,662
Less cash and cash equivalents	(821)	(217)
Net debt	1,499	2,445
Shareholders' equity	8,244	8,754
Total capital	$ 9,743	$ 11,199
Net debt to capital ratio	15.4%	21.8%

At November 30, 2015, the net debt to capital ratio for the consolidated Carnival Corporation & plc group, applying U.S. GAAP and prepared on the same basis as above, was 23.7% (26.5% at November 30, 2014). Substantially all of our Group and Company debt agreements, including our 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, including those held by Carnival Corporation, 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. At November 30, 2015, we believe we were in compliance with all of our debt covenants.

Liquidity Risk

Within the DLC arrangement, liquidity and liquidity risk is assessed on a consolidated Carnival Corporation & plc basis and there are cross guarantees between the two parent companies that result in there being little substantive difference in the availability of debt financing for either Carnival Corporation or Carnival plc. Typically, the Carnival Corporation & plc debt financing agreements allow for either Carnival Corporation or Carnival plc to draw under the facilities, with the non-borrowing parent as guarantor. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the Business Review section of the Strategic Report.

As noted in the "Future Commitments and Funding Sources" section within the Business Review section of the Strategic Report, at November 30, 2015 the consolidated Carnival Corporation & plc group had liquidity of $10.4 billion. Carnival Corporation & plc's 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 their revolving credit facilities, and $6.5 billion under their committed future financings, which are comprised of ship export credit facilities.

Interest Rate Risk

Within the DLC arrangement, consolidated Carnival Corporation & plc manages its exposure to fluctuations in interest rates through its debt portfolio management and investment strategies. They evaluate their 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.

The interest rate profiles of the book value of financial assets and (liabilities) at November 30, 2015 were as follows (in millions):

Group

	2016	2017	2018	2019	2020	There-after	Total
Floating rate							
Cash and cash equivalents	$ 821	$ -	$ -	$ -	$ -	$ -	$ 821
Euro export credit facilities	(148)	(146)	(146)	(138)	(126)	(683)	(1,387)
Bank loans	-	(150)	-	-	-	-	(150)
Short-term euro bank loans	(30)	-	-	-	-	-	(30)
	$ 643	$ (296)	$ (146)	$ (138)	$ (126)	$ (683)	$ (746)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (45)	$ (40)	$ (40)	$ (40)	$ (40)	$ (90)	$ (295)
Bearing interest at 4.0% to 5.9%	(81)	(77)	(50)	(50)	(14)	(55)	(327)
Bearing interest at 6.0% to 7.9%	(80)	-	(51)	-	-	-	(131)
	$ (206)	$ (117)	$ (141)	$ (90)	$ (54)	$ (145)	$ (753)

Company

	2016	2017	2018	2019	2020	There-after	Total
Floating rate							
Cash and cash equivalents	$ 731	$ -	$ -	$ -	$ -	$ -	$ 731
Euro export credit facilities	(137)	(136)	(137)	(126)	(116)	(619)	(1,271)
Bank loans	-	(150)	-	-	-	-	(150)
	$ 594	$ (286)	$ (137)	$ (126)	$ (116)	$ (619)	$ (690)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (30)	$ (27)	$ (25)	$ (26)	$ (27)	$ (25)	$ (160)
Bearing interest at 4.0% to 5.9%	(66)	(63)	(35)	(35)	-	-	(199)
Bearing interest at 6.0% to 7.9%	(80)	-	(51)	-	-	-	(131)
	$ (176)	$ (90)	$ (111)	$ (61)	$ (27)	$ (25)	$ (490)

The interest rate profiles of financial assets and (liabilities) at November 30, 2014 were as follows (in millions):

Group

	2015	2016	2017	2018	2019	There-after	Total
Floating rate							
Cash and cash equivalents	$ 217	$ -	$ -	$ -	$ -	$ -	$ 217
Euro export credit facilities	(132)	(130)	(130)	(130)	(118)	(630)	(1,270)
Euro bank loan	(249)	-	-	-	-	-	(249)
Bank loans	-	(150)	-	-	-	-	(150)
Short-term euro bank loans	(14)	-	-	-	-	-	(14)
	$ (178)	$ (280)	$ (130)	$ (130)	$ (118)	$ (630)	$ (1,466)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (52)	$ (48)	$ (48)	$ (48)	$ (48)	$ (152)	$ (396)
Bearing interest at 4.0% to 5.9%	(83)	(80)	(80)	(52)	(52)	(83)	(430)
Bearing interest at 6.0% to 7.9%	(2)	(92)	-	(59)	-	-	(153)
	$ (137)	$ (220)	$ (128)	$ (159)	$ (100)	$ (235)	$ (979)

Company

	2015	2016	2017	2018	2019	There-after	Total
Floating rate							
Cash and cash equivalents	$ 107	$ -	$ -	$ -	$ -	$ -	$ 107
Euro export credit facilities	(119)	(117)	(117)	(117)	(106)	(545)	(1,121)
Euro bank loan	(249)	-	-	-	-	-	(249)
Bank loans	-	(150)	-	-	-	-	(150)
	$ (261)	$ (267)	$ (117)	$ (117)	$ (106)	$ (545)	$ (1,413)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ (34)	$ (31)	$ (31)	$ (31)	$ (31)	$ (63)	$ (221)
Bearing interest at 4.0% to 5.9%	(66)	(63)	(63)	(36)	(35)	-	(263)
Bearing interest at 6.0% to 7.9%	(2)	(92)	-	(59)	-	-	(153)
	$ (102)	$ (186)	$ (94)	$ (126)	$ (66)	$ (63)	$ (637)

Carnival Corporation & plc has fixed and floating rate debt and uses interest rate swaps to manage its interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. Based upon a 10% hypothetical change in the November 30, 2015 market interest rates, their annual interest expense on floating rate debt would change by an insignificant amount. Substantially all of Carnival Corporation & plc's fixed rate debt can only be called or prepaid by incurring costs, therefore, it is unlikely they will be able to take significant steps in the short-term to mitigate their fixed rate debt exposure in the event of a significant decrease in market interest rates. For additional information see the Business Review section of the Strategic Report and Note 11 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Foreign Currency Exchange Rate Risks

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 nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances. 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 realised 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 nonderivative 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 Risk

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.

Based on a 10% hypothetical change in all currency exchange rates that were used in Carnival Corporation & plc's December 18, 2015 guidance, Carnival Corporation & plc estimate (including both the foreign currency translational and transactional impacts) its adjusted diluted earnings guidance would change by $0.30 per share on an annualized basis for 2016. For additional information see the Business Review section of the Strategic Report and Note 11 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

Investment Currency Risk

At November 30, 2015, substantially all of the Group net operating assets were denominated in euros, sterling and Australian dollars. As a result of this currency composition, the Group's U.S. dollar consolidated balance sheet can be affected by currency movements. The Group partially mitigates the effect of such movements by entering into foreign currency forwards and having some borrowings in the same currencies as those in which the assets are denominated.

The exchange rates for each of our major currencies as of and for the year ended November 30, 2015 and 2014 were as follows:

	2015			2014		
	£:U.S.$	**euro:U.S.$**	**Aus:U.S.$**	**£:U.S.$**	**euro:U.S.$**	**Aus:U.S.$**
November 30 exchange rates	1.50	1.06	0.72	1.56	1.25	0.85
Average yearly exchange rates	1.54	1.12	0.76	1.65	1.34	0.91

At November 30, the fair value of derivatives included in the Group and Company balance sheets at November 30, 2015 and 2014 were as follows (in millions):

	2015			2014		
	Notional	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**
Foreign currency forwards- net investment hedges	$ 44	$ 14	$ -	$ 403	$ 12	$ -
Debt related interest rate swaps-cash flow hedge	$ 418	-	24	$ 546	-	28
Foreign currency zero cost collars-ships	$ -	-	-	$ 550	-	1
		$ 14	$ 24		$ 12	$ 29

At November 30, 2015, the Group and Company have $44 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this 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 forwards' fair values would change by $4 million, which would be offset by a corresponding change of

$4 million in the U.S. dollar value of our net investments. In addition, based on a 10% hypothetical change in the U.S. dollar to euro, sterling and Australian dollar exchange rates at November 30, 2015, which are the functional currencies we translate into our U.S. dollar reporting currency, we estimate our 2015 cumulative translation adjustment would have changed by $366 million.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealised gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant. Ineffectiveness arising on cash flow hedges was not material during 2015 and 2014 and, accordingly, all cash flow hedges were considered effective.

Newbuild Currency Risk

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 nonderivative financial instruments to manage foreign currency exchange rates risk for some of our ship construction payments.

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 recognised in other comprehensive loss during 2015.

At February 19, 2016, our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of $0.7 billion.

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. Additional detail relating to the Group's and Company's financial risk management objectives and policies is included in Note 1, the Business Review section of the Strategic Report and Note 11 of the DLC Financial Statements, which are included in Annex 1, but do not form part of these Carnival plc financial statements.

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 contracts and interest rate swap agreements that are in-the-money, which were not material at November 30, 2015, is the replacement cost, 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 minimise these credit risk exposures, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, 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 minimise 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 honour 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.

Independent auditors' report to the members of Carnival plc

Report on the financial statements

Our opinion

In our opinion, Carnival plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2015 and of the Group's and the Company's profit and cash flows for the year then ended; and
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Carnival plc's financial statements, included within the Annual Report, comprise:

- the Group and Company balance sheets as at 30 November 2015;
- the Group statement of income and statement of comprehensive income for the year then ended;
- the Group and Company statements of cash flow for the year then ended;
- the Group and Company statements of changes in shareholders' equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

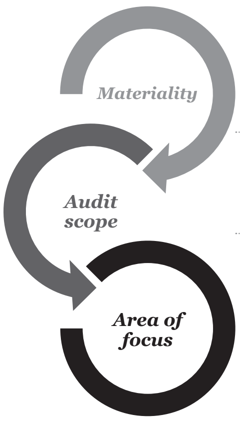
Certain required disclosures have been presented elsewhere in the Carnival plc Annual Report Documents (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The Carnival Corporation consolidated financial statements for 2015, prepared under U.S. Generally Accepted Accounting Principles (referred to as either "The Carnival Corporation & plc Annual Report" or the "DLC Financial Statements"), which are included in Annex I of the Carnival plc Strategic Report and IFRS Financial Statements, as other information, do not form part of the Carnival plc IFRS Financial Statements and, as such, are not within the scope of this opinion.

Our audit approach

Overview



- Overall Group materiality: $45 million, which represents approximately 5% of net income before income taxes, adjusted for goodwill impairment charges, to the extent that they are significant.

- Carnival plc has seven operating units which fall into three reporting segments. Three operating units were subject to an audit of their complete financial information due to their size.

The areas of audit focus were:

- Risks of fraud in relation to revenue recognition.
- Impairment reviews of AIDA Cruises ("AIDA"), Costa Cruises ("Costa") and Cunard goodwill and the carrying value of certain Costa, P&O Cruises (UK) ("P&O (UK)")) and P&O Cruises (Australia) ("P&O (Australia)") ships.
- Costa Concordia incident (the "2012 ship incident").

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	*How our audit addressed the area of focus*
Risks of fraud in relation to revenue recognition We focused on the timing of revenue recognition in the final months of the accounting year to check that revenue was recorded in the correct period particularly for cruises that straddle the yearend and for revenue that has been received in advance of the cruise departure, which is deferred until the voyage has taken place.	We examined the appropriateness of the Group's accounting policy surrounding revenue recognition and its compliance with IFRSs as adopted by the EU, and tested the application of this policy, with particular emphasis on the risks identified opposite. Where appropriate we evaluated the integrity of the relevant computer systems, such as through performing user access and programme change control testing. We also tested the operating effectiveness of the internal controls over the recording of revenue against a specific voyage in the period and we checked the Group's cut off straddle adjustment for voyages where the duration spanned the yearend by comparing the Director's estimate to data such as voyage departure dates, duration, and voyage revenue and cost records. During the year we performed three ship visits to undertake walkthroughs of some of the onboard revenue processes to gain an understanding of those processes, such as in-house shop, bar revenue, cash counts, casino revenue and shore excursion revenue, as well as boarding checks, credit card checks and onboard account set up. The focus is mainly on obtaining/updating our understanding of procedures performed onboard. At the yearend we tested the revenue received in advance of the cruise taking place with reference to cruise voyage schedules and a sample of bookings to determine the appropriateness of related customer deposits, which have been deferred. We also tested journal entries posted to revenue accounts to identify any unusual or irregular items, and the reconciliations between the revenue systems used by the Group and its financial ledgers. Based on our testing we did not identify any material misstatements.

Area of focus

Impairment reviews of AIDA, Costa and Cunard goodwill and the carrying value of certain Costa, P&O (UK) and P&O (Australia) ships

The Group holds significant amounts of goodwill and property and equipment in the form of ships on the balance sheet related to its cruise brands ("brands"), as detailed in Notes 10 and 11 to the financial statements. The risk is that these balances are overstated and need to be impaired.

In assessing the carrying value of goodwill and certain ships, the Directors are required to make judgements about the future performance of these brands and ships, including whether the ships will remain in use or be sold.

We focussed on the valuation of AIDA, Costa and Cunard, which had goodwill carrying values of $122 million, $301 million and $165 million, respectively, as the Europe cruise region has continued to experience economic pressures, which could impact the headroom previously assessed.

AIDA's, Costa's and Cunard's goodwill valuations are dependent on maintaining or improving net revenue yield's and operational improvements. As such we focussed on the assumptions the Directors made about the growth rates in these areas.

No goodwill impairment charge was taken as a result of the Directors' review.

The economic conditions in the Italian, UK and Australian regions led the Directors to evaluate the carrying value of certain Costa, P&O (UK) and P&O (Australia) ships.

The ship valuations are either dependent on continuing net revenue yield growth and operational improvements, where the ship is expected to remain in use, or for those that are chartered or expected to be disposed of the valuation is dependent on expected operational cash flows or sale proceeds, respectively. As such we focussed on the assumptions the Directors made about the growth rates in these areas, the expected ability of the charterer/purchaser to pay amounts due and the expected sale proceeds considering recent ship sales in assessing the carrying value of vessels.

Net impairment releases of $22 million have been taken as a result of the Directors' review.

How our audit addressed the area of focus

We evaluated the Directors' future cash flow forecasts, the assumptions used and the process by which they were prepared, for AIDA, Costa and Cunard and for those ships that experienced an event that would potentially trigger an impairment review in the current year, including comparing the forecasts to the latest Board approved strategic plans. We evaluated the reasonableness of the Directors' forecasts, by assessing their historical forecasting accuracy. We also evaluated:

- the Directors' key assumptions for changes to net revenue yield, net cruise costs (including fuel prices), new ship additions and remaining useful life of the ships, by comparing them to current revenue booking and cost trends, as well as historical results and economic and external industry data;
- the long-term growth rates in the forecasts, by comparing them to external industry forecasts;
- the discount rate applied to the goodwill assessments by assessing the cost of capital for the Group; and
- the discount rate applied to the ship assessments by assessing the cost of capital of the brand and the country.

We found the assumptions to be consistent with our expectations, as a result of performing a sensitivity stress test analysis on each of the key assumptions, particularly considering the expected growth in net revenue yields across their key markets, changes to cruise costs, including the impact of fuel consumption and price changes, new ship additions, long-term growth rate, the discount rate and the remaining life of the ships and how the actual results compared to previous forecasts. For Costa and Cunard we consider that lower than expected growth in the net revenue yields, adverse economic conditions or an inability to achieve the planned results could reasonably be expected to give rise to an impairment charge in the future. This is consistent with the Director's assessment as detailed in Note 11.

We also considered recent ship sales compared to the carrying value of the vessels, the ability of third parties to pay amounts due and the likelihood of the Director's being able to redeploy ships into other markets, should the need arise, where carrying values could be recovered and took into account instances where this had occurred in the past.

Based on our testing we did not identify any material misstatements.

Area of focus	*How our audit addressed the area of focus*
The 2012 ship incident The Group holds a significant provision of $132 million and a largely offsetting insurance recoverable on the balance sheet in relation to this 2012 ship incident (Notes 12 and 15). The risk is that these balances are not correctly stated. The Directors have had to continue to make judgements about the exposure to environmental site restoration and legal claims as well as the amounts recoverable under insurance. We continued to focus on the completeness and accuracy of the provision recognised at yearend as well as the valuation of the carrying value of the insurance recoverable and the associated presentation in the financial statements.	We examined the terms of the environmental site restoration contract and held independent discussions with the Group's insurance providers regarding the status of the insurance claim under the contract. In evaluating the environmental site restoration costs and incident related legal claims from guests and crew, we evaluated the views of both internal and external legal counsel of the Group. We also examined the evidence available from the costs incurred to date. We evaluated the Group's accounting for the insurance claim; the cash received to date and considered the collectability of the insurance recoverable. We also evaluated the Directors' assumptions relating to the remaining costs to be incurred, taking into account the expected future costs and reports of the engineers contracted by the Group and the insurance providers. Based on this we did not identify any material omissions from the provision and we found that there was evidence to support the Directors' conclusion that it was appropriate to recognise the insurance recoverable on the balance sheet on a gross basis.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Carnival has seven operating units which fall into three reporting segments. Three operating units, AIDA, Costa and Carnival UK (Cunard and P&O (UK)) which contribute over 90% of net income before income taxes to the Group results were subject to an audit of their complete financial information, due to their size, by local component audit teams. We visited the AIDA and Carnival UK operating units to review the component teams' work and we met local management. As it relates to the Costa component team we met and reviewed their work via the use of video conferences and Webex's, having performed in person visits to this team in the prior two years. There have been no significant changes in the composition of our Costa component team since our visit in 2014. In addition specific audit procedures were performed on certain balances and transactions in respect of other operating units, including the carrying value of certain ships. This together with additional procedures performed at the Group level, including auditing the consolidation, gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	$45 million (2014: $38 million).
How we determined it	Approximately, 5% of net income before income taxes, adjusted for the goodwill impairment charges, to the extent that they are significant.
Rationale for benchmark applied	We believe that net income before income taxes, adjusted for goodwill impairment charges, to the extent that they are significant, is the primary measure used by shareholders and other users of the financial statements in assessing the performance of the Group, and that by excluding items (such as goodwill impairment charges, to the extent that they are significant), it provides a clearer view on the performance of the underlying business. In the prior year we used an average of net income before income taxes from continuing operations of the past four years approach, as it provided a consistent year-on-year basis for determining materiality by considering the impact of the 2012 ship incident on overall continuing operations during this period and eliminated the disproportionate impact of this incident.
Component materiality	For each component in our audit scope, we allocated a materiality that was less than our overall Group materiality. The range of materiality allocated across components was between $33 million and $43 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $2 million (2014: $2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 66 of the Strategic Report in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report, included within the Annual Report, and the Carnival plc Directors' Report, set out in Annex A to the Proxy Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• information in the Annual Report is: - materially inconsistent with the information in the audited financial statements; or - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or - otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page A-9 in Annex A to the Proxy Statement, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages C-4 to C-5 and C-6 to C-9 in Annex C to the Proxy Statement as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
• the Directors' confirmation on page 54 of the Strategic Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group and Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures on pages 56 to 66 of the Strategic Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on pages 66 to 67 of the Strategic Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.
Under the Listing Rules we are required to review the Directors' statement on page 54 of the Strategic Report that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement on pages 66 to 67 of the Strategic Report in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit.	We have nothing material to add or to draw attention to.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report in Annex B to the Proxy Statement, dated February 19, 2016, to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page A-9 in Annex A to the Proxy Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nicholas Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 February 2016

CARNIVAL
CORPORATION & PLC

2015 ANNUAL REPORT

Annex 1
DLC Annual Report

CARNIVAL CORPORATION & PLC
2015 ANNUAL REPORT

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COMPANY

Carnival Corporation & plc is the largest leisure travel company in the world, and among the most profitable and financially strong. 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. We operate our 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. 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.

Our portfolio of cruise brands in North America, Europe, Australia and Asia are comprised of Carnival Cruise Line, Fathom, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK). Together, these brands operate 99 ships totaling 216,000 lower berths with 17 cruise ships scheduled to be delivered between 2016 and 2020. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon, which complements our Alaska cruise operations. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

HIGHLIGHTS

	2015	2014	2013	2012	2011
	(in millions, except per share amounts and statistical data)				
Revenues	**$ 15,714**	$ 15,884	$ 15,456	$ 15,382	$ 15,793
Net Income [a]	**$ 1,757**	$ 1,216	$ 1,055	$ 1,285	$ 1,912
Adjusted Net Income [a] [b]	**$ 2,106**	$ 1,504	$ 1,209	$ 1,501	$ 1,939
Earnings Per Share - Diluted [a]	**$ 2.26**	$ 1.56	$ 1.36	$ 1.65	$ 2.42
Adjusted Earnings Per Share - Diluted [a][b]	**$ 2.70**	$ 1.93	$ 1.55	$ 1.92	$ 2.46
Statistical Data					
Passengers Carried (in thousands)	**10,800**	10,600	10,100	9,800	9,600
Passenger Capacity [c][d]	**216,000**	212,000	208,000	203,000	196,000
Number of Ships [d]	**99**	100	101	100	99

(a) See "Note 1 – General" to the Consolidated Financial Statements.

(b) For a reconciliation to U.S. GAAP, see "Selected Financial Data."

(c) Passenger capacity is calculated based on two passengers per cabin.

(d) As of November 30, except for 2011 which are as of January 23, 2012.

Annex 1
DLC Annual Report

CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

Dear Shareholders,

2015 was a very strong year for our company. We accelerated progress toward our goal of delivering a double-digit return on our investment with earnings that were over 40 percent higher than 2014 — and that was on top of nearly 25 percent growth in 2013. We achieved over 4 percent higher revenue yields while our ongoing efforts to leverage our industry-leading scale helped to contain costs. Our adjusted earnings exceeded $2 billion (U.S. GAAP earnings of $1.8 billion). Record cash from operations topped $4 billion which was more than enough to fund our capital commitments and still return in excess of $1 billion to shareholders through a 20 percent increase in the annual dividend and the ongoing repurchase of Carnival stock.

These strong results were a tribute to the outstanding efforts of our 120,000 shipboard and shoreside team members who create exceptional vacation experiences for nearly 11 million guests annually, along with the vital support of our travel agent partners around the globe. Their combined efforts enabled us to overcome a variety of obstacles in 2015 and to exceed the high-end of the full-year guidance we provided at the beginning of the year. These obstacles included macroeconomic and geopolitical challenges, and the usual weather and other one-off events as well as a $0.10 per share drag from fuel prices and currency fluctuations compared to our earlier guidance.

We enjoyed strong performance on both sides of the Atlantic, particularly in North America. In fact, some of our brands have reached the double-digit return threshold already, including our flagship brand Carnival Cruise Line. We are very proud of the Carnival Cruise Line team, which has worked so hard and so effectively to accelerate the brand's return to double-digits.

THE PATH TO DOUBLE-DIGIT RETURNS

Looking ahead, we are working hard to deliver double-digit return on our investment across the entire corporation through our ongoing efforts to drive demand in excess of measured capacity growth and to capture the inherent value of our industry-leading scale.

Measured Capacity Growth

We remain focused on maintaining measured capacity growth by delivering innovative, more efficient ships, while at the same time removing less efficient vessels from our fleet.

During the year, progress continued on our fleet-enhancement program as we finalized agreements for eight new cruise ships for delivery between 2018 and 2020 as part of our strategic partnership with Fincantieri in Italy and Meyer Werft in Germany and Finland.

These new ships will be among the most efficient we have ever built and will significantly enhance the return profile of our entire fleet. Several of these next-generation ships will pioneer a new era in the use of sustainable fuels through our "green cruising" design represented by the first cruise ships to be powered at sea and in port by liquefied natural gas, considered the world's cleanest burning fossil fuel. These ships will also introduce a host of innovative guest experiences that we will announce in the coming months.

We are especially excited about our new ship deliveries in 2016, including *AIDAprima*, *Carnival Vista*, Holland America *Koningsdam* and *Seabourn Encore*. Among the innovative features designed to further complement the guest experience unique to each brand, these new additions bring to the fleet an outdoor ice rink, a lazy river ride, the first ship-top open-air cycling skyride, the first IMAX theatre at sea and Blend, the first purpose-built personalized shipboard wine-blending venue. We expect each ship delivery to help drive demand well in excess of our planned capacity growth.

Even with these four new ships, our capacity growth in North America and Europe will be less than 2 percent in 2016. As anticipated, our overall 3.5 percent capacity growth will again be weighted toward Asia Pacific as we transfer capacity to meet increasing demand in that region.

Accelerating Demand

I am very proud of our teams' many accomplishments last year. Those efforts included our multi-faceted campaign built around the 2015 Super Bowl, which generated more than 10 billion positive media impressions during the height of wave season; P&O Cruises' delivery of *Britannia*, the largest ship ever built specifically for British guests and named by Her Majesty the Queen; Princess Cruises' 50th anniversary celebration, which reunited the original cast of "The Love Boat" television series, and featured an award-winning float in the Rose Parade; Cunard's 175th anniversary salute to Liverpool where the three Queens — *Elizabeth, Victoria and Queen Mary 2* — captivated 1.3 million onlookers in what may have been the largest attendance at a single day maritime event in history; and, most recently, our historic five-ship event in Sydney Harbor for P&O Cruises (Australia).

These well-crafted opportunities showcase our brands, increase consumer awareness and bolster consideration for a cruise vacation. In fact, our positive media impressions are up three-fold in just two years.

In 2015, we made significant progress on many other initiatives designed to achieve consistent revenue yield improvement by creating demand that surpasses supply.

Of course, the best way to increase demand is to continue to exceed guest expectations. One way to accomplish that is to bring the best specialty restaurants and celebrity chef-designed menus to sea. Our growing list of renowned chefs includes Thomas Keller, Australian chef Curtis Stone and chocolatier Norman Love, joining Marco Pierre White, Guy Fieri and David Burke, among others.

We continue to enhance our entertainment offerings across our brands with the addition of B.B. King's Blues Club, the live interactive music experience Billboard Onboard, The Voice of the Ocean, Lincoln Center Stage and new productions by Stephen Schwartz, award-winning composer of "Wicked," along with a host of technological and programming innovations.

The diversity of great entertainers aboard our ships keeps growing with headliners like country music superstar Carrie Underwood, folk legends Crosby, Stills and Nash; jazz star Herbie Hancock; and even the Grinch, through Carnival Cruise Line's Seuss at Sea program. And, to give consumers yet another reason to take a cruise, we will host our first Fashion Week at sea in 2016.

These, along with fresh retail and gaming options, are all designed to offer guests even more of what they want and in turn drive higher onboard revenue.

Our focus is on consistently exceeding guest expectations and creating lifelong advocates. Customer feedback indicates that we are continuing to deliver on our guest experience, and the intent to repeat is very strong across our brands.

New Market Opportunities

We reinforced our leadership position in the burgeoning China cruise region with the successful introduction of a fourth ship in 2015. We are well positioned in 2016 with two more year-round ships — one each for the Costa Cruises and Princess Cruises brands.

We expect to bolster our growth in China for years to come. Beyond 2016, Princess Cruises' *Majestic Princess*, the first ship built specifically for Chinese guests and designed to stimulate consumer demand, will enter China along with both our Carnival Cruise Line and AIDA brands. Entering China with multiple brands enables us to grow our presence faster and achieve deeper penetration by providing cruise experiences aimed at differentiated segments. In addition, we recently signed a joint venture with the China State Shipbuilding Corporation and the China Investment Corporation to further our growth in this region.

We are well positioned to capitalize on the growing demand for international travel among Chinese consumers following the recent easing of travel restrictions coupled with a growing upper middle class. Chinese outbound travelers, already estimated at 135 million strong, are expected to grow to 200 million by 2020. Over time we are confident that China will rank among the largest source regions for cruises.

While today China represents just 5 percent of our global capacity, we expect it to continue to be an expansive growth region for us. By shifting capacity growth from North America and Europe to the fast growing China region, we are further fostering combined revenue yield growth.

Working Together to Unlock our Potential

Our team is totally engaged in capturing the full benefit of the latent opportunity inherent in our industry-leading scale — in both driving revenues and containing costs.

The more than 5 percent onboard revenue growth achieved in 2015 is an affirmation of the inherent power of harnessing our collective efforts as we embrace a fundamental behavioral change through communicating, collaborating and coordinating across our 10 world-leading brands.

Improved coordination among our brands has also contributed to revenue yield improvements, and we have completed the design phase of a common revenue management system across a number of our brands.

Significant progress was also made delivering cost savings in 2015 in a variety of procurement areas including air travel, food and hotel supplies. We have identified additional opportunities to leverage our scale to reduce costs while enhancing the guest experience in 2016 and beyond. These efforts will deliver a cumulative total cost savings of $170 million since we began the conversation just over two years ago and will continue to be rolled out over time and help to offset inflation.

Sustainable Operations

Our reputation and success depend on having sustainable and transparent operations. We continually strive to ensure cruising is the most enjoyable vacation experience for our guests. We fulfill this commitment by keeping guests and crew members safe, protecting the environment, developing our workforce, strengthening our stakeholder relations, enhancing the port communities our ships visit and maintaining our financial strength. We also strive to be a responsible global corporate citizen and to be a company that people want to work for.

We continue to make progress on many fronts in our sustainability journey and we have expanded our corporate goals beyond our carbon emissions reduction goal to develop 10 new sustainability goals. These goals are focused on further reducing our environmental footprint by 2020, enhancing the health, safety and security of our guests and crew members, and ensuring sustainable business practices across our brands and business partners.

Developing and implementing advancements in technology is also an important component of our sustainability strategy. We continue to drive innovation and technological breakthroughs within the cruise and maritime industries. We have taken the lead on developing solutions to meet the operational parameters of new fuel-emission regulations and have embarked on a process of installing new exhaust gas cleaning systems on our ships.

In a further effort to have a positive impact, we have introduced our newest brand Fathom, which is pioneering a new travel category we call impact travel. The Fathom approach incorporates mindful, purpose-driven activities and programs that enable guests to have a real, sustainable impact on the communities we visit, and a uniquely rewarding experience.

DELIVERING ALONG THE PATH

Growth is the result of a combination of well-executed business plans and innovation that makes a difference. Our efforts in China, our new ship platforms, our ongoing brand innovations and our investments in the travel experience of the future are all building blocks. We have much more to do to keep the momentum going in 2016 and beyond.

While we briefly celebrate 2015 — an overall very good year for our corporation and our shareholders — we remain focused on our primary objective. We have a clear strategy to deliver double-digit return on investment in the next two to three years.

Thank you for your confidence and your shared vision of building upon the great legacy that is Carnival Corporation & plc as we continue to deliver the world's greatest holiday experiences.

Arnold W. Donald
President and Chief Executive Officer
February 19, 2016

CARNIVAL
CORPORATION & PLC

SHAREHOLDER BENEFIT

Carnival Corporation & plc is pleased to extend the following benefit to our shareholders:

	North America Brands	Continental Europe Brands	United Kingdom Brands	Australia Brands
Onboard credit per stateroom on sailings of 14 days or longer	US $250	€200	£150	A$250
Onboard credit per stateroom on sailings of 7 to 13 days	US $100	€ 75	£ 60	A$100
Onboard credit per stateroom on sailings of 6 days or less	US $ 50	€ 40	£ 30	A$ 50

The benefit is applicable on sailings through July 31, 2017 aboard the brands listed below. Certain restrictions apply. Applications to receive these benefits should be made at least two weeks prior to cruise departure date.

This benefit is available to shareholders holding a minimum of 100 shares of Carnival Corporation or Carnival plc. Employees, travel agents cruising at travel agent rates, tour conductors or anyone cruising on a reduced-rate or complimentary basis are excluded from this offer. This benefit is not transferable, cannot be exchanged for cash and, cannot be used for casino credits/charges and gratuities charged to your onboard account. Only one onboard credit per shareholder-occupied stateroom. Reservations must be made by February 28, 2017.

Please provide by fax or by mail your name, reservation number, ship and sailing date, along with proof of ownership of Carnival Corporation or Carnival plc shares (for example, photocopy of shareholder proxy card, shares certificate, a dividend tax voucher or a current brokerage or nominee statement with your brokerage account number **blacked out**) to your travel agent or to the cruise line you have selected below.

North America Brands

Carnival Cruise Line*

Guest Administration
3655 N.W. 87th Avenue
Miami, FL 33178
Tel 800 438 6744 ext. 70450
Fax 305 406 6102

Princess Cruises*

Booking Support
24303 Town Center Drive, Suite 200
Santa Clarita, CA 91355
Tel 800 872 6779 ext. 30317
Fax 661 753 0180

Holland America Line

World Cruise Reservations
300 Elliott Avenue West
Seattle, WA 98119
Tel 800 522 3399
Fax 206 281 0627

Seabourn

Seabourn Reservations
300 Elliott Avenue West
Seattle, WA 98119
Tel 800 929 9391
Fax 206 501 2900

Cunard*

Booking Support
24303 Town Center Drive, Suite 200
Santa Clarita, CA 91355
Tel 800 872 6779 ext. 30317
Fax 661 753 0180

Costa Cruises*

Guest Services Administration
200 S. Park Road, Suite 200
Hollywood, FL 33021
Tel 800 462 6782
Fax 954 266 5868

Fathom

Fathom Reservations
300 Elliott Avenue West
Seattle, WA 98119
Tel 855-932-8466
Fax 206 905 8881

Continental Europe Brands

Costa Cruises*

Manager of Reservation
Piazza Piccapietra, 48
16121 Genoa, Italy
Tel 39 0 10 548 3800
Fax 39 0 10 999 7019

AIDA Cruises

Manager of Reservations
Am Strande 3d
18055 Rostock, Germany
Tel 49 0 381 2027 0805
Fax 49 0 381 2027 0804

United Kingdom Brands

P & O Cruises (UK)
Cunard*

Senior Shareholder Executive
Carnival UK
Carnival House
100 Harbour Parade
Southampton SO15 1ST
United Kingdom

P & O CRUISES (UK)
Tel 44 0 843 374 0111
Fax 44 0 238 065 7360

CUNARD
Tel 44 0 843 374 0000
Fax 44 0 238 065 7360

Princess Cruises (UK)*

Princess Reservations
Carnival UK
Carnival House
100 Harbour Parade
Southampton SO15 1ST
United Kingdom
Tel 44 0 843 373 0333
Fax 44 0 238 065 7509

Australia Brands

P & O Cruises (Australia),
Princess Cruises*
Carnival Cruise Line*

Customer Service Manager
PO Box 2006
North Sydney NSW 2059
Tel 61 2 8 424 8800
Fax 61 2 8 424 9161

*The onboard credit for Carnival Cruise Line, Costa Cruises, Cunard and Princess Cruises is determined based on the operational currency onboard the vessel. Please visit our corporation website at www.carnivalcorp.com for updates.

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.

Annex 1
DLC Annual Report

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

	November 30,	
	2015	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	**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."

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		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
North America Cruise Brands						
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

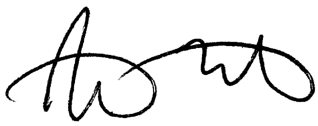
NOTE 15 – Supplemental Cash Flow Information

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.

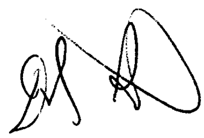
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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, has also audited the effectiveness of our internal control over financial reporting as of November 30, 2015 as stated in their report, which is included in this 2015 Annual Report.



Arnold W. Donald
President and Chief Executive Officer
January 29, 2016



David Bernstein
Chief Financial Officer
January 29, 2016

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. 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.

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.

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

(See next page for footnotes.)

(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 (in millions):

	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 (in millions):

	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 "Note 1 – 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	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Statements of Income Data				
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	
	As Previously Reported	As Revised	As Previously Reported	As Revised	As Previously Reported	As Revised
Balance Sheet and Other Data						
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.

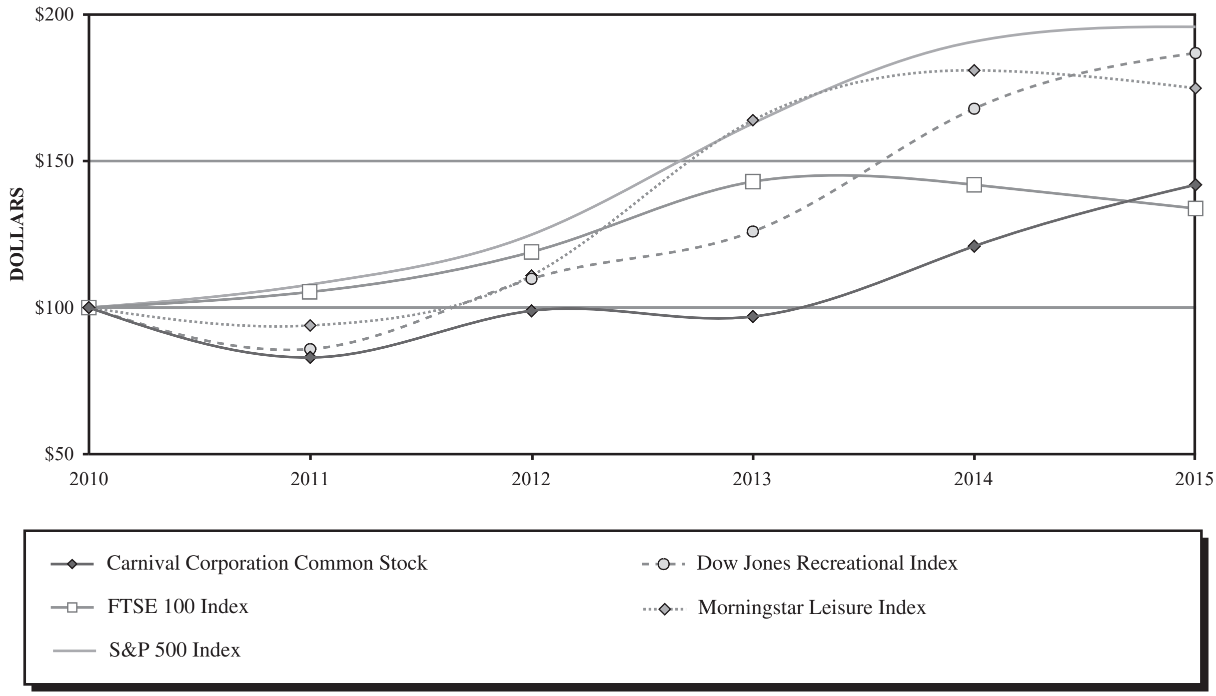
The payment and amount of any future dividend is within the discretion of the Boards of Directors. Our dividends were and will be based on a number of factors, including our earnings, liquidity position, financial condition, tone of business, capital requirements, credit ratings and the availability 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.

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.

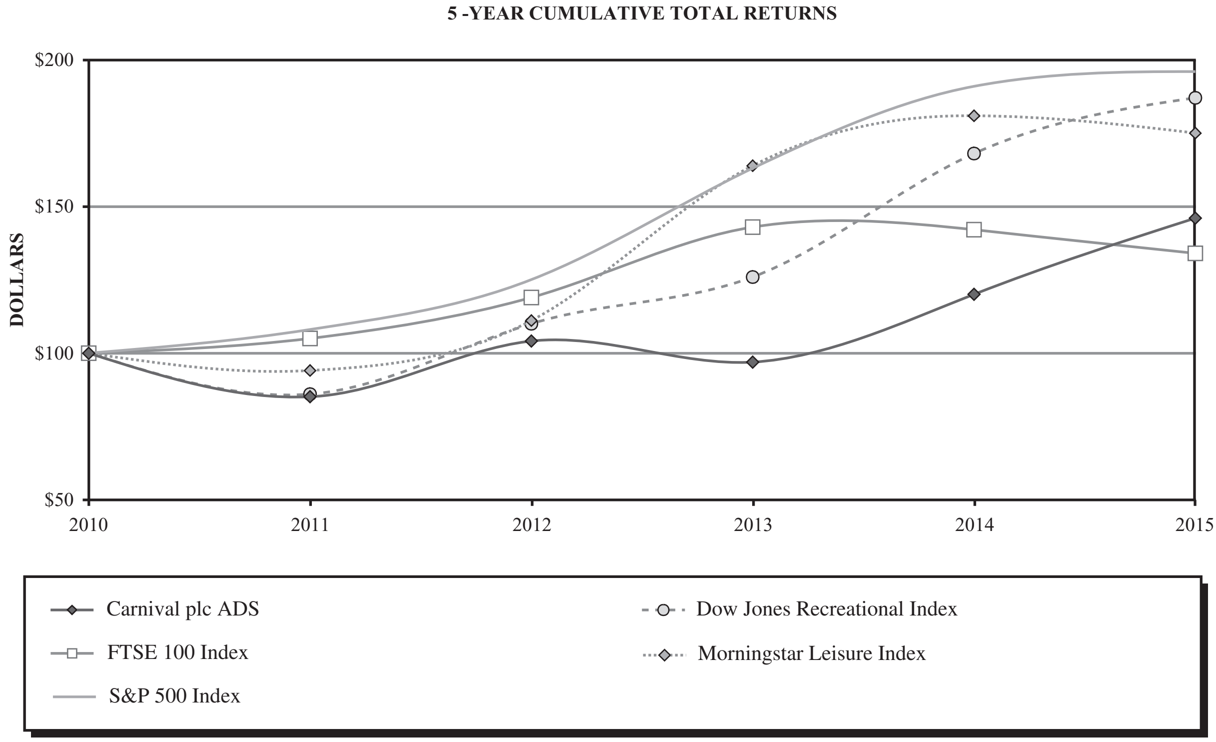
5 -YEAR CUMULATIVE TOTAL RETURNS



	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

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

(See next page for footnotes.)

(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

CORPORATE AND OTHER INFORMATION

SENIOR OFFICERS

CARNIVAL CORPORATION & PLC
Micky Arison
Chairman of the Board

Arnold W. Donald
President and Chief Executive Officer

David Bernstein
Chief Financial Officer

Alan B. Buckelew
Chief Operations Officer

Arnaldo Perez
General Counsel and Secretary

CARNIVAL UK
David Dingle
Chairman

COSTA GROUP
Michael Thamm
Chief Executive Officer

HOLLAND AMERICA GROUP
Stein Kruse
Chief Executive Officer

BOARD OF DIRECTORS

Micky Arison [3]
Chairman of the Board
Carnival Corporation & plc

Sir Jonathon Band [4]
Former First Sea Lord and
Chief of Naval Staff
British Navy

Arnold W. Donald [3]
President and Chief Executive Officer
Carnival Corporation & plc

Richard J. Glasier [1, 2, 5]
Former President and Chief Executive Officer
Argosy Gaming Company

Debra Kelly-Ennis [4]
Former President and Chief Executive Officer
Diageo Canada, Inc.

Sir John Parker [4, 5]
Chairman of Anglo American plc

Stuart Subotnick [1, 3, 5]
President and Chief Executive Officer
Metromedia Company

Laura Weil [1, 2]
Former Executive Vice President and
Chief Operating Officer
New York & Company, Inc.

Randall J. Weisenburger [1, 2, 5]
Managing Member
Mile26 Capital LLC

1 Audit Committee
2 Compensation Committee
3 Executive Committee
4 Health, Environmental, Safety & Security Committee
5 Nominating & Governance Committee

DIRECTORS EMERITUS AND LIFE PRESIDENTS

Ted Arison (1924-1999)
Chairman Emeritus, Carnival Corporation

Maks Birnbach (1920-2007)
Director Emeritus, Carnival Corporation

A. Kirk Lanterman
Chairman Emeritus
Holland America Line Inc.

Meshulam Zonis (1933-2009)
Director Emeritus, Carnival Corporation

Uzi Zucker
Director Emeritus, Carnival Corporation & plc

Horst Rahe
Life President of AIDA Cruises

The Lord Sterling of
Plaistow GCVO, CBE
Life President of P&O Cruises

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Computershare Investor Services
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44 121 415 7107 (Outside UK)

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1050 Connecticut Avenue, N.W.
Washington D.C. 20036-5306 U.S.A.

Other Shareholder Information
Copies of our joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, Carnival plc Annual Accounts and all amendments to those reports, press releases and other documents, as well as information on our cruise brands are available through our website at www.carnivalcorp.com or www.carnivalplc.com.

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