FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1998

OR

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

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION

(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	**59-1562976 (I.R.S. Employer Identification No.)**

3655 N.W. 87th Avenue, Miami, Florida 33178-2428
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its wholly and majority owned subsidiaries (referred to collectively as the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated and available capacity. The Company offers a broad range of leading cruise brands serving the contemporary cruise market through Carnival Cruise Lines ("Carnival"), the premium cruise market through Holland America Line ("Holland America") and the luxury cruise market through Cunard Line ("Cunard"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") (collectively the "Majority Owned Cruise Operations"). The Company also owns equity interests in Costa Crociere S.p.A. ("Costa"), an Italian cruise company, and Airtours plc ("Airtours"), an integrated leisure travel group of companies which also operates cruise ships (collectively the "Affiliated Cruise Operations"). Costa and Airtours' Sun Cruises target the contemporary cruise market.

A summary of the cruise operations of the Company and its affiliates is as follows:

Cruise Brand	Percentage Owned by Carnival Corporation	Number of Ships	Passenger Capacity(1)	Primary Geographic Market
Majority Owned Cruise Operations:				
Carnival	100%	13	24,404	North America
Holland America	100%	8	10,302	North America
Windstar	100%	4	756	North America
Cunard (2)	68%	5	3,380	Worldwide
Seabourn (2)	68%	3	624	North America
		33	39,466	
Affiliated Cruise Operations:				
Costa	50%(3)	7	7,644	Europe
Airtours' Sun Cruises	26%	3	2,924	Europe
		10	10,568	
		43	50,034	

(1) In accordance with cruise industry practice, all passenger capacities indicated within this document are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(2) In May 1998, the Company and a group of investors acquired the assets of Cunard, a cruise company operating five luxury ships, for $500 million, as adjusted. Simultaneous with the acquisition, Seabourn Cruise Line Limited, a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company now owns 68% of the combined entity, which is named Cunard Line Limited. See Note 13 to the Financial Statements as included in Exhibit 13 to this Form 10-K.
(3) The 50% equity interest of Costa not owned by the Company is owned by Airtours. Including the Company's interest in Airtours, it beneficially owns 63% of Costa.

Historically, the Company's cruise brands have been marketed primarily in North America. The Company began to globalize its cruise business by expanding its markets into Europe through the acquisition of its interest in Airtours in April 1996, Costa in June 1997 and Cunard in May 1998. Airtours, which is headquartered in Manchester, England, is the largest air inclusive tour operator in the world, selling packaged tours in the Austrian, British, Belgian, Dutch, French, German, Irish, Polish, Scandinavian, Swiss and North American markets. Additionally, it operates three cruise ships (a fourth ship is expected to enter service in April 1999) under the Sun Cruises name. Costa, which is headquartered in Genoa, Italy, has sales offices in Argentina, Brazil, England, Florida, France, Italy, Spain and Switzerland and sells the majority of its cruises in Southern Europe, primarily in Italy, France and Spain. Cunard Line Limited, which is headquartered in Miami, Florida, has Cunard and Seabourn sales offices in Miami, New York City, England, Germany and Australia, and sells a substantial number of its cruises in Europe, primarily in the United Kingdom and Germany. The cruise markets in Europe are much smaller than the North American market. Industry-wide European cruise passengers carried in 1998 are estimated to be approximately 1.3 million compared to approximately 5.4 million from North America.

The Company has signed agreements with two shipyards providing for the construction of additional cruise ships. A summary of new ship agreements for the Company's Majority Owned Cruise Operations is as follows:

VESSEL	EXPECTED SERVICE DATE(1)	PASSENGER CAPACITY
Carnival:		
Carnival Triumph	7/99	2,758
Carnival Victory	8/00	2,758
Newbuild	4/01	2,100
Carnival Conquest	12/02	2,758
Carnival Glory	8/03	2,758
Total Carnival		13,132(2)
Holland America:		
Volendam	8/99	1,440
Zaandam	3/00	1,440
Newbuild	11/00	1,380
Total Holland America		4,260
Total		17,392

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) The Company also has options for the construction of two additional vessels each with a passenger capacity of 2,100. No assurance can be given that the options to construct the vessels will be exercised.

In addition to its cruise operations, the Company operates a tour business, through Holland America Line-Westours Inc. ("Holland America Westours"), which markets sightseeing tours both separately and as a part of Holland America cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals and most shipboard activities, (ii) the sale of air transportation to and from the cruise ship and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Westours.

For selected segment and export sales information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 10 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated is as follows:

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	54	54	56
Selling and administrative	12	12	12
Depreciation and amortization	7	7	7
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	27	27	25
INCOME FROM AFFILIATED OPERATIONS, NET	3	2	2
OPERATING INCOME	30	29	27
NET INCOME	28%	27%	26%
SELECTED STATISTICAL INFORMATION (in thousands):			
Passengers carried	2,045	1,945	1,764
Passenger cruise days (1)	13,009	11,908	10,583
Occupancy percentage	106.3%	108.3%	107.6%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.

GENERAL
The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity and, additionally in 1998, its ability to obtain significantly higher net yields than in previous years.

Fixed costs, including depreciation, fuel, insurance and crew costs, represent more than one-third of the Company's operating expenses and do not change significantly in relation to changes in passenger loads and aggregate passenger ticket revenue.

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

The year over year percentage increase in average passenger capacity for the Company's cruise brands, excluding the impact of the acquisition and consolidation of Cunard and Seabourn, is expected to be 13.7% during fiscal 1999 as compared to fiscal 1998. This increase is primarily a result of the introduction into service of Carnival's Elation in March 1998 and Paradise in late November 1998, the expected introduction into service of the Carnival Triumph in July 1999 and Holland America's Volendam in August 1999 and the introduction into service of Windstar's Wind Surf in May 1998. Including the impact of Cunard and Seabourn, average passenger capacity is expected to increase 18.5% in fiscal 1999 as compared to fiscal 1998. The acquisition and consolidation of Cunard and Seabourn is not expected to materially affect the Company's consolidated net income in 1999.

The year over year percentage increase in average passenger capacity, excluding the impact of Cunard and Seabourn, resulting from the delivery of vessels currently under contract for construction for the fiscal years 2000 and 2001 is expected to approximate 12.9% and 11.9%, respectively. Including the impact of Cunard and Seabourn, the year over year increase in average passenger capacity for fiscal 2000 and 2001 is expected to approximate 11.7% and 10.9%, respectively.

In June 1997, the Company and Airtours, a publicly traded leisure travel company in which the Company holds a 26% interest, each acquired a 50% interest in Il Ponte, the parent company of Costa, an Italian cruise company. The Company records its interest in Airtours and Il Ponte using the equity method of accounting and records its portion of Airtours' and Il Ponte's consolidated operating results on a two-month lag basis. Demand for Airtours' and Costa's products is seasonal due to the nature of the European leisure travel industry and European cruise season. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher demand, with demand in the quarter ending September 30 being the highest.

Fiscal 1998 Compared To Fiscal 1997

Revenues
The increase in total revenues of $561.8 million, or 23.0%, was due primarily to an increase in cruise revenues of $540.3 million, or 23.9%. Approximately $281.9 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn and $258.4 million is due to increased cruise revenues from Carnival, Holland America and Windstar. The increase from Carnival, Holland America and Windstar resulted from an increase of approximately 7.0% in total revenue per passenger cruise day and a 4.8% increase in passenger capacity, offset slightly by a .6% decrease in occupancy rates. Total revenue per passenger cruise day increased primarily due to strong demand for the Company's cruise brands and the introduction of Holland America's new Rotterdam VI in November 1997, which has obtained higher pricing. Passenger capacity increased due to the addition of new vessels discussed previously partially offset by the Ecstasy being out of service for two months during 1998 (see Nonoperating Income (Expense)). Tour revenues increased $31.8 million, or 13.1% to $274.5 million in 1998 from $242.6 million in 1997 due primarily to an increase in the number of tours sold.

Cost and Expenses
Operating expenses increased $296.7 million, or 22.4%. Cruise operating costs increased by $274.2 million, or 23.1% in 1998. Approximately $177.5 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 50.9% and 52.5% in 1998 and 1997, respectively. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of increases in passenger capacity and airfare costs, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. Tour operating expenses increased $32.8 million, or 17.2% primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $72.9 million, or 24.6%, of which $46.8 million, or 15.8%, was due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 11.8% and 12.1% in 1998 and 1997, respectively. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs.

Depreciation and amortization increased by $33.4 million, or 20.0%, to $200.7 million in 1998 from $167.3 million in 1997 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations
During 1998, the Company recorded $76.7 million of income from affiliated operations as compared with $53.1 million of income in 1997. The Company's portion of Airtours' income increased $3.7 million to $39.4 million in 1998. The Company recorded income of $39.9 million and $15.5 million during 1998 and 1997, respectively, related to its interest in Il Ponte. The Company did not record earnings from its investment in Il Ponte in the first nine months of 1997 since Il Ponte was acquired in June 1997 and its consolidated operating results are recorded on a two- month lag basis. The affiliated operations for 1998 includes Seabourn through May 28, 1998 after which its results are included in the Company's consolidated results.

Nonoperating Income (Expense)
Gross interest expense (excluding capitalized interest) increased $20.2 million in 1998 primarily as a result of higher average debt balances, arising from the acquisition and consolidation of Cunard and Seabourn as well as investments in new vessel projects. Capitalized interest increased $18.3 million due primarily to higher levels of investments in ship construction projects during fiscal 1998 as compared with fiscal 1997.

Included in other income in 1998 were gains of $8.4 and $14.8 million resulting from the closing of the sale of CHC's hotel management division and Airtours' issuances of its common stock, respectively. In the event that Airtours issues additional common stock in the future, the Company may recognize gains or losses related to these future issuances. Additionally, other expense includes $8.7 million of previously deferred start-up costs, which were expensed in 1998 and represent the cumulative effect from the Company changing its policy in connection with its early adoption of SOP 98-5 (see Notes 4 and 14 in the accompanying financial statements).

In July 1998, a fire occurred on the mooring deck on Carnival Cruise Lines' Ecstasy. There were no serious injuries to passengers or crew, however, there was damage to the ship's aft section. The time necessary to complete repairs to the Ecstasy resulted in the ship being out of service for approximately two months during 1998. The Ecstasy fire resulted in a reduction in earnings of approximately $19.3 million in 1998. This reduction was comprised of lost revenue, net of related variable expenses, of $12.0 million, and costs associated with repairs to the ship, passenger handling and various other costs, net of estimated insurance recoveries, of $7.3 million. The costs of $7.3 million were included in other expenses.

Minority interest was $11.1 million which represents the minority shareholders' interest in Cunard Line Limited's net income since its acquisition and consolidation by the Company on May 28, 1998.

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

ASSETS	NOVEMBER 30, 1998	1997
CURRENT ASSETS		
Cash and cash equivalents	$ 137,273	$ 139,989
Short-term investments	5,956	9,738
Accounts receivable, net	60,837	57,090
Consumable inventories, at average cost	75,449	54,970
Prepaid expenses and other	90,764	74,238
Total current assets	370,279	336,025
PROPERTY AND EQUIPMENT, Net	5,768,114	4,327,413
OTHER ASSETS		
Investments in and advances to affiliates	546,693	479,329
Goodwill, less accumulated amortization of $72,255 and $62,256	437,464	212,607
Other assets	56,773	71,401
	$7,179,323	$5,426,775
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 67,626	$ 59,620
Accounts payable	168,546	106,783
Accrued liabilities	206,968	154,253
Customer deposits	638,383	420,908
Dividends payable	53,590	44,578
Total current liabilities	1,135,113	786,142
LONG-TERM DEBT	1,563,014	1,015,294
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	63,036	20,241
COMMITMENTS AND CONTINGENCIES (Notes 2 and 9)		
MINORITY INTEREST	132,684	
SHAREHOLDERS' EQUITY		
Common Stock; $.01 par value; 960,000 shares authorized; 595,448 and 594,408 shares issued and outstanding	5,955	5,944
Paid-in-capital	880,488	863,125
Retained earnings	3,379,628	2,731,213
Other	19,405	4,816
Total shareholders' equity	4,285,476	3,605,098
	$7,179,323	$5,426,775

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
REVENUES	$3,009,306	$2,447,468	$2,212,572
COSTS AND EXPENSES			
Operating expenses	1,619,377	1,322,669	1,241,269
Selling and administrative	369,469	296,533	274,855
Depreciation and amortization	200,668	167,287	144,987
	2,189,514	1,786,489	1,661,111
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	819,792	660,979	551,461
INCOME FROM AFFILIATED OPERATIONS, NET	76,732	53,091	45,967
OPERATING INCOME	896,524	714,070	597,428
NONOPERATING INCOME (EXPENSE)			
Interest income	10,257	8,675	18,597
Interest expense, net of capitalized interest	(57,772)	(55,898)	(64,092)
Other income, net	1,793	5,436	23,414
Income tax expense	(3,815)	(6,233)	(9,045)
Minority interest	(11,102)		
	(60,639)	(48,020)	(31,126)
NET INCOME	$ 835,885	$ 666,050	$ 566,302
EARNINGS PER SHARE:			
Basic	$1.40	$1.12	$.98
Diluted	$1.40	$1.12	$.96

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
OPERATING ACTIVITIES			
Net income	$ 835,885	$666,050	$566,302
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	200,668	167,287	144,987
Income from affiliates in excess of dividends received	(63,059)	(46,569)	(43,224)
Minority interest	11,102		
Other	(8,428)	2,540	19,639
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
Decrease (increase) in:			
Receivables	137	(21,229)	(4,432)
Consumable inventories	(3,913)	(1,689)	(4,461)
Prepaid expenses and other	(15,369)	903	(4,919)
Increase (decrease) in:			
Accounts payable	18,758	22,035	(5,489)
Accrued liabilities	42,401	20,042	13,028
Customer deposits	73,658	68,210	60,092
Net cash provided from operating activities	1,091,840	877,580	741,523
INVESTING ACTIVITIES			
Additions to property and equipment, net	(1,150,413)	(497,657)	(901,905)
Proceeds from sale of assets	47,028	17,041	94,291
Proceeds from litigation settlements applied to cost of ships			43,050
Acquisition of consolidated subsidiaries, net	(242,868)		
Purchase of equity interests in affiliates		(38,378)	(163,112)
Other (additions to) reductions in investments in and advances to affiliates, net	(380)	39,540	(23,903)
Decrease in short-term investments, net	4,052	2,748	37,710
Other, net	21,528	21,805	94,644
Net cash used for investing activities	(1,321,053)	(454,901)	(819,225)
FINANCING ACTIVITIES			
Proceeds from long-term debt	1,404,395	155,366	971,361
Principal payments of long-term debt	(1,006,586)	(424,391)	(735,246)
Dividends paid	(178,458)	(130,456)	(103,877)
Proceeds from issuance of Common Stock	11,399	5,162	3,728
Other	(4,253)		
Net cash provided from (used for) financing activities	226,497	(394,319)	135,966
Net (decrease) increase in cash and cash equivalents	(2,716)	28,360	58,264
Cash and cash equivalents at beginning of year	139,989	111,629	53,365
Cash and cash equivalents at end of year	$ 137,273	$139,989	$111,629

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Description of Business

Carnival Corporation, a Panamanian corporation, and its wholly and majority owned subsidiaries (referred to collectively as the "Company") operate five cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Westours. Carnival operates thirteen cruise ships cruising primarily in the Caribbean, Mexican Riviera and Alaska. Holland America operates eight cruise ships cruising primarily in Alaska, the Caribbean and Europe and Windstar operates four luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships, primarily in the Caribbean, Europe and Central America. Cunard and Seabourn operate five and three luxury cruise vessels, respectively, to worldwide destinations (see Note 13). Holland America Line- Westours Inc. markets sightseeing tours both separately and as a part of Holland America cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaskan Railroad between Anchorage and Fairbanks.

The Company has a 50% direct equity interest in Il Ponte S.p.A. ("Il Ponte"), the parent company of Costa Crociere, S.p.A. ("Costa"), an Italian cruise company. Additionally, the Company has a 26% interest in Airtours plc ("Airtours"), a large publicly traded air-inclusive integrated leisure travel company headquartered in England, and a 23% interest in a casino development and management company, CRC Holdings, Inc. ("CRC"). Costa operates seven cruise ships in Europe, the Caribbean and South America and its cruises are marketed primarily to Europeans. Airtours provided holidays for approximately eight million people in 1998 primarily from the United Kingdom, Scandinavia and North America and owns or operates over 800 retail travel shops, 36 aircraft, three cruise ships (an additional ship is scheduled to be delivered in 1999), 26 holiday hotels and develops and markets vacation ownership resorts. Airtours also owns the other 50% of Il Ponte not owned by the Company. CRC's casino activities are located in the United States and Canada.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	November 30, 1998	1997
	(in thousands)	
Vessels	$5,754,218	$4,536,382
Vessels under construction	526,529	182,929
	6,280,747	4,719,311
Land, buildings and improvements	217,597	194,013
Transportation and other equipment	322,069	268,520
Total property and equipment	6,820,413	5,181,844
Less accumulated depreciation and amortization	(1,052,299)	(854,431)
	$5,768,114	$4,327,413

Interest costs associated with the construction of property and equipment, consisting primarily of vessels, are capitalized during the construction period and amounted to $35.1 million in 1998, $16.8 million in 1997 and $25.8 million in 1996.

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment currently operates twenty-nine passenger cruise ships and four luxury sailing vessels. Cruise revenues are comprised of sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from on-board activities and other related services. The tour business represents the operations of Holland America Westours. The corporate segment is primarily comprised of cash and cash equivalents, goodwill, and investments, including the Company's investments in and advances to affiliates and the related earnings from these affiliates. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Export sales represent revenues identified with the Company's domestic operations, which were generated from outside the U.S. Segment and export sales information for each of the three years in the period ended November 30, 1998 is as follows:

	1998	1997	1996
		(in thousands)	
REVENUES			
Cruise	$2,797,856	$2,257,567	$2,003,458
Tour	274,491	242,646	263,356
Intersegment revenues	(63,041)	(52,745)	(54,242)
	$3,009,306	$2,447,468	$2,212,572
GROSS OPERATING PROFIT			
Cruise	$1,338,833	$1,072,758	$ 913,880
Tour	51,096	52,041	57,423
	$1,389,929	$1,124,799	$ 971,303
DEPRECIATION AND AMORTIZATION			
Cruise	$ 189,345	$ 157,454	$ 135,694
Tour	9,491	8,862	8,317
Corporate	1,832	971	976
	$ 200,668	$ 167,287	$ 144,987
OPERATING INCOME			
Cruise	$ 822,242	$ 656,009	$ 535,814
Tour	9,248	13,262	21,252
Corporate	65,034	44,799	40,362
	$ 896,524	$ 714,070	$ 597,428
IDENTIFIABLE ASSETS			
Cruise	$6,149,625	$4,744,140	$4,514,675
Tour	174,140	163,941	150,851
Corporate	855,558	518,694	436,362
	$7,179,323	$5,426,775	$5,101,888
CAPITAL EXPENDITURES			
Cruise	$1,113,191	$ 414,963	$ 841,871
Tour	28,480	42,507	14,964
Corporate	8,742	40,187	1,810
	$1,150,413	$ 497,657	$ 858,645
EXPORT SALES	$ 342,017	$ 213,405	$ 198,046

NOTE 13 - ACQUISITION

On May 28, 1998, the Company and a group of investors acquired the operating assets of Cunard, a cruise company operating five luxury cruise ships, for $500 million, adjusted for a working capital deficiency and debt assumed. The Company is accounting for the acquisition using the purchase accounting method. Simultaneous with the acquisition, Seabourn Cruise Line Limited ("Seabourn"), a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company owns approximately 68% of the combined entity, which is named Cunard Line Limited. Commencing on May 28, 1998, the financial results of Cunard Line Limited have been included in the Company's consolidated financial statements. Prior to May 28, 1998, the Company's 50% interest in Seabourn was accounted for using the equity method (see Notes 2 and 4).

Had the above transactions occurred on December 1, 1996, the Company's unaudited consolidated revenues for fiscal 1998 and 1997 would have been approximately $3.23 billion and $2.92 billion, respectively. The impact on the Company's fiscal 1998 and 1997 unaudited net income and earnings per share would have been immaterial.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years 1994 through 1998 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	YEARS ENDED NOVEMBER 30,				
	1998	1997	1996	1995	1994
	(in thousands, except per share data)				
INCOME STATEMENT DATA:					
Revenues	$3,009,306	$2,447,468	$2,212,572	$1,998,150	$1,806,016
Operating income before income from affiliated operations	$ 819,792	$ 660,979	$ 551,461	$ 490,038	$ 443,674
Operating income	$ 896,524	$ 714,070	$ 597,428	$ 490,038	$ 443,674
Net income	$ 835,885	$ 666,050	$ 566,302	$ 451,091	$ 381,765
Earnings per share (1):					
Basic	$1.40	$1.12	$.98	$.79	$.68
Diluted	$1.40	$1.12	$.96	$.79	$.67
Dividends declared per share (1)	$.315	$.240	$.190	$.158	$.142
Passenger cruise days	13,009	11,908	10,583	9,201	8,102
Occupancy percentage (2)	106.3%	108.3%	107.6%	105.0%	104.0%

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(1) All per share amounts have been adjusted to reflect two-for-one stock splits effective November 30, 1994 and June 12, 1998.

(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for fiscal 1998 are as follows:

	QUARTERS ENDED			
	FEBRUARY 28,	MAY 31,	AUGUST 31,	NOVEMBER 30,
	(in thousands, except per share data)			
Revenues	$557,838	$661,358	$1,061,539	$728,571
Gross profit	$250,243	$299,002	$ 521,196	$319,488
Operating income before income from affiliated operations	$128,401	$167,794	$ 365,007	$158,590
Operating income	$117,720	$165,441	$ 378,849	$234,514
Net income	$109,914	$160,596	$ 344,752	$220,623
Earnings per share (1):				
Basic	$.18	$.27	$.58	$.37
Diluted	$.18	$.27	$.58	$.37
Dividends declared per share (1)	$.075	$.075	$.075	$.09

Quarterly financial results for fiscal 1997 are as follows:

	QUARTERS ENDED			
	FEBRUARY 28,	MAY 31,	AUGUST 31,	NOVEMBER 30,
	(in thousands, except per share data)			
Revenues	$521,082	$596,614	$805,421	$524,351
Gross profit	$224,144	$258,930	$417,301	$224,424
Operating income before income from affiliated operations	$103,944	$140,253	$308,590	$108,192
Operating income	$ 94,962	$137,541	$318,961	$162,606
Net income	$ 85,360	$127,447	$297,893	$155,350
Earnings per share (1):				
Basic	$.14	$.21	$.50	$.26
Diluted	$.14	$.21	$.50	$.26
Dividends declared per share (1)	$.055	$.055	$.055	$.075

Company Name	ROYAL CARIBBEAN CRUISES LTD				
Common Shares Outstanding	168,591	**(in 000s at most recent fiscal year end)**			
Estimated Price/Share=$98.02					
	Actual	Actual	Actual	Actual	Actual
Fiscal Year End (MM/DD/YYYY)	12/31/1994	12/31/1995	12/31/1996	12/31/1997	12/31/1998
Income Statement					
Sales (Net)	1,171,423	1,183,952	1,357,325	1,939,007	2,636,291
Cost of Goods Sold	(728,760)	(742,467)	(854,478)	(1,219,268)	(1,593,728)
Gross Profit	442,663	441,485	502,847	719,739	1,042,563
R&D Expense	0	0	0	0	0
SG&A Expense	(179,051)	(177,481)	(194,629)	(272,368)	(359,214)
EBITDA	263,612	264,004	308,218	447,371	683,349
Depreciation & Amortization	(77,892)	(80,071)	(91,185)	(143,816)	(194,614)
EBIT	185,720	183,933	217,033	303,555	488,735
Interest Expense	(43,349)	(54,844)	(76,540)	(128,531)	(167,869)
Non-Operating Income (Loss)	(46)	19,869	10,373	7,661	9,904
EBT	142,325	148,958	150,866	182,685	330,770
Income Taxes	0	0	0	0	0
Minority Interest in Earnings	0	0	0	0	0
Other Income (Loss)	0	0	0	0	0
Net Income Before Ext. Items	142,325	148,958	150,866	182,685	330,770
Ext. Items & Disc. Ops.	(5,700)	0	0	(7,558)	0
Preferred Dividends	0	0	0	(9,200)	(12,500)
Net Income (available to common)	136,625	148,958	150,866	165,927	318,270
Balance Sheet					
Operating Cash and Market. Sec.	23,920	31,256	40,419	110,793	172,921
Receivables	9,424	12,171	15,535	22,628	36,532
Inventories	13,555	16,830	22,665	37,274	31,834
Other Current Assets	71,233	27,563	33,745	40,450	45,044
Total Current Assets	118,132	87,820	112,364	211,145	286,331
PP&E (Net)	1,384,814	1,758,446	2,378,934	4,785,291	5,073,008
Investments	0	0	0	0	0
Intangibles	351,456	341,041	330,628	320,214	309,801
Other Assets	10,602	15,936	20,373	23,098	16,936
Total Assets	1,865,004	2,203,243	2,842,299	5,339,748	5,686,076
Current Debt	0	6,234	13,061	141,013	127,919
Accounts Payable	63,181	71,528	69,091	108,474	115,833
Income Taxes Payable	0	0	0	0	0
Other Current Liabilities	209,094	230,935	321,307	639,857	646,403
Total Current Liabilities	272,275	308,697	403,459	889,344	890,155
Long-Term Debt	747,107	929,458	1,353,906	2,431,683	2,341,163
Other Liabilities	0	0	0	0	0
Deferred Taxes	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Liabilities	1,019,382	1,238,155	1,757,365	3,321,027	3,231,318
Preferred Stock	0	0	0	172,500	172,500
Paid in Common Capital (Net)	545,061	546,058	549,422	1,185,566	1,358,567
Retained Earnings	300,561	419,030	535,512	660,655	923,691
Total Common Equity	845,622	965,088	1,084,934	1,846,221	2,282,258
Total Liabilities and Equity	1,865,004	2,203,243	2,842,299	5,339,748	5,686,076
Statement of Retained Earnings					
Beg. Retained Earnings		300,561	419,030	535,512	660,655
+Net Income		148,958	150,866	165,927	318,270
-Common Dividends		(30,489)	(34,384)	(49,984)	(67,734)
+/-Clean Surplus Plug (Ignore)		0	0	9,200	12,500
=End. Retained Earnings	300,561	419,030	535,512	660,655	923,691

Company Name	ROYAL CARIBBEAN CRUISES LTD				
Fiscal Year End Date	Actual 12/31/1994	Actual 12/31/1995	Actual 12/31/1996	Actual 12/31/1997	Actual 12/31/1998
Annual Growth Rates					
Sales		1.1%	14.6%	42.9%	36.0%
Assets		18.1%	29.0%	87.9%	6.5%
Common Equity		14.1%	12.4%	70.2%	23.6%
Earnings		9.0%	1.3%	16.1%	81.7%
Free Cash Flow to Investors			#N/A	#N/A	#N/A
Sustainable Growth Rate			11.4%	8.5%	12.1%
Profitability					
Return on Equity		0.165	0.147	0.119	0.154
Return on Equity (b4 non-recurring)		0.143	0.137	0.119	0.149
Return on Net Operating Assets		0.117	0.104	0.086	0.105
Basic Dupont Model					
Net Profit Margin	0.117	0.126	0.111	0.090	0.121
x Total Asset Turnover		0.582	0.538	0.474	0.478
x Total Leverage		2.247	2.461	2.791	2.671
= Return on Equity		0.165	0.147	0.119	0.154
Advanced Dupont Model					
Net Operating Margin	0.154	0.172	0.168	0.157	0.189
x Net Operating Asset Turnover		0.678	0.624	0.551	0.554
= Return on Net Operating Assets		0.117	0.104	0.086	0.105
Net Borrowing Cost (NBC)		0.065	0.066	0.063	0.067
Spread (RNOA - NBC)		0.051	0.038	0.024	0.038
Financial Leverage (LEV)		0.929	1.123	1.403	1.305
ROE = RNOA + LEV*Spread		0.165	0.147	0.119	0.154
Margin Analysis					
Gross Margin	0.378	0.373	0.370	0.371	0.395
EBITDA Margin	0.225	0.223	0.227	0.231	0.259
EBIT Margin	0.159	0.155	0.160	0.157	0.185
Net Operating Margin (b4 non-rec.)	0.159	0.155	0.160	0.157	0.185
Net Operating Margin	0.154	0.172	0.168	0.157	0.189
Turnover Analysis					
Net Operating Asset Turnover		0.678	0.624	0.551	0.554
Net Working Capital Turnover		(6.421)	(5.510)	(4.757)	(5.204)
Avge Days to Collect Receivables		3.329	3.725	3.592	4.095
Avge Inventory Holding Period		7.469	8.435	8.972	7.914
Avge Days to Pay Payables		33.258	30.240	26.900	25.598
PP&E Turnover		0.753	0.656	0.541	0.535
Analysis of Leverage -Long-Term Capital Structure					
Debt to Equity Ratio	0.883	0.970	1.260	1.393	1.082
FFO to Total Debt		0.272	0.210	0.162	0.208
CFO to Total Debt		0.353	0.273	0.329	0.209
Analysis of Leverage - Short-Term Liquidity					
Current Ratio	0.434	0.284	0.279	0.237	0.322
Quick Ratio	0.122	0.141	0.139	0.150	0.235
EBIT Interest Coverage	4.284	3.354	2.836	2.362	2.911
EBITDA Interest Coverage	6.081	4.814	4.027	3.481	4.071

Company Name	CARNIVAL CORP				
Common Shares Outstanding	595,448	**(in 000s at most recent fiscal year end)**			
Estimated Price/Share=$47.28					
	Actual	Actual	Actual	Actual	Actual
Fiscal Year End (MM/DD/YY)	11/30/1994	11/30/1995	11/30/1996	11/30/1997	11/30/1998
Income Statement					
Sales (Net)	1,806,016	1,998,150	2,212,572	2,447,468	3,009,306
Cost of Goods Sold	(1,028,475)	(1,131,113)	(1,241,269)	(1,322,669)	(1,619,377)
Gross Profit	777,541	867,037	971,303	1,124,799	1,389,929
R&D Expense	0	0	0	0	0
SG&A Expense	(223,272)	(248,566)	(274,855)	(296,533)	(369,469)
EBITDA	554,269	618,471	696,448	828,266	1,020,460
Depreciation & Amortization	(110,595)	(128,433)	(144,987)	(167,287)	(200,668)
EBIT	443,674	490,038	551,461	660,979	819,792
Interest Expense	(51,378)	(63,080)	(64,092)	(55,898)	(57,772)
Non-Operating Income (Loss)	(478)	33,507	87,978	67,202	88,782
EBT	391,818	460,465	575,347	672,283	850,802
Income Taxes	(10,053)	(9,374)	(9,045)	(6,233)	(3,815)
Minority Interest in Earnings	0	0	0	0	(11,102)
Other Income (Loss)	0	0	0	0	0
Net Income Before Ext. Items	381,765	451,091	566,302	666,050	835,885
Ext. Items & Disc. Ops.	0	0	0	0	0
Preferred Dividends	0	0	0	0	0
Net Income (available to common)	381,765	451,091	566,302	666,050	835,885
Balance Sheet					
Operating Cash and Market. Sec.	124,220	103,760	124,115	149,727	143,229
Receivables	20,789	33,080	38,109	57,090	60,837
Inventories	45,122	48,820	53,281	54,970	75,449
Other Current Assets	50,318	70,718	75,428	74,238	90,764
Total Current Assets	240,449	256,378	290,933	336,025	370,279
PP&E (Net)	3,071,431	3,414,823	4,099,038	4,327,413	5,768,114
Investments	47,514	51,794	430,330	479,329	546,693
Intangibles	233,553	226,571	219,589	212,607	437,464
Other Assets	76,876	155,921	61,998	71,401	56,773
Total Assets	3,669,823	4,105,487	5,101,888	5,426,775	7,179,323
Current Debt	84,644	72,752	66,369	59,620	67,626
Accounts Payable	86,750	90,237	84,748	106,783	168,546
Income Taxes Payable	0	0	0	0	0
Other Current Liabilities	393,563	431,721	511,625	619,739	898,941
Total Current Liabilities	564,957	594,710	662,742	786,142	1,135,113
Long-Term Debt	1,161,904	1,150,031	1,316,632	1,015,294	1,563,014
Other Liabilities	14,028	15,873	0	0	0
Deferred Taxes	0	0	91,630	20,241	63,036
Minority Interest	0	0	0	0	132,684
Total Liabilities	1,740,889	1,760,614	2,071,004	1,821,677	2,893,847
Preferred Stock	0	0	0	0	0
Paid in Common Capital (Net)	538,345	592,733	823,103	873,885	905,848
Retained Earnings	1,390,589	1,752,140	2,207,781	2,731,213	3,379,628
Total Common Equity	1,928,934	2,344,873	3,030,884	3,605,098	4,285,476
Total Liabilities and Equity	3,669,823	4,105,487	5,101,888	5,426,775	7,179,323
Statement of Retained Earnings					
Beg. Retained Earnings		1,390,589	1,752,140	2,207,781	2,731,213
+Net Income		451,091	566,302	666,050	835,885
-Common Dividends		(85,098)	(103,877)	(130,456)	(178,458)
+/-Clean Surplus Plug (Ignore)		(4,442)	(6,784)	(12,162)	(9,012)
=End. Retained Earnings	1,390,589	1,752,140	2,207,781	2,731,213	3,379,628

Company Name	CARNIVAL CORP				
Fiscal Year End Date	Actual 11/30/1994	Actual 11/30/1995	Actual 11/30/1996	Actual 11/30/1997	Actual 11/30/1998
Annual Growth Rates					
Sales		10.6%	10.7%	10.6%	23.0%
Assets		11.9%	24.3%	6.4%	32.3%
Common Equity		21.6%	29.3%	18.9%	18.9%
Earnings		18.2%	25.5%	17.6%	25.5%
Free Cash Flow to Investors			-292.3%	#N/A	-179.4%
Sustainable Growth Rate			17.2%	16.1%	16.7%
Profitability					
Return on Equity		0.211	0.211	0.201	0.212
Return on Equity (b4 non-recurring)		0.196	0.178	0.181	0.189
Return on Net Operating Assets		0.152	0.158	0.159	0.169
Basic Dupont Model					
Net Profit Margin	0.211	0.226	0.256	0.272	0.278
x Total Asset Turnover		0.514	0.481	0.465	0.477
x Total Leverage		1.819	1.713	1.587	1.598
= Return on Equity		0.211	0.211	0.201	0.212
Advanced Dupont Model					
Net Operating Margin	0.239	0.257	0.284	0.295	0.297
x Net Operating Asset Turnover		0.593	0.554	0.538	0.568
= Return on Net Operating Assets		0.152	0.158	0.159	0.169
Net Borrowing Cost (NBC)		0.050	0.048	0.045	0.043
Spread (RNOA - NBC)		0.102	0.109	0.114	0.126
Financial Leverage (LEV)		0.578	0.485	0.370	0.343
ROE = RNOA + LEV*Spread		0.211	0.211	0.201	0.212
Margin Analysis					
Gross Margin	0.431	0.434	0.439	0.460	0.462
EBITDA Margin	0.307	0.310	0.315	0.338	0.339
EBIT Margin	0.246	0.245	0.249	0.270	0.272
Net Operating Margin (b4 non-rec.)	0.239	0.240	0.245	0.268	0.268
Net Operating Margin	0.239	0.257	0.284	0.295	0.297
Turnover Analysis					
Net Operating Asset Turnover		0.593	0.554	0.538	0.568
Net Working Capital Turnover		(7.907)	(7.750)	(7.034)	(5.533)
Avge Days to Collect Receivables		4.920	5.872	7.099	7.152
Avge Inventory Holding Period		15.157	15.012	14.936	14.698
Avge Days to Pay Payables		28.650	25.820	26.461	31.426
PP&E Turnover		0.616	0.589	0.581	0.596
Analysis of Leverage -Long-Term Capital Structure					
Debt to Equity Ratio	0.646	0.521	0.456	0.298	0.381
FFO to Total Debt		0.471	0.604	0.620	0.896
CFO to Total Debt		0.475	0.650	0.710	1.118
Analysis of Leverage - Short-Term Liquidity					
Current Ratio	0.426	0.431	0.439	0.427	0.326
Quick Ratio	0.257	0.230	0.245	0.263	0.180
EBIT Interest Coverage	8.635	7.769	8.604	11.825	14.190
EBITDA Interest Coverage	10.788	9.805	10.866	14.817	17.664