

CARNIVAL CORP  
Form 424B3  
November 27, 2007  
Filed pursuant to Rule 424(b)(3)  
Registration No. 333-106553

**PROSPECTUS**

# CARNIVAL

CORPORATION

## **AUTOMATIC DIVIDEND REINVESTMENT PLAN OF CARNIVAL CORPORATION**

The Automatic Dividend Reinvestment Plan, or Plan, of Carnival Corporation provides holders of shares of Carnival Corporation common stock, with a convenient method of purchasing additional shares of Carnival Corporation common stock without payment of any brokerage commission or service charge.

The shares of Carnival Corporation common stock purchased under the Plan may be newly issued shares or shares purchased for participants in the open market, at Carnival Corporation's option. The Plan currently provides that shares purchased for participants with reinvested dividends will be purchased at fair market value, as determined in the Plan. Carnival Corporation, however, reserves the right to modify the pricing or any other provision of the Plan at any time. The Plan does not represent a change in Carnival Corporation's dividend policy or a guarantee of future dividends, which will continue to depend on earnings, financial requirements and other factors. Any holder of record of Carnival Corporation common stock is eligible to participate in the Plan.

Shareholders of Carnival Corporation who enroll in the Plan will continue to be enrolled unless they notify Computershare Trust Company, N.A., the agent for the Plan, that they wish to withdraw from participation. See "Description of the Plan." Shareholders of Carnival Corporation who do not wish to participate in the Plan will continue to receive cash dividends (if any), as and when declared by the board of directors of Carnival Corporation.

On April 17, 2003, Carnival Corporation and Carnival plc completed a dual listed company transaction, or DLC transaction, which implemented Carnival Corporation & plc's DLC structure. As a result of the dual listed company transaction, one trust share of beneficial interest in the P&O Princess Special Voting Trust, which represents an equal, undivided beneficial interest in the special voting share issued by Carnival plc, is paired with each share of Carnival Corporation common stock. The trust shares are not detachable from the corresponding shares of Carnival Corporation common stock. Upon each issuance to a person under the Plan of new shares of Carnival Corporation common stock, the non-detachable paired trust shares will also be issued to that same person. Following completion of the dual listed company transaction, shares of Carnival Corporation common stock and the trust shares (including the beneficial interest in the Carnival plc special voting share) are listed and trade together on the New York Stock Exchange under the ticker symbol "CCL."

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This prospectus relates to shares of Carnival Corporation common stock registered for purchase under the Plan and trust shares in the P&O Princess Special Voting Trust that will be paired with such shares of Carnival Corporation common stock and that will represent a beneficial interest in the special voting share of Carnival plc. It is suggested that you retain this prospectus for future reference.

**AN INVESTMENT IN CARNIVAL CORPORATION COMMON STOCK INVOLVES RISKS. SEE RISK FACTORS BEGINNING ON PAGE 3.**

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**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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The date of this prospectus is November 27, 2007.

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**ABOUT THIS PROSPECTUS**

To understand the terms of the Plan, you should carefully read this prospectus. You should also read the documents referred to under the heading "Incorporation by Reference." For more information about Carnival Corporation and Carnival plc, please see "Where You Can Find More Information."

This prospectus relates to shares of Carnival Corporation common stock registered for purchase under the Plan, trust shares of beneficial interest in the P&O Princess Special Voting Trust that will be paired with such shares of Carnival Corporation and one special voting share of Carnival plc. As part of the dual listed company transaction, Carnival plc issued a special voting share to Carnival Corporation, which transferred such share to the trustee of the P&O Princess Special Voting Trust, a trust established under the laws of the Cayman Islands. Trust shares of beneficial interest in the property subject to the P&O Princess Special Voting Trust were issued to Carnival Corporation. The trust shares represent a beneficial interest in the Carnival plc special voting share. Immediately following such issuance, Carnival Corporation distributed such trust shares by way of a dividend to holders of shares of Carnival Corporation common stock. Pursuant to the Pairing Agreement (the "Pairing Agreement"), dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee of the P&O Princess Special Voting Trust, and Computershare Trust Company, N.A., as transfer agent, the trust shares of beneficial interest in the P&O Princess Special Voting Trust are paired with, and evidenced by, certificates representing shares of Carnival Corporation common stock on a one-for-one basis. In addition, under the Pairing Agreement, when a share of Carnival Corporation common stock is issued to a recipient after the closing of the dual listed company transaction, a paired trust share will be issued at the same time initially to Carnival Corporation, which will immediately transfer such trust share to the same recipient, whereupon such trust share will be paired with the share of Carnival Corporation common stock. Therefore, upon each issuance of shares of Carnival Corporation common stock to a person under the Plan, an equivalent number of trust shares (which represent a beneficial interest in the special voting share of Carnival plc) will be issued to such person as described in the preceding sentence. References in this prospectus to shares of common stock issued under the Plan shall be deemed to include both shares of Carnival Corporation common stock and trust shares in the P&O Princess Special Voting Trust.

References in this prospectus to "Carnival Corporation" are to Carnival Corporation including, unless otherwise expressly stated or the context otherwise requires, its subsidiaries. References to "Carnival plc" are to Carnival plc (formerly known as P&O Princess Cruises plc) including, unless otherwise expressly stated or the context otherwise requires, its subsidiaries. References to the "Carnival Corporation & plc" are to both

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Carnival Corporation and Carnival plc collectively, following the establishment of the dual listed company structure. For more information about the dual listed company structure, please see "The Companies."

## **WHERE YOU CAN FIND MORE INFORMATION**

Carnival Corporation and Carnival plc have filed with the Commission a joint registration statement on Form S-3, which registers the issuance of the shares of Carnival Corporation common stock issuable under the Plan, the trust shares of beneficial interest in the P&O Princess Special Voting Trust that are paired with the shares of Carnival Corporation common stock issuable under the Plan and the special voting share of Carnival plc. The joint registration statement consists of a Registration Statement on Form S-3 of Carnival Corporation and a Registration Statement on Form S-3 of Carnival plc. This prospectus, which forms part of the registration statement, does not contain all of the information included in the registration statement. For further information about Carnival Corporation, Carnival plc and the Plan offered in this prospectus, you should refer to the registration statement and its exhibits.

You may read and copy any document previously filed by each of Carnival Corporation and Carnival plc with the Securities and Exchange Commission at the Commission's Public Reference Room, at the Commission's principal office at, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. In the future, Carnival Corporation and Carnival plc will be filing combined reports, proxy statements and other information with the Commission. Copies of such information filed with the Commission may be obtained at prescribed rates from the Public Reference Section. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition, the Commission maintains a web site ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy statements and other information regarding registrants, such as Carnival Corporation and Carnival plc, that file electronically with the Commission. Materials that Carnival Corporation and Carnival plc have filed may also be inspected at the library of the NYSE, 20 Broad Street, New York, New York 10005.

The periodic reports of Carnival Corporation and Carnival plc under the Exchange Act will contain the consolidated financial statements of Carnival Corporation & plc.

You should only rely on the information contained in this prospectus and incorporated by reference in it.

## **INCORPORATION BY REFERENCE**

Carnival Corporation (file number 1-9610) and Carnival plc (file number 1-15136) are incorporating by reference into this prospectus the following documents filed with the Commission:

- Carnival Corporation's and Carnival plc's joint Annual Report on Form 10-K, as amended by Form 10-K/A filed on February 12, 2007, for the fiscal year ended November 30, 2006;
- Carnival Corporation's and Carnival plc's Quarterly Reports on Form 10-Q for the quarters ended February 28, 2007, May 31, 2007 and August 31, 2007;

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- Carnival Corporation's and Carnival plc's joint Current Reports on Form 8-K filed on December 21, 2006, January 21, 2007, March 16, 2007, June 19, 2007, June 22, 2007, July 12, 2007, September 20, 2007, September 21, 2007 and October 19, 2007;
- The description of common stock of Carnival Corporation in the Registration Statement on Form 8-A, filed pursuant to Section 12 of the Exchange Act on July 2, 1987, and any amendment or report filed for the purpose of updating such description; and
- All other documents filed by Carnival Corporation or Carnival plc pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of the offering.

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You should rely only on the information contained in this document or that information to which Carnival Corporation & plc has referred you. Carnival Corporation & plc have not authorized anyone to provide you with any additional information.

Any statement contained in this prospectus or a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

The documents incorporated by reference into this prospectus are available from Carnival Corporation & plc upon request. Carnival Corporation & plc will provide a copy of any and all of the information that is incorporated by reference in this prospectus to any person, without charge, upon written or oral request. If exhibits to the documents incorporated by reference in this prospectus are not themselves specifically incorporated by reference in this prospectus, then the exhibits will not be provided. Requests for such copies should be directed to the following:

Carnival Corporation

Carnival plc

3655 N.W. 87th Avenue

Miami, Florida 33178-2428

Attention: Corporate Secretary

Telephone: (305) 599-2600, Ext. 18018.

Except as provided above, no other information, including information on the web sites of either company, is incorporated by reference into this prospectus.

## **THE COMPANIES**

### **CARNIVAL CORPORATION & PLC**

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) completed a dual listed company transaction, or DLC transaction, which implemented Carnival Corporation & plc's DLC structure. Carnival Corporation and Carnival plc are both public companies, with separate stock exchange listings and different shareholders. The two companies have a single senior executive management team and identical boards of directors and are operated as if they were a single economic enterprise.

Carnival Corporation & plc is a global cruise company and one of the largest vacation companies in the world. Our portfolio of leading cruise brands includes Carnival Cruise Lines, Holland America Line, Princess Cruises and Seabourn Cruise Line in North America; P&O Cruises, Cunard Line and Ocean Village in the United Kingdom; AIDA in Germany; Costa Cruises in southern Europe; and P&O Cruises in Australia.

These brands, which comprise the most-recognized cruise brands in North America, the United Kingdom, Germany and Southern Europe, offer a wide range of holiday and vacation products to a customer base that is broadly varied in terms of cultures, languages and leisure-time preferences. We also own two tour companies that complement our cruise operations, Holland America and Princess Tours in Alaska and the Canadian Yukon. Combined, our vacation companies attract seven million guests annually.

### **CARNIVAL CORPORATION**

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation's common stock and the paired trust shares, which trade together with the common stock, are listed on the NYSE under the symbol "CCL." Carnival Corporation's principal executive offices are located at Carnival Place, 3655 N.W. 87th Avenue, Miami, Florida 33178-2428. The telephone number of Carnival Corporation's principal executive offices is (305) 599-2600.

### **CARNIVAL PLC**

Carnival plc was incorporated and registered in England and Wales as P&O Princess Cruises plc in July 2000 and was renamed "Carnival plc" on April 17, 2003, the date on which the DLC transaction with Carnival Corporation closed. Carnival plc's ordinary shares are listed on the London Stock Exchange, and Carnival plc's American Depositary Shares, or ADSs, are listed on the NYSE. Carnival plc ordinary shares trade under the ticker symbol "CCL" on the London Stock Exchange. Carnival plc ADSs trade under the ticker symbol "CUK" on the NYSE. Carnival plc's principal executive offices are located at Carnival House, 5 Gainsford Street, London, SE1 2NE, United Kingdom. The telephone number of Carnival plc's principal executive offices is 011 44 20 7940 5381.

## **RISK FACTORS**



AN INVESTMENT IN THE COMMON STOCK OFFERED BY THIS PROSPECTUS INVOLVES A NUMBER OF RISKS. YOU SHOULD CONSIDER CAREFULLY THE FOLLOWING INFORMATION ABOUT THESE RISKS, TOGETHER WITH THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING AN INVESTMENT IN THE SECURITIES. A NUMBER OF THE STATEMENTS IN THIS SECTION ARE FORWARD-LOOKING STATEMENTS. SEE "FORWARD-LOOKING STATEMENTS."

RISKS RELATING TO CARNIVAL CORPORATION & PLC'S BUSINESSES.

GENERAL ECONOMIC AND BUSINESS CONDITIONS MAY ADVERSELY IMPACT THE LEVEL OF OUR POTENTIAL VACATIONERS' DISCRETIONARY INCOME AND THIS GROUP'S CONFIDENCE IN THE U.S. ECONOMY AND, CONSEQUENTLY, REDUCE OUR BRANDS' NET REVENUE YIELDS AND PROFITABILITY.

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Demand for cruises is dependent on the underlying economic strength of the countries from which cruise companies source their passengers. Adverse changes in the economic climate, such as higher fuel prices, higher interest rates and changes in governmental policies could reduce the discretionary income or consumer confidence in the countries from which we source our guests. Consequently this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

**INTERNATIONAL POLITICAL AND OTHER WORLD EVENTS AFFECTING SAFETY AND SECURITY COULD ADVERSELY AFFECT THE DEMAND FOR CRUISES AND COULD HARM OUR FUTURE SALES AND PROFITABILITY.**

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. Events such as the terrorist attacks in the U.S. on September 11, 2001 and the threats of additional attacks in the U.S. and elsewhere, concerns of an outbreak of additional hostilities and national government travel advisories, together with the resulting political instability and concerns over safety and security aspects of traveling, have had a significant adverse impact on demand and pricing in the travel and vacation industry and may continue to do so in the future. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

**WE MAY LOSE BUSINESS TO COMPETITORS THROUGHOUT THE VACATION MARKET.**

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the types of ships, services and destinations we offer to cruise passengers. In addition, we may need to enhance our older ships with current amenities in order for those ships to be more competitive with other cruise ships. Our principal competitors include:

- Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises,
  
- Star Cruises Limited, which owns NCL Corporation Ltd., which is comprised of Norwegian Cruise Line, NCL America and Orient Lines,
  
- Disney Cruise Line,
  
- Mediterranean Shipping Company, which owns MSC Cruises, and Crystal Cruises.
  
- Our primary cruise competitors for European-sourced passengers in the UK are Royal Caribbean International, Island Cruises, Fred Olsen Cruise Lines, Discovery Cruises, Saga Cruises, and Thomson Cruises, which is owned by TUI;

In Germany: MSC Cruises, Hapag-Lloyd, which is owned by TUI, Peter Deilmann, Phoenix Reisen and Transocean Cruises;

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- In Southern Europe: MSC Cruises, Louis Cruise Line, Pullmantur, which is owned by Royal Caribbean Cruises Ltd., and Iberojet.
- In Europe: Celebrity Cruises, Norwegian Cruise Line and Orient Lines.
- Our primary cruise competitors for our Seabourn and Windstar luxury brands include Regent Seven Seas Cruises, Seadream Yacht Club and Silversea Cruises.
- Our North American, European and Australian brands also compete among themselves for passengers

However, we operate in the vacation market, and cruising is only one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to other vacation operators that provide other travel and leisure options, including hotels, resorts and package holidays and tours.

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

OVERCAPACITY WITHIN THE CRUISE AND LAND-BASED VACATION INDUSTRY COULD HAVE A NEGATIVE IMPACT ON NET REVENUE YIELDS AND INCREASE OPERATING COSTS, THUS RESULTING IN SHIP, GOODWILL AND/OR TRADEMARK ASSET IMPAIRMENTS, ALL OF WHICH COULD ADVERSELY AFFECT PROFITABILITY.

Cruising capacity has grown in recent years and we expect it to continue to increase over the next five years as all of the major cruise vacation companies are expected to introduce new ships. In order to utilize new capacity, the cruise vacation industry will probably need to increase its share of the overall vacation market. The overall vacation market is also facing increases in land-based vacation capacity, which also will impact us. Failure to increase our share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. In some prior years, our net revenue yields were negatively impacted as a result of a variety of factors, including capacity increases. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected, including the impairment of the value of our ships, goodwill and/or trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew at competitive costs and, therefore, increase our shipboard employee costs.

ACCIDENTS, UNUSUAL WEATHER CONDITIONS OR NATURAL DISASTERS AND OTHER INCIDENTS AFFECTING THE HEALTH, SAFETY, SECURITY AND VACATION SATISFACTION OF PASSENGERS COULD HAVE AN ADVERSE AFFECT ON OUR SALES AND PROFITABILITY.

The operation of cruise ships involves the risk of accidents, including those caused by the improper operation of our ships, passenger and crew illnesses such as the spread of contagious diseases, mechanical failures, fires, collisions and other incidents at sea or while in port, which may bring into question passenger safety, health, security and vacation satisfaction, and thereby adversely effect future industry performance, sales and profitability. In addition, our cruises and port facilities may be impacted by unusual weather patterns or natural disasters, such as hurricanes and earthquakes. For example, in 2005 Hurricane Wilma caused the temporary closing of cruise ports in South Florida and also destroyed our pier facility in Cozumel, Mexico, which is not expected to re-open until late-2008. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises due to these or other factors, which would have an adverse affect on sales and profitability.

ADVERSE PUBLICITY CONCERNING THE CRUISE INDUSTRY IN GENERAL, OR US IN PARTICULAR, COULD AFFECT OUR REPUTATION AND HARM OUR FUTURE SALES AND PROFITABILITY.

Maintaining a good reputation is critical to our business. Reports, whether true or not, of ship accidents and other incidents at sea or while in port, missing passengers, inappropriate crew or passenger behavior, passenger or crew illnesses such as incidents of stomach flu or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity. Anything that damages our reputation (whether or not justified), including adverse publicity about the safety and passenger satisfaction of cruising, or the vacation industry in general, could have an adverse affect impact on demand, which could lead to price discounting and a reduction in our net income.

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WE ARE SUBJECT TO MANY ECONOMIC AND POLITICAL FACTORS, INCLUDING CHANGES IN AND COMPLIANCE WITH NUMEROUS RULES AND REGULATIONS THAT ARE BEYOND OUR CONTROL, WHICH COULD RESULT IN INCREASES IN OUR OPERATING, FINANCING AND TAX COSTS AND COULD HARM FUTURE SALES AND PROFITABILITY.

Some of our operating costs, including fuel, food, insurance, payroll and security costs, are subject to increases because of market forces, economic or political instability or decisions beyond our control. In addition, interest rates, currency fluctuations and our ability to obtain debt or equity financing are dependent on many economic and political factors. Actions by U.S. and non-U.S. taxing jurisdictions could also cause an increase in our costs.

For example, in 2006, 2005 and 2004 fuel costs accounted for 14.4%, 11.9% and 9.3%, respectively, of our total cruise operating expenses. Economic and political conditions in certain parts of the world make it difficult to predict the price of fuel in the future. Future increases in the cost of fuel globally would increase the cost of our cruise ship operations.

In addition, the State of Alaska recently instituted new state taxes which will impact the cruise industry operating in Alaska, and could result in a reduction in demand for Alaska cruises. It is possible that other states, countries or ports of call that we regularly visit may decide to also assess new taxes specifically targeted to the cruise industry, which could increase our operating costs and/or could decrease the demand for cruises and ultimately decrease our net revenue yields.

Increases in operating, financing and tax costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our passengers.

#### ENVIRONMENTAL LEGISLATION AND REGULATIONS COULD AFFECT OPERATIONS AND INCREASE OUR OPERATING COSTS.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise industry and its environmental impact. The U.S. Congress, the IMO and the U.S. Environmental Protection Agency periodically consider new laws and regulations to manage cruise ship pollution. In addition, various other regulatory agencies in the States of Alaska, California, Florida, Hawaii, Maine, Washington and elsewhere, including European regulatory organizations, have enacted or are considering new regulations or policies, which could adversely impact the cruise industry.

Current and future environmental laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances or to vessel discharges, could increase our cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

#### NEW REGULATIONS OF HEALTH, SAFETY, SECURITY AND OTHER REGULATORY ISSUES COULD INCREASE OUR OPERATING COSTS OR NEGATIVELY EFFECT OUR BOOKINGS AND FUTURE NET REVENUE YIELDS AND ADVERSELY AFFECT NET INCOME.

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. We believe that health, safety, security and other regulatory issues will continue to be areas of focus by relevant government authorities in the U.S., Europe and elsewhere.

#### RESULTING LEGISLATION OR REGULATIONS, OR CHANGES IN EXISTING LEGISLATION OR REGULATIONS, COULD IMPACT OUR OPERATIONS AND WOULD LIKELY SUBJECT US TO INCREASING COMPLIANCE COSTS IN THE FUTURE.

Pursuant to the Western Hemisphere Travel Initiative, by the earlier of June 1, 2009 or 90 days after the sanctioning of a People Access Security Service ("PASS") card, U.S. citizens will be required to carry a passport or, if available, a PASS card, for travel by land or sea to or from certain countries/areas that are currently exempt from passport requirements, such as the Caribbean, Canada and Mexico. The State Department and the Department of Homeland Security are collaborating on the development of a PASS card system. The PASS card is a secure credential that verifies the citizenship and identity of U.S. nationals who re-enter the United States and is seen as a less expensive alternative to a passport.

Since many cruise customers visiting these destinations may not currently have passports or may not obtain a PASS card if and when available, it is likely that this will have some negative effect on our bookings and future net revenue yields when the regulations take effect. There are a number of factors that could influence the ultimate impact of these regulations, such as customer travel patterns, the cost and ease of obtaining PASS cards, customer price sensitivity and the cost and effectiveness of mitigating programs we and others have established or will establish.

DELAYS IN SHIP CONSTRUCTION AND PROBLEMS ENCOUNTERED AT SHIPYARDS COULD REDUCE OUR PROFITABILITY.

The construction of cruise ships is a complex process and involves risks similar to those encountered in other sophisticated construction projects, including delays in completion and delivery. In addition, industrial actions, insolvency or financial problems of the shipyards building our ships could also delay or prevent the delivery of our ships under construction. These events could adversely affect our profitability. However, the impact from a delay in delivery could be partially mitigated by contractual provisions and refund guarantees obtained by us. In addition, the consolidation of the European cruise shipyards in recent years could result in higher prices for future new ship orders, which could reduce our profitability.

As of November 30, 2006, we had entered into foreign currency swaps to fix the cost in sterling of two of our Euro denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency swaps related to the shipyard's shipbuilding contracts would still have to be honored. This might require us to realize a loss on existing foreign currency swaps without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contracts, thus resulting in an adverse effect on our financial results.

OUR FUTURE OPERATING CASH FLOW MAY NOT BE SUFFICIENT TO FUND FUTURE OBLIGATIONS, AND WE MAY NOT BE ABLE TO OBTAIN ADDITIONAL FINANCING, IF NECESSARY, ON TERMS THAT ARE FAVORABLE OR CONSISTENT WITH OUR EXPECTATIONS.

Our forecasted cash flow from future operations may be adversely affected by various factors including, but not limited to, declines in customer demand, increased competition, overcapacity, the deterioration in general economic and business conditions, terrorist attacks, ship accidents and other incidents, adverse publicity and increases in fuel prices, as well as other factors. To the extent that we are required, or choose, to fund future cash requirements, including future shipbuilding commitments, from sources other than cash flow from operations, cash on hand and current external sources of liquidity, including committed financings, we will have to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

Our access to, and the cost of, financing will depend on, among other things, the maintenance of strong long-term credit ratings. Carnival Corporation and Carnival plc's senior, unsecured long-term debt ratings are "A3" by Moody's, "A-" by Standard & Poor's and "A-" by Fitch Ratings. Carnival Corporation's short-term corporate credit ratings are "Prime-2" by Moody's, "A-2" by Standard & Poor's and "F2" by Fitch Ratings.

GEOGRAPHIC REGIONS IN WHICH WE TRY TO EXPAND OUR BUSINESS MAY BE SLOW TO DEVELOP, AND ULTIMATELY NOT DEVELOP HOW WE EXPECT, THUS RESULTING IN THE SLOWER GROWTH OF OUR BUSINESS.

As we expand our global presence, we enter into new developing markets, which require, among other things, certain start-up costs that we may not be able to recover through future revenues that these new markets will generate. In addition, we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion plans may not produce the returns that we had expected. For instance, we recently entered the Chinese market, and it is currently too early to determine if it will develop as expected.



WE RELY TO A LARGE EXTENT ON SCHEDULED COMMERCIAL AIRLINE SERVICES FOR GUEST CONNECTIONS AND, THEREFORE, INCREASES IN THE PRICE OF, OR MAJOR CHANGES OR REDUCTION IN COMMERCIAL AIRLINE SERVICES, COULD UNDERMINE OUR ABILITY TO PROVIDE REASONABLY PRICED VACATION PACKAGES TO OUR GUESTS.

Some of our guests depend on scheduled commercial airline services to transport them to or from the ports where our cruises embark or disembark. Increases in the price of airfare would increase the overall vacation price to our guests and may adversely affect demand for our cruises. In addition, changes in commercial airline services as a result of strikes, weather or other events, or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests to or from our cruise ships and increase our cost of sales which would, in turn, have an adverse effect on our results of operations.

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WE RELY ON EXTERNAL SALES DISTRIBUTION CHANNELS FOR MOST OF OUR GUESTS BOOKINGS AND, THEREFORE, MAJOR CHANGES IN THE COSTS OR AVAILABILITY OF EXTERNAL DISTRIBUTION CHANNELS COULD RESULT IN A REDUCTION IN OUR SALES REVENUES AND NET INCOME.

In 2006, the vast majority of our guests booked their cruises through independent travel agents, wholesalers and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Although we offer commission and other incentives to them for booking our cruises that are comparable to those offered by others in the cruise industry, there can be no guarantee that our competitors will not offer higher commissions and incentives in the future. In addition, significant disruptions or contractions to these businesses could have an adverse effect on our sales and related commission costs.

THE DECISION TO SELF-INSURE AGAINST VARIOUS RISKS OR THE INABILITY TO OBTAIN INSURANCE FOR CERTAIN RISKS AT REASONABLE RATES COULD RESULT IN HIGHER EXPENSES. WE SEEK TO MAINTAIN COMPREHENSIVE INSURANCE COVERAGE AT COMMERCIALY REASONABLE RATES.

We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for various risks to minimize the cost of our insurance coverage. Accordingly, we are not protected against all risks, which could result in unexpected increases in our expenses in the event of an incident.

In addition, a new protocol to the Athens Convention is in the process of being ratified, which would require some passenger ship operations to maintain insurance or some other form of financial security, to cover the limits of liability under the Athens Convention. If the protocol is ratified, we cannot be certain that affordable and viable insurance markets will be available to provide the required coverages. If the new protocol is ratified we expect our insurance costs to increase.

Finally, we may also be subject to additional premium costs, in amounts based not only on our own claim records, but also on the claim records of all other members of the protection and indemnity associations through which we receive indemnity coverage for tort liability. If we, or other members of our P&I associations, were to sustain significant losses in the future, our ability to obtain insurance coverage or coverage at commercially reasonable rates could be materially adversely affected.

DISRUPTIONS TO OUR INFORMATION TECHNOLOGY NETWORKS COULD RESULT IN DECREASES IN OUR NET INCOME.

Our ability to increase revenues and decrease costs, as well as our ability to serve passengers most effectively, depends in part on the reliability of our information technology ("IT") networks. We use software and other IT systems to, among other things, manage our inventory of cabins held for sale and set their pricing in order to maximize our revenues, and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Any disruption to these computer systems could adversely impact our customer service, decrease the volume of our business and result in increased costs. While we have invested and continue to invest in IT security initiatives and disaster recovery plans, these measures cannot insulate us from IT disruptions that could result in adverse effects on our operations and net income.

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THE CONTINUED AVAILABILITY OF ATTRACTIVE PORT DESTINATIONS FOR OUR CRUISE SHIPS COULD REDUCE OUR NET REVENUE YIELDS AND NET INCOME.

We believe that attractive port destinations, including ports that are not overly congested with tourists, are major reasons why our guests choose a cruise versus an alternative vacation option. The availability of ports, including the specific port facility at which our guests will embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints, security concerns, unusual weather patterns and natural disasters, financial limitations on port development, political instability, exclusivity arrangements that ports may have with our competitors, local governmental regulations and charges and local community concerns about both

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port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain, rebuild and increase our ports of call could adversely affect our net revenue yields and net income.

THE DLC STRUCTURE INVOLVES RISKS NOT ASSOCIATED WITH THE MORE COMMON WAYS OF COMBINING THE OPERATIONS OF TWO COMPANIES, AND THESE RISKS MAY HAVE AN ADVERSE EFFECT ON THE ECONOMIC PERFORMANCE OF THE COMPANIES AND/OR THEIR RESPECTIVE SHARE PRICES.

The DLC structure is a relatively uncommon way of combining the management and operations of two companies and it involves different issues and risks from those associated with the other more common ways of effecting a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In our DLC structure, the combination is effected primarily by means of contracts between Carnival Corporation and Carnival plc and not by operation of a statute or court order. The legal effect of these contractual rights may be different from the legal effect of a merger or amalgamation under statute or court order, and there may be difficulties in enforcing these contractual rights. Shareholders and creditors of either company might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the express provisions and intentions we included in such contracts. In addition, shareholders and creditors of other companies might successfully challenge other DLC structures and establish legal precedents that could increase the risk of a successful challenge to our DLC structure. We are maintaining two separate public companies and comply with both Panamanian corporate law and English company laws and different securities and other regulatory and stock exchange requirements in the UK and the U.S. This structure requires more administrative time and cost than was the case for each company individually, which has an adverse effect on our operating efficiency.

CHANGES UNDER THE INTERNAL REVENUE CODE, APPLICABLE U.S. INCOME TAX TREATIES, AND THE UNCERTAINTY OF THE DLC STRUCTURE UNDER THE INTERNAL REVENUE CODE MAY ADVERSELY AFFECT THE U.S. FEDERAL INCOME TAXATION OF OUR U.S. SOURCE SHIPPING INCOME. IN ADDITION, CHANGES IN THE UK, ITALIAN, GERMAN, AUSTRALIAN AND OTHER COUNTRIES' OR STATES' INCOME TAX LAWS, REGULATIONS OR TREATIES COULD ALSO ADVERSELY AFFECT OUR NET INCOME.

We believe that substantially all of the U.S. source shipping income of each of Carnival Corporation and Carnival plc qualifies for exemption from U.S. federal income tax, either under (1) Section 883 of the Internal Revenue Code; (2) U.S.-Italian income tax treaty; or (3) other applicable U.S. income tax treaties, and should continue to so qualify under the DLC structure. There is, however, no existing U.S. federal income tax authority that directly addresses the tax consequences of implementation of a dual listed company structure for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, these matters are not free from doubt.

As discussed above, if we did not qualify for exemption from U.S. federal income taxes we would have higher income taxes and lower net income. Finally, changes in the income tax laws affecting our cruise businesses in the UK, Italy, Germany, Australia and elsewhere could result in higher income taxes being levied on our cruise operations, thus resulting in lower net income.

A SMALL GROUP OF SHAREHOLDERS COLLECTIVELY OWNED, AS OF JANUARY 31, 2007, APPROXIMATELY 29% OF THE TOTAL COMBINED VOTING POWER OF OUR OUTSTANDING SHARES AND MAY BE ABLE TO EFFECTIVELY CONTROL THE OUTCOME OF SHAREHOLDER VOTING.

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A group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned approximately 37% of the outstanding common stock of Carnival Corporation, which shares represent sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 29% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least to influence substantially, the outcome of certain shareholder votes and, therefore, the corporate actions requiring such votes.

CARNIVAL CORPORATION AND CARNIVAL PLC ARE NOT U.S. CORPORATIONS, AND OUR SHAREHOLDERS MAY BE SUBJECT TO THE UNCERTAINTIES OF A FOREIGN LEGAL SYSTEM IN PROTECTING THEIR INTERESTS.

Carnival Corporation's corporate affairs are governed by its third amended and restated articles of incorporation and amended and restated by-laws and by the corporate laws of Panama. Carnival plc is governed by its articles of association and memorandum of association and by the corporate laws of England and Wales. The corporate laws of Panama and England and Wales may differ in some respects from the corporate laws in the U.S.

PROVISIONS IN CARNIVAL CORPORATION'S AND CARNIVAL PLC'S CONSTITUTIONAL DOCUMENTS MAY PREVENT OR DISCOURAGE TAKEOVERS AND BUSINESS COMBINATIONS THAT OUR SHAREHOLDERS MIGHT CONSIDER TO BE IN THEIR BEST INTERESTS.

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

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

YOU WILL NOT KNOW THE PRICE OF THE CARNIVAL CORPORATION COMMON STOCK YOU ARE PURCHASING UNDER THE PLAN AT THE TIME YOU AUTHORIZE THE INVESTMENT OR ELECT TO HAVE YOUR DIVIDENDS REINVESTED.

The price of our common stock may fluctuate between the time you decide to purchase Carnival Corporation common stock under the Plan and the time of actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision.

#### **FORWARD-LOOKING STATEMENTS**

Some of the statements contained in this prospectus or incorporated by reference into this prospectus are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to Carnival Corporation, Carnival plc and Carnival Corporation & plc, including some statements concerning the transactions described in this prospectus, future results, plans, goals and other events which have not yet occurred.

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These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act and Section 21E of the Exchange Act. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans" and "estimates" and for similar expressions.

Because forward-looking statements, including those forecasting earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and/or tax costs, fuel costs, costs per available lower berth day, estimates of ship depreciable lives and residual values, outlook or business prospects, involve risks and uncertainties, there are many factors that could cause Carnival plc's and Carnival Corporation & plc's actual results, performance or achievements to differ materially from those expressed or implied in this prospectus. These factors include, but are not limited to the following:

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- general economic and business conditions, which may adversely impact the levels of our potential vacationers' discretionary income and this group's confidence in the U.S. economy, and thereby reduce the net revenue yields for our cruise brands;
- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, availability of air service and other world events, and their impact on the demand for cruises;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- accidents, unusual weather conditions or natural disasters, such as hurricanes and earthquakes and other incidents (including machinery and equipment failures or improper operation thereof) which could cause the alteration of itineraries or cancellation of a cruise or series of cruises, and the impact of the spread of contagious diseases, affecting the health, safety, security and vacation satisfaction of passengers;
- lack of acceptance of new itineraries, products and services by our guests;
- adverse publicity concerning the cruise industry in general, or us in particular, could impact the demand for our cruises;
- changing consumer preferences, which may, among other things, adversely impact the demand for cruises;
- changes in and compliance with the environmental, health, safety, security, tax and other regulatory regimes under which we operate, including the implementation of U.S. regulations requiring U.S. citizens to obtain passports for sea travel to or from additional foreign destinations;
- the impact of changes in operating and financing costs, including changes in foreign currency exchange rates and interest rates and fuel, food, insurance, payroll and security costs;
- our ability to implement our shipbuilding programs, including purchasing ships for our North American cruise brands from European shipyards on terms that are favorable or consistent with our expectations;
- our ability to implement our brand strategies and to continue to operate and expand our business internationally;
- our future operating cash flow may not be sufficient to fund future obligations and we may not be able to obtain financing, if necessary, on terms that are favorable or consistent with our expectations;
- our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;
- continuing financial viability of our travel agent distribution system and air service providers;
- our decisions to self-insure against various risks or inability to obtain insurance for certain risks;
- disruptions to our software and other information technology systems;