

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended May 31, 1999

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)

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

None
(Former name, former address and former fiscal year,
if changed since last report.)

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

Indicate the number of shares outstanding of each of the issuer's classes
of common stock as of the latest practicable date.

Common Stock, \$.01 par value - 613,368,768 shares as of July 9, 1999.

CARNIVAL CORPORATION

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PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements.	

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

	May 31, 1999	November 30, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 382,640	\$ 137,273
Short-term investments	614,799	5,956
Accounts receivable, net	103,214	60,837
Consumable inventories, at average cost	81,035	75,449
Prepaid expenses and other	100,211	90,764
Total current assets	1,281,899	370,279
PROPERTY AND EQUIPMENT, NET	5,770,921	5,768,114
INVESTMENTS IN AND ADVANCES TO AFFILIATES	494,185	546,693
GOODWILL, LESS ACCUMULATED AMORTIZATION OF \$78,982 AND \$72,255	406,708	437,464
OTHER ASSETS	45,595	56,773
	\$7,999,308	\$7,179,323
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 33,667	\$ 67,626
Accounts payable	180,115	168,546
Accrued liabilities	202,615	206,968
Customer deposits	822,719	638,383

Dividends payable	55,193	53,590
Total current liabilities	1,294,309	1,135,113
LONG-TERM DEBT	1,240,997	1,563,014
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	82,791	63,036
COMMITMENTS AND CONTINGENCIES (Note 5)		
MINORITY INTEREST	138,712	132,684
SHAREHOLDERS' EQUITY		
Common Stock; \$.01 par value; 960,000 shares authorized; 613,257 and 595,448 shares issued and outstanding	6,133	5,955
Paid-in-capital	1,620,848	880,488
Retained earnings	3,630,364	3,379,628
Other	(14,846)	19,405
Total shareholders' equity	5,242,499	4,285,476
	\$7,999,308	\$7,179,323

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

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

	Six Months Ended May 31,		Three Months Ended May 31,	
	1999	1998	1999	1998
REVENUES	\$1,544,407	\$1,219,196	\$796,149	\$661,358
COSTS AND EXPENSES				
Operating expenses	848,529	669,951	432,426	362,356
Selling and administrative	216,287	163,784	105,517	84,950
Depreciation and amortization	116,815	89,266	58,911	46,258
	1,181,631	923,001	596,854	493,564
OPERATING INCOME BEFORE LOSS FROM AFFILIATED OPERATIONS	362,776	296,195	199,295	167,794
LOSS FROM AFFILIATED OPERATIONS, NET	(7,099)	(13,034)	(1,182)	(2,353)
OPERATING INCOME	355,677	283,161	198,113	165,441
NONOPERATING INCOME (EXPENSE)				
Interest income	18,362	5,885	11,475	2,148
Interest expense, net of capitalized interest	(26,880)	(24,735)	(13,490)	(12,176)
Other income (expense), net	7,941	(662)	4,945	2,609
Income tax benefit	7,645	6,861	2,839	2,574
Minority interest	(1,642)		(540)	
	5,426	(12,651)	5,229	(4,845)
NET INCOME	\$ 361,103	\$270,510	\$203,342	\$160,596

EARNINGS PER SHARE:

Basic	\$.59	\$.45	\$.33	\$.27
Diluted	\$.59	\$.45	\$.33	\$.27

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended May 31,	
	1999	1998
OPERATING ACTIVITIES		
Net income	\$361,103	\$270,510
Adjustments		
Depreciation and amortization	116,815	89,266
Dividends received and loss from affiliated operations, net	19,017	23,621
Minority interest	1,642	
Other	2,225	7,047
Changes in operating assets and liabilities, excluding businesses acquired and consolidated		
Increase in:		
Receivables	(25,046)	(4,291)
Consumable inventories	(5,586)	(4,690)
Prepaid expenses and other	(9,482)	(20,196)
Increase (decrease) in:		
Accounts payable	11,569	38,109
Accrued liabilities	(3,219)	2,321
Customer deposits	184,336	191,165
Net cash provided from operating activities	653,374	592,862
INVESTING ACTIVITIES		
(Increase) decrease in short-term investments, net	(608,278)	324
Additions to property and equipment, net	(112,860)	(702,184)
Acquisitions of consolidated subsidiaries, net	9,415	(246,097)
Other, net	34,797	42,038
Net cash used for investing activities	(676,926)	(905,919)
FINANCING ACTIVITIES		
Proceeds from long-term debt	7,721	1,184,588
Principal payments of long-term debt	(363,799)	(801,841)
Dividends paid	(108,764)	(89,183)
Proceeds from issuance of Common Stock, net	733,882	4,098
Other	(121)	(3,994)
Net cash provided from financing activities	268,919	293,668
Net increase (decrease) in cash and cash equivalents	245,367	(19,389)
Cash and cash equivalents at beginning of period	137,273	139,989
Cash and cash equivalents at end of period	\$382,640	\$120,600

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements included herein have been prepared by Carnival Corporation, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at May 31, 1999 and the consolidated statements of operations for the six and three months ended May 31, 1999 and 1998 and consolidated statements of cash flows for the six months ended May 31, 1999 and 1998 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. The operations of Carnival Corporation and its consolidated subsidiaries (referred to collectively as the "Company") and its affiliates are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	May 31, 1999	November 30, 1998
	(in thousands)	
Vessels	\$5,770,648	\$5,754,218
Vessels under construction	572,866	526,529
	6,343,514	6,280,747
Land, buildings and improvements	236,554	217,597
Transportation and other equipment	348,710	322,069
Total property and equipment	6,928,778	6,820,413
Less accumulated depreciation and amortization	(1,157,857)	(1,052,299)
	\$5,770,921	\$5,768,114

Interest costs associated with the construction of property and equipment, consisting primarily of vessels, are capitalized during the construction period and amounted to \$19.9 million and \$16.0 million for the six months ended May 31, 1999 and 1998, respectively, and \$9.5 million and \$9.6 million for the three months ended May 31, 1999 and 1998, respectively.

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of the following:

	May 31, 1999	November 30, 1998
	(in thousands)	
Commercial paper	\$ 54,209	\$ 368,710
Unsecured 5.65% Notes Due October 15, 2000	199,876	199,833
Unsecured 6.15% Notes Due April 15, 2008	199,538	199,512
Unsecured 6.65% Debentures due January 15, 2028	199,261	199,249

Notes payable bearing interest at rates ranging from 5.1% to 8.0%, secured by vessels, maturing through 2009	151,524	174,198
Unsecured 6.15% Notes Due October 1, 2003	124,970	124,967
Unsecured 7.20% Debentures Due October 1, 2023	124,883	124,881
Unsecured 7.7% Notes Due July 15, 2004	99,941	99,936
Unsecured 7.05% Notes Due May 15, 2005	99,881	99,871
Other loans payable	20,581	39,483
	1,274,664	1,630,640
Less portion due within one year	(33,667)	(67,626)
	\$1,240,997	\$1,563,014

NOTE 4 - SHAREHOLDERS' EQUITY

In December 1998, Carnival Corporation issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately \$725 million.

During the six months ended May 31, 1999 and 1998, the Company declared quarterly cash dividends aggregating \$.18 and \$.15 per share aggregating \$110.4 million and \$89.2 million, respectively.

Carnival Corporation's Articles of Incorporation, as amended, authorizes the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences and has a \$.01 par value. At May 31, 1999, no Preferred Stock had been issued.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

A description of ships under contract for construction at May 31, 1999 is as follows (in millions, except passenger capacity data):

Service Vessel	Expected Date(1)	Passenger Shipyard	Total Capacity(2)	Cost(3)
Carnival Cruise Lines				
Carnival Triumph	7/99	Fincantieri(4)	2,758	\$ 420
Carnival Victory	8/00	Fincantieri	2,758	440
Carnival Spirit	4/01	Masa-Yards	2,112	375
Carnival Pride	1/02	Masa-Yards(5)	2,112	375
Carnival Conquest	12/02	Fincantieri	2,758	450
Carnival Glory	8/03	Fincantieri	2,758	450
Total Carnival Cruise Lines			15,256	2,510
Holland America Line				
Volendam	11/99	Fincantieri(4)	1,440	300
Zaandam	3/00	Fincantieri(4)	1,440	300
Amsterdam	11/00	Fincantieri	1,380	300
Total Holland America Line			4,260	900
Total			19,516	\$3,410

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.

(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(3) Estimated total cost of the completed vessel includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.

(4) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(5) This construction contract is denominated in German Deutsche Marks and has been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

In connection with the vessels under construction, the Company has paid \$573 million through May 31, 1999 and anticipates paying approximately \$940 million during the twelve month period ending May 31, 2000 and approximately \$1.9 billion thereafter.

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against Carnival Cruise Lines ("Carnival") and one action has been filed against Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America Line ("Holland America"), alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The actions against Carnival are in various stages of progress and are proceeding.

Holland America Westours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. Five members of the settlement class appealed the court's approval of the settlement. Holland America Westours has settled with four of the five members. The appeal of one member of the settlement class is likely to take between one and two years to be resolved. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of \$10-\$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company has not established a liability for the travel voucher portion of the settlements and will account for the redemption of the vouchers as a reduction of future revenues. In 1998 the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints were filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions, filed in California, Alabama, Washington and Florida, allege violations of state consumer protection laws,

claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. These actions are in various stages of progress and are proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits, which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Ship Lease Transactions

During August and December 1998, the Company entered into lease out and lease back transactions with respect to two of its vessels. The Company has effectively guaranteed certain obligations or provided letters of credit to participants in the transactions which, at May 31, 1999, total approximately \$339 million. Only in the remote event of nonperformance by certain major financial institutions, which have long-term credit ratings of AAA, would the Company be required to make any payments under these guarantees. After approximately 18 years, the Company has the right to exercise purchase options that would terminate these transactions. As a result of these transactions, the Company received approximately \$44 million (net) which is recorded as deferred income on the balance sheets and is being amortized to nonoperating income over approximately 18 years.

NOTE 6 - COMPREHENSIVE INCOME

Effective December 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes standards for the reporting and disclosure of comprehensive income and its components. Comprehensive income is a measure that reflects all changes in shareholders' equity, except those resulting from transactions with shareholders. Comprehensive income for the periods indicated is as follows:

	Six months Ended May 31,		Three months Ended May, 31	
	1999	1998	1999	1998
	(in thousands)			
Net income	\$361,103	\$270,510	\$203,342	\$160,596
Foreign currency translation adjustment	(29,996)	(906)	(22,828)	(3,383)
Changes in securities valuation allowance	7	113	8	42
Total comprehensive income	\$331,114	\$269,717	\$180,522	\$157,255

NOTE 7 - EARNINGS PER SHARE

Earnings per share have been computed as follows (in thousands, except per share data):

	Six Months Ended May 31,		Three Months Ended May 31,	
	1999	1998	1999	1998
BASIC:				
Net income	\$361,103	\$270,510	\$203,342	\$160,596
Average common shares outstanding	611,074	594,744	613,161	594,857
Earnings per share	\$.59	\$.45	\$.33	\$.27
DILUTED:				
Net income	\$361,103	\$270,510	\$203,342	\$160,596
Effect on net income of assumed purchase of minority interest	1,642		540	
Net income available assuming dilution	\$362,745	\$270,510	\$203,882	\$160,596
Average common shares outstanding	611,074	594,744	613,161	594,857
Effect of dilutive securities:				
Additional shares issuable upon:				
Assumed exercise of Cunard Line Limited's minority shareholders				
purchase option	5,152		5,152	
Various stock plans	3,760	3,404	3,621	3,663
Average common shares outstanding assuming dilution	619,986	598,148	621,934	598,520
Earnings per share	\$.59	\$.45	\$.33	\$.27

On April 13, 1998, the Board of Directors approved a two-for-one split of the Company's Common Stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein have been retroactively restated to give effect to this stock split.

NOTE 8 - RECENT PRONOUNCEMENTS

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Pursuant to SFAS No. 133, changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS No. 133, as amended is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000 (December 1, 2000 for the Company). The Company has not yet determined the impact that the adoption of SFAS No. 133 will have, but does not currently expect the adoption to have a material impact on its results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain statements under this caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). See "Part II. OTHER INFORMATION, ITEM 5 (a) Forward-Looking Statements".

General

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 ships 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.

Selected segment and statistical information for the periods indicated is as follows:

	Six Months Ended May 31,		Three Months Ended May 31,	
	1999	1998	1999	1998
(in thousands, except selected statistical information)				
REVENUES:				
Cruise	\$1,506,179	\$1,182,061	\$765,103	\$631,084
Tour	46,124	45,453	38,620	38,414
Intersegment revenues	(7,896)	(8,318)	(7,574)	(8,140)
	\$1,544,407	\$1,219,196	\$796,149	\$661,358
OPERATING EXPENSES:				
Cruise	\$ 810,896	\$ 633,826	\$403,830	\$335,056
Tour	45,529	44,443	36,170	35,440
Intersegment expenses	(7,896)	(8,318)	(7,574)	(8,140)
	\$ 848,529	\$ 669,951	\$432,426	\$362,356
OPERATING INCOME:				
Cruise	\$ 388,346	\$ 319,844	\$207,912	\$177,420
Tour	(19,484)	(17,213)	(7,586)	(6,692)
Corporate, including loss from affiliates, net	(13,185)	(19,470)	(2,213)	(5,287)
	\$ 355,677	\$ 283,161	\$198,113	\$165,441

SELECTED STATISTICAL INFORMATION:

Passengers carried	1,058,000	923,000	541,000	497,000
Passenger cruise days (1)	6,975,000	5,931,000	3,470,000	3,104,000
Occupancy percentage	100.4%	105.6%	99.9%	105.4%

(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.

Operations data expressed as a percentage of total revenues for the periods indicated is as follows:

	Six Months		Three Months	
	Ended May 31,	Ended May 31,	Ended May 31,	Ended May 31,
	1999	1998	1999	1998

REVENUES	100%	100%	100%	100%
COSTS AND EXPENSES:				
Operating expenses	55	55	54	55
Selling and administrative	14	14	13	13
Depreciation and amortization	8	7	8	7
OPERATING INCOME BEFORE				
LOSS FROM AFFILIATED				
OPERATIONS	23	24	25	25
LOSS FROM AFFILIATED				
OPERATIONS, NET	-	(1)	-	-
OPERATING INCOME	23	23	25	25
NONOPERATING INCOME (EXPENSE)	-	(1)	1	(1)
NET INCOME	23%	22%	26%	24%

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 is expected to approximate 9.8% and 12.8% in the third and fourth quarters of fiscal 1999, respectively, as compared to the same periods of fiscal 1998. These increases are primarily a result of the introduction into service of Carnival's Paradise in late November 1998 and the expected introduction into service of the Carnival Triumph in July 1999 and Holland America's Volendam in November 1999.

The year over year percentage increase in average passenger capacity resulting from the delivery of vessels currently under contract for construction for the fiscal years 2000 and 2001 is expected to approximate 13.0% and 10.8%, respectively.

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. 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.

The Company and Airtours plc ("Airtours"), a publicly traded leisure travel company in which the Company holds an approximate 26% interest, each own a 50% interest in Il Ponte S.p.A. ("Il Ponte"), the parent company of Costa Crociere, S.p.A. ("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.

As a result of the recent military conflict in the Balkans, in April 1999 the Company announced that it had experienced a slowdown in booking patterns for its Mediterranean cruise itineraries and had changed the itineraries of certain of its Mediterranean cruises. The Company also stated that management estimated that the Balkan conflict could have a six to eight cents per share negative impact on its 1999 earnings per share, split between the third and

fourth quarters of fiscal 1999. As a result of the cessation of hostilities and other developments, management currently believes that the impact on its business could be at or slightly below the low end of this range.

Six Months Ended May 31, 1999 ("1999") Compared
To Six Months Ended May 31, 1998 ("1998")

Revenues

The increase in total revenues of \$325.2 million, or 26.7%, was almost entirely due to an increase in cruise revenues. Approximately \$197 million of the increase was due to the acquisition and consolidation of Cunard and Seabourn and \$127 million was 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 11.5% in passenger capacity and a .8% increase in total revenue per passenger cruise day, offset slightly by a 1.5% decrease in occupancy rates. Passenger capacity increased due primarily to the introduction into service of Carnival's Paradise in November 1998, the Elation in March 1998 and Windstar Cruises' ("Windstar") Wind Surf in May 1998. In addition, the .8% increase in total revenue per passenger cruise day is net of a 1.7% decrease due to a reduction in the number of passengers electing to use the Company's air program. When a passenger elects to purchase his/her own air transportation, rather than use the Company's air program, both the Company's cruise revenues and operating expenses decrease by approximately the same amount.

Cost and Expenses

Operating expenses increased \$178.6 million, or 26.7%. Cruise operating costs increased by \$177.1 million, or 27.9% in 1999. Approximately \$135.7 million of the cruise operating costs increase was due to the acquisition and consolidation of Cunard and Seabourn. Cruise operating costs, excluding Cunard and Seabourn, increased \$41.3 million primarily as a result of increases in passenger capacity, partially offset by lower airfare and other costs. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 51.6% and 53.6% in 1999 and 1998, respectively.

Selling and administrative expenses increased \$52.5 million, or 32.1%, of which \$38.4 million, or 23.4%, was due to the acquisition and consolidation of Cunard and Seabourn. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 13.2% and 13.4% in 1999 and 1998, respectively.

Depreciation and amortization increased by \$27.5 million, or 30.9%, to \$116.8 million in 1999 from \$89.3 million in 1998 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 1999, the Company recorded \$7.1 million of losses from affiliated operations as compared with \$13.0 million of losses in 1998. The Company's portion of Airtours' losses increased \$2.9 million to \$14.2 million in 1999. The Company recorded income of \$7.2 million and \$2.3 million during 1999 and

1998, respectively, related to its interest in Il Ponte. The affiliated operations for 1998 include Seabourn.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased \$6.1 million in 1999 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 \$3.9 million during 1999 as compared with 1998 due primarily to higher levels of investments in ship construction projects.

Interest income increased \$12.5 million in 1999 as a result of higher average investment balances primarily resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 4 in the accompanying financial statements).

Other income in 1999 of \$7.9 million primarily relates to the Company's collection of insurance proceeds.

Minority interest was \$1.6 million which represents the minority shareholders' interest in Cunard Line Limited's net income.

Three Months Ended May 31, 1999 Compared To Three Months Ended May 31, 1998

Revenues

The increase in total revenues of \$134.8 million, or 20.4%, was almost entirely due to an increase in cruise revenues. Approximately \$92.6 million of the increase was due to the acquisition and consolidation of Cunard and Seabourn and \$41.4 million was 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 6.6% in passenger capacity and a 1.4% increase in total revenue per passenger cruise day, offset slightly by a 1.4% decrease in occupancy rates. Passenger capacity increased due primarily to the introduction into service of Carnival's Paradise in November 1998. In addition, the 1.4% increase in total revenue per passenger cruise day is net of a 1.6% decrease due to a reduction in the number of passengers electing to use the Company's air program.

Cost and Expenses

Operating expenses increased \$70.1 million, or 19.3%. Cruise operating costs increased by \$68.8 million, or 20.5% in the second quarter of 1999. Approximately \$63.3 million of the cruise operating costs increase was due to the acquisition and consolidation of Cunard and Seabourn. Cruise operating costs, excluding Cunard and Seabourn, increased \$5.5 million primarily as a result of increases in passenger capacity, partially offset by lower airfare and other costs. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 50.6% and 53.1% in the second quarter of 1999 and 1998, respectively.

Selling and administrative expenses increased \$20.6 million, or 24.2%, of which \$18.5 million, or 21.8%, was due to the acquisition and consolidation of Cunard and Seabourn. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 12.4% and 12.8% in the second quarter of 1999 and 1998, respectively.

Depreciation and amortization increased by \$12.7 million, or 27.4%, to \$58.9 million in the second quarter of 1999 from \$46.3 million in the second quarter of 1998 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 the second quarter of 1999, the Company recorded \$1.2 million of losses from affiliated operations as compared with \$2.4 million of losses in the comparable 1998 period. The Company's portion of Airtours' losses increased \$2.5 million to \$5.7 million in the second quarter of 1999. The Company recorded income of \$4.6 million and \$3.3 million during the second quarter of 1999 and 1998, respectively, related to its interest in Il Ponte. The affiliated operations for the second quarter of 1998 include Seabourn.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased \$1.2 million in the second quarter of 1999 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.

Interest income increased \$9.3 million in the second quarter of 1999 as a result of higher average investment balances primarily resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 4 in the accompanying financial statements).

Other income in the second quarter of 1999 of \$4.9 million primarily relates to the Company's collection of insurance proceeds compared to other income in the comparable 1998 period of \$2.6 million primarily related to the settlement of certain notes receivable and an estimated insurance recovery.

Minority interest was \$.5 million which represents the minority shareholders' interest in Cunard Line Limited's net income.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The Company's business provided \$653.4 million of net cash from operations during the six months ended May 31, 1999, an increase of 10.2% compared to the same period in 1998. The increase was primarily due to higher net income.

In December 1998, the Company issued 17 million shares of its Common Stock and received net proceeds of approximately \$725 million. The Company issued this stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

Uses of Cash

During the first half of fiscal 1999, the Company made net expenditures of approximately \$112.9 million on capital projects, of which \$47.8 million was spent in connection with its ongoing shipbuilding program. The nonshipbuilding capital expenditures consisted primarily of computer equipment, vessel refurbishments, tour assets and other equipment.

During the first half of fiscal 1999, the Company had net repayments of \$314.5 million under its commercial paper programs. Additionally, the Company made scheduled principal payments totaling \$44.7 million pursuant to various notes payable. Finally, the Company paid quarterly cash dividends aggregating \$108.8 million in the first half of fiscal 1999.

Future Commitments

The Company has contracts for the delivery of nine new vessels over the next four years. The Company will pay approximately \$940 million during the

twelve months ending May 31, 2000 relating to the construction and delivery of these new ships and approximately \$1.9 billion thereafter.

In addition to these ship construction contracts, the Company has an option to construct one additional vessel for expected service in 2002, if the option is exercised. The Company is also in negotiations with several shipbuilding yards for a new class of vessel for Holland America and is in the initial planning phase of a new ocean liner for Cunard. No assurance can be given that the option will be exercised, that the negotiations for the Holland America vessels will be successful or that the new Cunard shipbuilding project will be continued. In the event that all these orders are placed and the option is exercised, the Company's planned shipbuilding program, including ships currently under contract, would amount to a total investment of approximately \$5.7 billion through 2003.

At May 31, 1999, the Company had \$1.27 billion of long-term debt of which \$33.7 million is due during the twelve months ended May 31, 2000. See Notes 3 and 5 in the accompanying financial statements for more information regarding the Company's debts and commitments.

Funding Sources

At May 31, 1999, the Company had approximately \$997 million in cash, cash equivalents and short-term investments. These funds along with cash from operations are expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. Additionally, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs. At May 31, 1999, the Company had approximately \$1.18 billion available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

OTHER MATTER

Year 2000

The Year 2000 computer issue is primarily the result of computer programs using a two digit format, as opposed to four digits, to indicate the year. Such programs will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors and a disruption in the operation of such systems.

State of Readiness

The Company has established internally staffed project teams to address Year 2000 issues. Each team has implemented a plan that focuses on Year 2000 compliance efforts for information technology ("IT") and non-IT systems for each consolidated subsidiary. The systems include (1) information systems software and hardware (e.g. reservations, accounting and associated systems, personal computers and software and various end-user developed applications) and (2) building facilities and shipboard equipment (e.g. shipboard navigation, control, safety, power generation and distribution systems, operating systems and shipbuilding and communication systems).

The Company's Year 2000 plan addresses the Year 2000 issues in multiple phases, including: (1) inventory of the Company's systems, equipment and suppliers that may be vulnerable to Year 2000 issues; (2) assessment of inventoried items to determine risks associated with their failure to be Year 2000 compliant; (3) testing of systems and/or components to determine if Year 2000 compliant, both prior and/or subsequent to remediation; (4) remediation and implementation of systems; and (5) contingency planning to assess reasonably likely worst case scenarios.

Inventories have been completed for all Company shoreside software applications, hardware and operating systems. A risk assessment was then prepared based on feedback from the Company's respective business units. Most of the Company's critical internally developed software systems have been successfully remediated and tested. All of the Company's reservations systems have been remediated, tested and are in production. Remediation and integration testing of all critical shoreside software and hardware applications are estimated to be completed by August 31, 1999, except for vendor upgrades of purchased software which are estimated to be completed by September 30, 1999. Ongoing certification testing of remediated systems that corroborates prior test results and corroborates integration of remediated items with related hardware and operating systems will occur throughout 1999.

Inventories have been completed for all building facilities and shipboard equipment systems. A risk assessment has also been substantially completed for these systems. In certain cases, the Company has retained third party consultants to analyze the shipboard hardware and embedded system inventories and assist the Company in testing, remediation and implementation of these applications. This process is expected to be completed by September 30, 1999. Most internally developed shipboard information systems have been remediated, tested and implemented. Modifications required as a result of testing the remaining systems have delayed full implementation on the ships until October 31, 1999.

The Company is tracking the Year 2000 compliance status of its material vendors and suppliers via the Company's own internal vendor compliance effort. Year 2000 correspondence was sent to critical vendors and suppliers, with continued follow up for those who failed to respond. All vendor responses are currently being evaluated to assess any possible risk to or effect on the Company's operations. The Company has implemented additional procedures for assessing the Year 2000 compliance status of its most critical vendors and will modify its contingency plans accordingly.

Risks of Company's Year 2000 Issues

The Company continues to enhance its contingency plans, including the identification of its most reasonably likely worst case scenarios. Currently, the most likely sources of risk to the Company include (1) disruption of transportation channels relevant to the Company's operations, including ports and transportation vendors (airlines) as a result of a general failure of support systems and necessary infrastructure; (2) disruption of travel agency and other sales distribution systems; and (3) inability of principal product suppliers to be Year 2000 ready, which could result in delays in deliveries from such suppliers.

Based on its current assessment efforts, the Company does not believe that Year 2000 issues will have a material adverse effect on its financial condition or results of operations. However, the Company's Year 2000 issues and any potential business interruptions, costs, damages or losses related thereto, are dependent, to a significant degree, upon the Year 2000 compliance of third parties, both domestic and international, such as government agencies, vendors and suppliers. Consequently, the Company is unable to determine at this time whether Year 2000 failures will materially affect the Company. The Company believes that its compliance efforts have and will reduce the impact on the Company of any such failures.

Contingency Plans

The Company has prepared preliminary contingency plans to identify and determine how to minimize the impact of its most reasonably likely worst case scenarios. The objective of the contingency plans is to establish procedures for the continuity of the Company's core business processes in the event of any Year 2000 problems. Comprehensive contingency plans are expected to be substantially completed by September 30, 1999 and continued refinements are expected to occur throughout the remainder of the year.

Costs

The Company does not expect that the costs associated with its Year 2000 efforts will be material. The Company estimates aggregate expenditures of approximately \$16 million to address Year 2000 issues. These aggregate expenditures include \$8 million of costs that are being charged to expense and \$8 million of costs, related to the accelerated replacement of non-compliant systems due to Year 2000 issues, which will be capitalized. The total amount expended through May 31, 1999 was approximately \$10.4 million, of which \$6.1 million has been charged to expense and \$4.3 million has been capitalized. These costs do not include costs incurred by the Company as a result of the failure of any third parties, including suppliers, to become Year 2000 compliant or costs to implement any contingency plans.

The above disclosures are Year 2000 Readiness Disclosures pursuant to the Year 2000 Information and Disclosure Act.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Several actions collectively referred to as the "Passenger Complaints" were previously reported in the Company's Annual Report on Form 10-K for the year ended November 30, 1998 (the "1998 Form 10-K") and its Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 (the "First Quarter 1999 Form 10-Q"). The following are material subsequent developments in such cases.

In the action filed against Carnival in Florida in 1996 by Michelle Hackbarth, Larry Katz, Michelle A. Sutton, Pedro Rene Mier, and others, on behalf of purported nationwide classes, plaintiffs have appealed the court's denial of their motion for class certification. In addition, plaintiffs have filed a motion to enforce a purported oral settlement agreement they allege that they reached with Carnival and Carnival opposes this motion. After the parties take mutual discovery the court will hold a hearing on plaintiffs' motion.

In the action filed against Carnival in Tennessee in 1997 by Brent Mezzacasa and others, on behalf of a purported nationwide class, the Tennessee Court of Appeals has affirmed the trial court's order dismissing the action on the grounds of inconvenient forum. Plaintiffs have sought leave to appeal the case further to the Tennessee Supreme Court, which has discretionary review.

In the action filed against Holland America Westours in the Superior Court in King County, Washington, by Francine Pickett and others on behalf of a purported nationwide class, Holland America Westours has settled with four of the five members of the settlement class who appealed the court's approval of the settlement. One member of the settlement class continues to appeal the court's approval of the settlement.

Several actions collectively referred to as the "Travel Agent Complaints" were previously reported in the 1998 Form 10-K and the First Quarter 1999 Form 10-Q and the following are the material subsequent developments in such cases.

In the action filed against Holland America Westours in Washington in September 1997 by N.G.L. Travel Associates, on behalf of a purported nationwide class of travel agencies who booked cruises with Holland America Westours, the Court of Appeals refused to accept Holland America Westours' petition for discretionary review of the class certification and denial of summary judgment decisions. Consequently, the matter is back before the trial court to consider various discovery motions as well as provide specifics as to the certified class.

For a description of other pending litigation, see the 1998 Form 10-K, the First Quarter 1999 Form 10-Q, and Note 5 in Part I of this Form 10-Q.

Item 4. Submission of Matters to a Vote of Security Holders.

The annual meeting of shareholders of the Company was held on April 19,

1999 (the "Annual Meeting"). Holders of Common Stock were entitled to elect sixteen directors. On all matters which came before the Annual Meeting, holders of Common Stock were entitled to one vote for each share held. Proxies for 512,225,356 of the 612,944,684 shares of Common Stock entitled to vote were received in connection with the Annual Meeting.

The following table sets forth the names of the sixteen persons elected at the Annual Meeting to serve as directors until the next annual meeting of shareholders of the Company and the number of votes cast for, against or withheld with respect to each person.

NAME OF DIRECTOR	FOR	AGAINST	WITHHELD
Micky Arison	508,122,258	-0-	4,103,098
Shari Arison	508,140,481	-0-	4,084,875
Maks L. Birnbach	508,244,481	-0-	3,980,875
Atle Brynestad	508,119,153	-0-	4,106,203
Richard G. Capen, Jr.	508,349,667	-0-	3,875,689
David Crossland	508,133,353	-0-	4,092,003
Robert H. Dickinson	508,128,970	-0-	4,096,386
James M. Dubin	508,138,340	-0-	4,087,016
Howard S. Frank	508,126,821	-0-	4,098,535
A. Kirk Lanterman	507,928,900	-0-	4,296,456
Modesto A. Maidique	508,365,885	-0-	3,859,471
William S. Ruben	508,251,028	-0-	3,974,328
Stuart S. Subotnick	506,842,374	-0-	5,382,982
Sherwood M. Weiser	508,375,098	-0-	3,850,258
Meshulam Zonis	505,158,911	-0-	7,066,445
Uzi Zucker	508,244,384	-0-	3,980,972

The following table sets forth certain additional matters which were submitted to the shareholders for approval at the Annual Meeting and the tabulation of the votes with respect to each such matter.

MATTER	FOR	AGAINST	WITHHELD
Approval of an amendment to the Company's Second Amended and Restated Articles of Incorporation to increase the maximum size of the Board of Directors from 15 to 17 members:	510,171,636	1,116,360	937,360
Approval of Pricewaterhouse-Coopers as independent auditors for the Company for the fiscal year ending November 30, 1999	511,393,247	52,755	779,354

Item 5. Other Information.

(a) FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of an authorized executive officer constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business

conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises, including the effects on consumer demand of armed conflicts or political instability; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; computer program Year 2000 compliance; and changes in laws and regulations applicable to the Company.

ITEM 6. Exhibits And Reports On Form 8-K.

(a) Exhibits

- 3.1 Amendment to Second Amended and Restated Articles of Incorporation of the Company.
- 10.1 Atle Brynestad Indemnification Agreement.
- 10.2 1994 Carnival Cruise Lines Key Management Incentive Plan as amended on April 12, 1999.
- 10.3 Subscription Agreement, dated May 27, 1998, between Carnival Corporation, Seabourn Cruise Line Limited, CG Cruise Invest AS and others.
- 10.4 Recapitalization Agreement, dated May 27, 1998, between Carnival Corporation, Seabourn Cruise Line Limited and CG Holding AS.
- 10.5 1993 Outside Directors' Stock Option Plan as amended on April 6, 1998.
- 12 Ratio of Earnings to Fixed Charges.
- 27 Financial Data Schedule (for SEC use only).

(b) Reports on Form 8-K.

None.

SIGNATURES

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

CARNIVAL CORPORATION

Date: July 13, 1999

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

Date: July 13, 1999

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

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- 27 Financial Data Schedule (for SEC use only).

CARNIVAL CORPORATION

AMENDMENT OF SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION

The Second Amended and Restated Articles of Incorporation (the "Articles") of Carnival Corporation (the "Corporation") were amended at a special meeting of stockholders of the Corporation held on April 19, 1999, at which meeting there were present or represented by proxy 512,225,356 shares of the Corporation, being the majority of the issued and outstanding shares of the Corporation. At said meeting, Article Seventh of the Articles was amended and restated to read as follows:

"7. Board of Directors. The Board of Directors shall consist of no less than three (3), and no more than seventeen (17) members. Within said minimum and maximum, the number shall be set forth by resolution of the stockholders or by resolution of the Board of Directors. The meetings of the Board of Directors will be held in the Republic of Panama or in any other country, and any Director can be represented and vote by proxy or proxies at any and all Directors' meetings. The meetings may also be held by means of telephone conference, fax or any other means of electronic communication, in which the participants have been in direct contact. Likewise, the resolutions of the Board of Directors may be adopted by minutes which are circulated for signature by the Directors or their proxies in different dates and places. The Board of Directors shall have absolute control and full powers of administration on all the matters of the Corporation, being it understood that the Board of Directors is empowered to contract loans or financing in general, to grant guarantees with respect to its properties, subsidiaries, its obligations and those of third parties, and to mortgage its properties and assets, and to sell less than all or substantially all of the assets of the Corporation without shareholder approval."

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 19th day of April, 1999, between Carnival Corporation, a Panamanian corporation (the "Company"), and Atle Brynestad (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman
and Chief Operating Officer

By: /s/ Atle Brynestad
Atle Brynestad

1994 CARNIVAL CRUISE LINES
KEY MANAGEMENT INCENTIVE PLAN

(adopted by the Board of Directors on January 17, 1994,
and amended on January 5, 1998 and April 12, 1999)

OBJECTIVE

The Carnival Cruise Lines 1994 Key Management Incentive Plan (the "Plan") is designed to focus managerial attention on the objective of maximizing the profitability of the Carnival Cruise Lines division ("CCL") of Carnival Corporation. The Plan provides a framework within which the participants share in the incremental earnings of CCL achieved from applicable business operations on a fiscal year-to-year basis.

PLAN ADMINISTRATION

The administrator of the Plan is the Compensation Committee of Carnival Corporation (the "Committee"). The Committee may, in its discretion, delegate administrative functions regarding the Plan to a Vice President of CCL. The Committee shall have sole discretion in resolving any questions regarding the administration or terms of the Plan not addressed in this document as well as in resolving any ambiguities that may exist in this document.

PLAN YEAR

The "Plan Year" shall be the 12-month period ending November 30 of each year.

PARTICIPATION

The President, Senior Vice Presidents and Vice-Presidents of CCL shall be eligible to participate in the Plan. The Committee may expand Plan eligibility to include directors, managers and/or supervisors for any Plan year. Participation in the Plan shall be determined on an annual basis by the Committee. No employee will have the automatic right to be selected as a participant for any year or, having been selected as a participant for one year, be considered a participant for any other year.

Only persons who are employed by CCL or one of its divisions on the first day of the Plan Year are eligible to participate in the Plan except that persons who commence employment following the beginning of the Plan Year may, with the approval of the Committee, be allowed to participate in the Plan. Such late-entry participants will be awarded Points (as defined below) pro-rated to the time of their entry into the Plan, subject to the approval of the Committee.

In order to actually receive an Incentive Award (as defined below) under the Plan, a participant must be employed by CCL or one of its divisions on the last day of the Plan year. The only exception to this requirement is for participants whose employment is terminated prior to the last day of the Plan Year as the result of death, disability or retirement ("Early Termination Employees").

BONUS POOL

The total amount payable under the Plan for each Plan year (the "Bonus Pool") shall be equal to two percent (2%) (the "Bonus Percentage") of (x) the net income generated within each Plan Year by CCL and its divisions calculated in accordance with generally accepted accounting

principals consistently applied (the "Net Income") minus (y) the greater of (i) CCL's Net Income for the fiscal year ending November 30, 1993 or (ii) \$183,000,000. The Bonus Percentage for the fiscal years ending November 30, 1996 and thereafter, if applicable, will be determined by the Board of Directors within 90 days of the commencement of each such fiscal year.

METHOD OF CALCULATING INCENTIVE AWARDS

The Committee shall, in its discretion, assign a specific number of points (the "Points") to each participant. The Points awarded to each participant will be communicated to the participant during the first ninety (90) days of each Plan Year. Such decisions may be revised during a Plan Year by the Committee due to major changes in position responsibilities occurring during the Plan Year.

The Committee, in its sole discretion, shall adjust the Points assigned to each participant by multiplying such participant's Points by a percentage within the range set forth below corresponding to such participant's evaluated performance for such year (the "Weighted Points"):

EXCELLENT PERFORMANCE	90-100%
GOOD PERFORMANCE	75-89%
FAIR PERFORMANCE	60-74%
LESS THAN FAIR PERFORMANCE	0-59%

Each participant shall receive an Incentive Award equal to the product of his or her Weighted Points multiplied by the "Point Value". The Point Value shall be equal to (i) the amount of the Bonus Pool, divided by (ii) the aggregate Points (before adjustments) awarded to participants for each Plan year.

Any amounts remaining in the Bonus Pool following the calculation of the Incentive Awards pursuant to the preceding paragraph shall be available for discretionary distribution by the Committee to participants.

PAYMENT OF INCENTIVE AWARDS

Incentive Awards are paid on a date determined by the Committee which is within seventy-five (75) days following the conclusion of each Plan Year. At the discretion of the Committee, advance partial payment of Incentive Awards may be made based on anticipated Net Income. At the discretion of the Committee, special arrangements may be made for earlier payment to Early Termination Employees.

Incentive Awards to Senior Vice Presidents and Vice Presidents shall be payable eighty percent (80%) in cash and twenty percent (20%) in shares of Common Stock of Carnival Corporation and Incentive Awards to all other participants shall be payable as determined by the Committee. The number of shares issuable to each participant shall be determined by dividing the dollar amount of the stock portion of the participant's Incentive Award by the average closing price for the Common Stock for the last ten (10) trading days of the Plan year, as quoted on the national stock exchange on which the Common Stock is traded. Fractional shares of the Common Stock will not be issued. The value of the Common Stock received by Plan participants will be reported to governmental taxing authorities, and taxes shall be withheld in respect of such Common Stock, in accordance with the requirements of applicable law.

DURATION OF PLAN

The Plan will be effective for the fiscal years 1994, 1995 and 1996. It is the intent of Carnival Corporation to make a decision on whether or not to renew the Plan for an additional year in August of each year in order to effect a 2-year planning horizon (e.g., decision by August 1995 as to whether or not to extend the Plan to 1997).

RESERVATION OF SHARES

Subject to adjustment as provided in the last sentence of this paragraph, the maximum number of shares of Common Stock that shall be authorized and reserved for issuance under the Plan shall be 400,000 shares of Common Stock. The maximum number of shares authorized and reserved may be increased from time to time by approval of the Board, and, if required pursuant to Rule 16b-3 under the Exchange Act, the stockholders of Carnival Corporation. The shares to be issued to participants pursuant to the Plan may be, at the election of Carnival Corporation, either treasury shares or shares authorized but unissued, and, if treasury shares are used, all references in the Plan to the issuance of shares shall, for corporate law purposes, be deemed to mean the transfer of shares from treasury. Any shares of Common Stock that are subject to an Incentive Award that lapses or expires shall automatically again become available for use under the Plan. In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares or any other change in the corporate structure or shares of Carnival Corporation, the Committee shall make appropriate adjustment as to the number and kind of securities subject to and reserved under the Plan and, in order to prevent the dilution or enlargement of the rights of participants, the number and kind of securities subject to outstanding stock awards.

PURCHASE FOR INVESTMENT

Common Stock issued will be subject to a restriction on sale commencing from date of issuance and continuing until, but not including, the first trading day in the second January following the end of the Plan year in respect of which the Common Stock was issued (e.g., Common Stock issued in respect of the Plan year ending November 30, 1994 would be subject to a restriction on sale that would not end until the first trading day in January, 1996). Holders will be eligible to receive dividends during the restriction period.

Whether or not the shares of Common Stock covered by the Plan have been registered under the Securities Act of 1933, as amended, each person acquiring shares of Common Stock under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. Carnival Corporation will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares of Common Stock issued or transferred to the Plan participants upon the grant of any shares of Common Stock under the Plan.

AMENDMENT OF PLAN

The Board of Directors of Carnival Corporation may amend the Plan from time to time in such respects as the Board may deem advisable; provided, however, that no such amendment shall be effective without approval of the stockholders of Carnival Corporation if stockholder approval of the amendment is required pursuant to Rule 16b-3 under the Exchange Act.

GOVERNMENTAL AND OTHER REGULATIONS

The Plan and the Common Stock awards under the Plan shall be subject to all applicable federal and state laws, rules and regulations and such approvals by any governmental or regulatory agency or national

securities exchange, as may be required. Carnival Corporation shall not be required to issue or deliver any certificates or shares of stock prior to the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulations of any governmental body or national securities exchange which Carnival Corporation shall, in its sole discretion, determine to be necessary or advisable.

SUBSCRIPTION AGREEMENT

among

SEABOURN CRUISE LINE LIMITED,

CARNIVAL CORPORATION

and

THE PERSONS NAMED HEREIN

Dated: May 27, 1998

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SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT, dated as of May 27, 1998, among Seabourn Cruise Lines Limited, a Bahamas International Business Corporation (the "Company"), the persons set forth on the signature pages hereto (collectively, the "Investors") and Carnival Corporation, a Panamanian corporation ("Carnival" and, together with the Investors, the "Shareholders").

WHEREAS, pursuant to an Agreement for the Sale and Purchase of the Business of Cunard, dated April 3, 1998, among Cunard Line Limited ("Cunard") and others as sellers and Carnival as buyer and Kvaerner ASA as guarantor (the "Sale and Purchase Agreement"), Carnival agreed to acquire the business carried on by affiliates of Kvaerner ASA under the name Cunard.

WHEREAS, Carnival has assigned its rights and duties under the Sale and Purchase Agreement to a newly-formed subsidiary ("Newco") of the Company.

WHEREAS, the Company intends to change its name to Cunard Line Limited.

WHEREAS, the parties hereto currently intend to consider an initial public offering of equity securities of the Company prior to November 30, 1999 and, if such an initial public offering is made, the parties also intend to consider listing the equity securities of the Company on the Oslo Stock Exchange, either as a primary or secondary listing (it being understood that any such decisions concerning an initial public offering shall be made by Carnival in its sole discretion).

WHEREAS, the Company desires to issue to the Investors ordinary shares of the Company, par value \$0.10 (the "Shares"), to fund a portion of the purchase price under the Sale and Purchase Agreement.

WHEREAS, the Shareholders desire to set forth certain agreements among them relating to the governance of the Company and the transfer of their Shares.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1.

DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Adjusted Cunard Price" means the purchase price under the Sale and Purchase Agreement as adjusted under clause 4.2 thereof plus the actual amount of fees and expenses of Christiania Markets ("Christiania") reimbursed under Section 16.3 of this Agreement.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. For purposes of this definition, "control", when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Assumed Cunard Price" means US \$380,444,000.

"Assumed Investor Share Adjustment" means, with respect to each Investor, the assumed Investor share adjustment as specified on Schedule 2.1.

"Agreement" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Board of Directors" means the Board of Directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or public holiday in England, Wales, the Bahamas, Bermuda and the United States.

"Closing" has the meaning set forth in Section 2.2 of this Agreement.

"Closing Date" means the Business Day (as defined in the Sale and Purchase Agreement) on which all of the conditions of Completion shall have been fulfilled or waived by the parties to the Sale and Purchase Agreement.

"Completion" has the meaning set forth in the Sale and Purchase Agreement.

"Initial Public Offering" means an initial public offering of equity securities of the Company in the United States, the United Kingdom or Norway and a related listing of such shares on a national securities exchange or trading market in the United States, the London Stock Exchange or the Oslo

Stock Exchange, respectively.

"Investors" has the meaning set forth in the recitals to this Agreement.

"Investor Purchase Price Adjustment" means, with respect to each Investor, the product of (i) the Purchase Price Adjustment Amount and (ii) the investment percentage of such Investor as specified on Schedule 2.1.

"Investor Share Adjustment" means with respect to each Investor, the Investor Purchase Price Adjustment divided by US \$10.00 (the per share purchase price of the Shares).

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (excluding those arising by operation of law) or other security interest of any kind or nature whatsoever.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Post-Closing Share Issuance Amount" means, with respect to each Investor, either (i) the Assumed Investor Share Adjustment plus the Investor Share Adjustment (if the Adjusted Cunard Price exceeds the Assumed Cunard Price) or (ii) the Assumed Investor Share Adjustment minus the Investor Share Adjustment otherwise.

"Purchase Price Adjustment Amount" means the product of (i) 0.3 and (ii) either (a) the Adjusted Cunard Price minus the Assumed Cunard Price (if the Adjusted Cunard Price exceeds the Assumed Cunard Price) or (b) the Assumed Cunard Price minus the Adjusted Cunard Price otherwise.

"Recapitalization Agreement" means the Recapitalization Agreement, dated as of May 27, 1998, among the Company, Carnival and CG Holding AS ("CG").

"US \$" means United States dollars, the lawful currency of the United States of America.

ARTICLE 2.

SUBSCRIPTION AND ISSUE OF THE SHARES

2.1 Subscription and Issue of the Shares. (a) At the Closing, subject to the terms and conditions of this Agreement, the Company agrees to issue to the Investors, and the Investors agree to subscribe for and accept from the Company, the numbers of Shares set forth by each Investor's name on

Schedule 2.1 hereto. After the Closing, the Company shall issue additional Shares to the Investors subject to the terms of Section 2.3.

(b) The purchase price payable by the Investors in the aggregate shall be US \$114,133,200, subject to adjustment in accordance with Section 2.3. At the Closing, each Investor shall pay the amounts set forth by each Investor's name on Schedule 2.1 hereto, which shall be held on account of the purchase price payable hereunder.

2.2 The Closing (a) The subscription and issue of the Shares (other than the additional Shares to be issued pursuant to Section 2.3) (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison in New York, at 10:00 a.m., local time, on the Closing Date or at such other time as the parties may mutually agree.

(b) At the Closing, the Company shall deliver to each Investor certificates evidencing the number of Shares to which such Investor is entitled under Section 2.1(a) (other than the additional Shares to be issued pursuant to Section 2.3) registered in such Investor's name, upon payment of the funds payable by each Investor under Section 2.1(b). All amounts paid hereunder shall be paid by wire transfer of immediately available funds to such account or accounts as may be designated by the Company to the Investors. All Shares issued hereunder shall be validly issued, fully paid and non-assessable and free and clear from all Liens.

2.3 Post-Closing Adjustment. Upon completion of the adjustment of the purchase price under clause 4.2 of the Sale and Purchase Agreement, the Company shall notify, in writing, each Investor of its Investor Purchase Price Adjustment. Within five Business Days thereafter, (i) either (a) if the Adjusted Cunard Price does not exceed the Assumed Cunard Price, the Company shall pay each Investor its Investor Purchase Price Adjustment (if any) by wire transfer of immediately available funds to an account of Christiania on behalf of such Investor as designated in writing by Christiania to the Company or (b) otherwise, each Investor shall pay the Company its Investor Purchase Price Adjustment by wire transfer of immediately available funds to the account designated under Section 2.1(b), and (ii) subject to the receipt of any amounts due under Section 2.3(i)(b), the Company shall issue to each Investor a number of Shares equal to the Post-Closing Share Issuance Amount of such Investor.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Investors on the date hereof and on the Closing Date as follows:

3.1 Due Incorporation. The Company is an International Business Corporation duly incorporated and validly existing under the laws of the Bahamas and has all requisite corporate power and lawful authority to own, lease and operate its properties and to carry on its business as now being conducted.

3.2 Qualification. The Company is duly qualified or otherwise authorized to transact business in each jurisdiction in which such qualification or authorization is required by applicable law or in which the failure so to qualify or be authorized would have a material adverse effect on the Company.

3.3 Capital Stock. (a) As of the date hereof, the authorized share capital of the Company is US \$5,000, made up of 5,000 shares. As of the date hereof, 4,800 shares are issued and outstanding. Upon the Closing, the authorized share capital of the Company will be US \$15 million, made up of 150 million shares. Except for this Agreement and the Recapitalization Agreement, the Company has no obligations to issue any of its Shares.

(b) Upon the payment of the Investors of the purchase price provided for under Section 2, the Shares issuable hereunder will be duly authorized, validly issued, fully paid and non-assessable and free and clear from all Liens.

3.4 Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Shares (i) are within the Company's corporate power and have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Memorandum and Articles of Association, or any amendment of either thereof, or any organizational or governing documents of the Company; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under any material agreement of the Company.

3.5 Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

ARTICLE 4.

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

applicable (severally as to itself only and not jointly) to the Company on the date hereof and on the Closing Date as follows:

4.1 Acquisition for Own Account. Such Investor is acquiring the Shares for its own account, or an account with respect to which it exercises sole investment discretion, solely for investment and not with a view to resale or distribution thereof.

4.2 Exemption. Such Investor is (a) a "qualified institutional buyer" within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), (b) an "accredited investor" within the meaning of Regulation D under the Securities Act, or (c) not in the United States, within the meaning of Regulation S ("Regulation S") promulgated under the Securities Act, and is neither a U.S. person ("U.S. person"), within the meaning of Regulation S, nor a person acquiring the Shares for the account or benefit of a U.S. person.

4.3 Non-Registration. Such Investor acknowledges that the offering and sale of the Shares has not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons except pursuant to an exemption from registration or under an effective registration statement under the Securities Act.

4.4 Business Knowledge. Such Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Company as contemplated by this Agreement, and is able to bear the economic risk of such investment for an indefinite period of time, including a complete loss of capital. It has been furnished

access to such information and documents as it has requested and has been afforded the opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of this Agreement and the proposed transactions and the purchase of the Shares contemplated hereby.

4.5 Authorization; No Contravention. The execution, delivery and performance by such Investor of this Agreement and the transactions contemplated hereby, including, without limitation, the payment of the purchase price (i) are within such Investor's corporate or other power and have been duly authorized by all necessary action of such Investor; (ii) do not contravene the terms of the certificate of incorporation and by-laws (or comparable instruments), or any amendment of either thereof, or any organizational or governing documents of such Investor, as applicable, and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under any material agreement of such Investor.

4.6 Binding Effect. This Agreement has been duly authorized, executed and delivered by such Investor and constitutes a legal, valid and binding obligation of such Investor, enforceable against such Investor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

4.7 Investment Limitation. Except as specifically agreed to by the Company, as of the Closing, no Investor, its affiliates, or related persons shall hold Shares with an aggregate purchase price in excess of US \$15 million. After the Closing, no Investor shall acquire more than 5% of the outstanding Shares of the Company without the consent of the Company; provided however that if any purchase by any Investor requires Carnival or the Company to make any filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended then such Investor shall reimburse Carnival or the Company, as the case may be, for all of its out-of-pocket fees and expenses related to any such filing.

CONDITIONS TO THE OBLIGATION
OF THE COMPANY AND THE INVESTORS TO CLOSE

The obligations of the Company to issue Shares on the Closing and the Investors to pay the amounts under Section 2.1 shall be conditioned upon:

- (i) the waiver or satisfaction of all conditions set forth in clause 5 of the Sale and Purchase Agreement; and
- (ii) the execution and delivery by the parties thereto of the Recapitalization Agreement, in the form attached hereto as Exhibit A.

ARTICLE 6.

LIMITATIONS ON TRANSFER

6.1 General Restrictions on Transfer. Each Shareholder agrees that such Shareholder shall not, either directly or indirectly, offer, sell, transfer, assign, mortgage, hypothecate, pledge, create a security interest in or Lien upon, encumber, donate, contribute, place in trust, or otherwise voluntarily or involuntarily dispose of (any of the foregoing actions, to "Transfer" and, any offer, sale, transfer, assignment, mortgage, hypothecation, pledge, security interest or Lien, encumbrance, donation, contribution, placing in trust or other disposition, a "Transfer") any Shares, or any interest therein, except in a transaction that is specifically permitted by this Agreement.

6.2 Void Transfers. Any attempt to Transfer any Shares, or any interest therein, which is not in compliance with this Agreement shall be null and void ab initio, and the Company shall not give any effect in the Company's stock records to such attempted Transfer.

6.3 Permitted Transfers. Notwithstanding Sections 6.1 and 6.2, Transfers (including, without limitation, pledges of Shares as collateral for loans) may be made pursuant to this Agreement if:

- (i) such Transfer complies in all respects with the applicable provisions of this Agreement including, without limitation, Section 7 and applicable federal and state securities laws;
- (ii) the transferee agrees in writing with the Company and the other Shareholders to be bound by the terms and conditions of this Agreement with respect to the Shares Transferred to such transferee to the same extent as the Shareholder who originally held such Shares is or was bound hereby (whereupon such transferee shall be entitled to the same rights as such Shareholder who

originally held such Shares had with respect to such Shares and shall be deemed to be a Shareholder for all purposes hereunder with respect to such Shares);

(iii) if requested by the Company, in its sole discretion, an opinion of counsel to such transferring Shareholder shall be supplied to the Company, at such transferring Shareholder's expense, to the effect that such Transfer complies with applicable United States federal and state securities laws; and

(iv) except for the parties to this Agreement, such transferee is not (i) a Person engaged, directly or indirectly, in the cruise line business, (ii) an owner, partner or shareholder holding more than 10% of the equity interest in such a Person or (iii) an Affiliate of a Person described in clauses (i) and (ii).

ARTICLE 7.

TAG-ALONG AND BRING-ALONG RIGHTS

7.1 Tag-Along Rights. (a) If one or more Shareholders (each a "Selling Shareholder" and, the "Selling Shareholders") shall desire to sell Shares representing a majority of all outstanding Shares (a "Proposed Sale") to any Person other than another Shareholder or an Affiliate of such Shareholder (a "Third Party Purchaser"), then such Selling Shareholders shall offer the other Shareholders which are not Selling Shareholders (the "Tag-Along Shareholders") the right to participate in the Proposed Sale with respect to a number of Shares determined as provided in this Section 7.1 by sending written notice (the "Tag-Along Notice") to the Company and the Tag-Along Shareholders, which notice shall (i) state the number of Shares proposed to be sold in such Proposed Sale by such Selling Shareholders (the "Proposed Sale Shares"), (ii) state the proposed purchase price per Proposed Sale Share (the "Tag-Along Price") and all other material terms and conditions of such Proposed Sale and (iii) if applicable, be accompanied by any written offer from the Third Party Purchaser; provided, however, that the Selling Shareholders shall not be obligated to deliver a Tag-Along Notice if the Transfer (if consummated) is made pursuant to Section 7.2.

(b) Each Tag-Along Shareholder shall have the right to require the Selling Shareholder to cause the Third Party Purchaser to purchase from such Tag-Along Shareholder at the Tag-Along Price (and otherwise upon the same terms

and conditions as those set forth in the Tag-Along Notice) a number of Shares owned by such Tag-Along Shareholder (such Tag-Along Shareholder's "Tag-Along Shares") not in excess of the product of (i) the total number of Proposed Sale Shares, times (ii) a fraction, the numerator of which is the total number of Shares owned by such Tag-Along Shareholder and the denominator of which is equal to the sum of the total number of Shares owned by the Selling Shareholders and the Tag-Along Shareholders and any other Persons owning Shares entitled to participate in such Sale. Such right of each Tag-Along Shareholder shall be exercisable by written notice to the Selling Shareholders with copies to the Company given within 10 Business Days after receipt of the Tag-Along Notice (the "Tag-Along Notice Period"), which notice shall state the number of Tag-Along Shares that such Tag-Along Shareholder elects to sell in the Proposed Sale, if less than the maximum number of such Tag-Along Shareholder's Tag-Along Shares; provided that, if such notice shall not state a number of Tag-Along Shares, then such Tag-Along Shareholder will be deemed to have elected to sell the maximum number of such Tag-Along Shareholder's Tag-Along Shares. Failure by a Tag-Along Shareholder to respond within the Tag-Along Notice Period shall be regarded as a rejection of the offer made pursuant to the Tag-Along Notice. Each Tag-Along Shareholder that elects to sell any or all of such Tag-Along Shareholder's Tag-Along Shares is referred to in this Section 7.1 as a "Participating Tag-Along Shareholder" and the number of Tag-Along Shares elected, or deemed to be elected, by such Tag-Along Shareholder to be sold as provided above is referred to in this Section 7.1 as such Tag-Along Shareholder's "Participating Tag-Along Shares". The number of Shares to be sold by the Selling Shareholders in the Proposed Sale shall be reduced by the aggregate number of Participating Tag-Along Shares to be sold pursuant to this Section 7.1 by all Participating Tag-Along Shareholders.

(c) At the request of the Selling Shareholders made not less than two Business Days prior to the proposed Transfer, a Participating Tag-Along Shareholder shall deliver to the Selling Shareholders certificates representing such Participating Tag-Along Shareholder's Participating Tag-Along Shares, duly endorsed, in proper form for Transfer, together with a limited power-of-attorney authorizing the Selling Shareholders to transfer such Participating Tag-Along Shares to the Tag-Along Purchaser and to execute all other documents

required to be executed in connection with such transaction.

(d) If no Transfer of the Tag-Along Shares in accordance with the provisions of this Section 7.1 shall have been completed within 70 Business Days of the Tag-Along Notice, then the Selling Shareholders shall promptly return to the Participating Tag-Along Shareholder, in proper form, all certificates representing such Participating Tag-Along Shareholder's Participating Tag-Along Shares and the limited power-of-attorney previously delivered by such Participating Tag-Along Shareholder to the Selling Shareholders.

(e) The closing of the sale of the Participating Tag-Along Shares by the Participating Tag-Along Shareholders shall be held at the same place and time as the closing of the sale by the Selling Shareholders in the Proposed Sale. Promptly after the consummation of the Transfer of the Participating Tag-Along Shares pursuant to this Section 7.1, each Participating Tag-Along Shareholder shall receive (i) the consideration with respect to the Participating Tag-Along Shares so Transferred and (ii) such other evidence of the completion of such Transfer and the terms and conditions (if any) thereof as may reasonably be requested by such Participating Tag-Along Shareholder.

(f) The provisions of this Section 7.1 shall remain in effect, notwithstanding any return to any Participating Tag-Along Shareholder of Participating Tag-Along Shares as provided in Section 7.1(d).

7.2 Bring-Along Rights. (a) In the event that one or more Selling Shareholders owning at least 60% of the number of outstanding shares of the Company receives a bona fide offer from a Third Party Purchaser (excluding offers from Affiliates of any of the Shareholders) to purchase (including a purchase by merger) at least a majority of the outstanding Shares, the Selling Shareholders may send written notice (a "Buyout Notice") to the Company and the other Shareholders notifying the other Shareholders that they will be required to sell the same percentage of their Shares in such sale as the Selling Shareholder propose to sell (which percentage shall be specified in such Buyout Notice) (the "Designated Percentage").

(b) Upon receipt of a Buyout Notice, each Shareholder receiving such notice shall be obligated:

(i) to sell the Designated Percentage of such Shareholder's

Shares in the transaction (including a sale or merger) contemplated by the Buyout Notice on the same terms and conditions as the Selling Shareholders;

(ii) to provide for the payment by such Shareholder of such shareholder's pro rata portion of all costs associated with such transaction, in the proportion that the number of Shares owned by such Shareholder bears to the number of outstanding Shares; and

(iii) otherwise to take all necessary action to cause the consummation of such transaction, including voting its Shares in favor of such transaction and not exercising any appraisal rights in connection therewith.

(c) Each Shareholder further agrees to (i) take all actions (including executing documents) in connection with the consummation of the proposed transaction as may reasonably be requested of it by the Selling Shareholders and (ii) appoint the Selling Shareholders as its attorneys-in-fact to do the same on its behalf.

(d) In the event a contract with respect to the transaction contemplated by the Buyout Notice has not been entered into within the 90 days after the date of delivery of the Buyout Notice, the obligations of the Shareholders under this Section 7.2 with respect to such Buyout Notice shall terminate, subject, however, to the right of the Selling Shareholders to deliver a further Buyout Notice.

ARTICLE 8.

CORPORATE GOVERNANCE AND CERTAIN OTHER ACTIONS

8.1 General. Each Shareholder shall vote its Shares at any regular or special meeting of Shareholders of the Company, or in any written consent executed in lieu of such a meeting of Shareholders, and shall take all other actions necessary, to give effect to the provisions of this Agreement (including, without limitation, Section 8.2 hereof), and to ensure that the Company's Memorandum and Articles of Association and By-Laws do not, at any time hereafter, conflict in any respect with the provisions of this Agreement.

8.2 Election of Directors . Each Shareholder agrees that, except as the Shareholders may otherwise agree in writing, the number of directors constituting the entire Board of Directors shall be seven, comprised of the following individuals:

(i) five individuals designated by Carnival; and

(ii) two individuals designated by the Investors holding a majority of all Shares held by the Investors (the "Majority Investors").

The initial directors designated by Carnival shall be Atle Brynestad, Micky Arison, Howard Frank, Paris Katsoufis and Larry Pimentel and the initial directors designated by the Majority Investors shall be Jorgen Lund and Knut Heje.

8.3 Removal and Replacement. Each of Carnival and the Majority Investors shall be entitled at any time and for any reason (or for no reason) to designate any or all of its designees on the Board of Directors for removal. If at any time a vacancy is created on the Board of Directors by reason of the death, removal or resignation of any director, then Carnival or the Majority Investors shall, as soon as practicable thereafter, designate a replacement director and, as soon as practicable thereafter, the Company and each of the Shareholders shall take action, including, if necessary, the voting of its Shares, to elect or cause the election by the Board of Directors of such replacement director in accordance with Section 8.2(a)(i) or (ii), as the case may be.

8.4 Company Name Change. Each Shareholder hereby agrees to approve the change of the Company's name to Cunard Line Limited and to take all action necessary, including the voting of its Shares, to effect the same.

ARTICLE 9.

INITIAL PUBLIC OFFERING

9.1 Initial Public Offering. It is the current intention of the parties to complete the Initial Public Offering prior to November 30, 1999 (the "IPO Deadline"); provided that, if market conditions do not permit the Initial Public Offering prior to the IPO Deadline, the IPO Deadline may be extended at the option of Carnival. If the Initial Public Offering is in the United States, the Company and the Investors shall in good faith attempt to negotiate a registration rights agreement with customary terms and provisions to provide the Investors (as a group) with one demand registration right and with piggy-back registration rights.

9.2 Initial Public Offering Procedure. Prior to the Initial Public

Offering, the Company shall provide the Investors with written information regarding the Initial Public Offering process and, to the extent determined by Carnival in its sole discretion, shall invite the Investors to participate in such Initial Public Offering. Any Investor so invited which desires to sell Shares in the Initial Public Offering shall, with a time limit set out by the Company in writing, notify the Company in writing of its wish to sell and the amount of Shares it desires to sell; provided that Carnival may require each Investor to sell up to 50% of such Investor's Shares in the Initial Public Offering and, upon written request from Carnival, the Investors shall sell such Shares in the Initial Public Offering.

9.3 Customary Agreements. In connection with the Initial Public Offering, each Investor agrees to enter into customary agreements (including, without limitation, a lock-up agreement) with the Company and the arrangers/underwriters of the Initial Public Offering.

9.4 Carnival Exchange. Notwithstanding Sections 9.1, 9.2 and 9.3, at the option of Carnival, in its sole discretion, in lieu of an Initial Public Offering, Carnival may at any time elect to purchase all of the Shares owned by the Investors (the "Carnival Exchange") in exchange for shares of common stock of Carnival (the "Carnival Common Stock"). Prior to effecting the Carnival Exchange, Carnival shall, in its sole discretion, consider first whether to effect the Initial Public Offering. In the Carnival Exchange, each Investor shall be entitled to receive a number of shares equal to the product of (i) the number of Shares owned by such Investor and (ii) the Exchange Ratio. The Exchange Ratio shall initially be 0.14493 and shall be subject to adjustment as provided in Section 9.7 below. If it elects to effect the Carnival Exchange, Carnival shall notify each Investor in writing of the Carnival Exchange. Such notice shall specify the Exchange Ratio and the place and time of the closing of the Carnival Exchange (which shall be a date within 20 Business Days of the calculation of the Exchange Ratio).

9.5 Put Option. Notwithstanding Sections 9.1, 9.2, 9.3 and 9.4, if on the third anniversary of the Closing, the Company has not completed the Initial Public Offering and the Carnival Exchange has not occurred, each Investor shall, from and after the third anniversary of the Closing, have the option (the "Put Option") to put all of such Investor's Shares to Carnival in exchange

for Carnival Common Stock. The Put Option shall be exercisable by each Investor by delivery of written notice to Carnival (the "Put Option Notice") within 10 Business Days after the third anniversary of the Closing. At the closing of the Put Option, each Investor who has exercised the Put Option shall be entitled to receive a number of shares of Carnival Common Stock equal to the product of (i) the number of Shares owned by such Investor and (ii) the Exchange Ratio. At the closing of the Put Option Carnival shall be obligated to purchase all of the Shares owned by the Investors exercising the Put Option in exchange for shares of Carnival Common Stock as determined in accordance with the preceding sentence. Carnival shall provide notice in writing to each Investor exercising the Put Option of the Exchange Ratio and the place and time of the closing of the Put Option (which closing date shall be within 45 Business Days after the third anniversary of the Closing).

9.6 No Fractional Shares. No fraction of Carnival Shares will be issued to the Investors in connection with the Carnival Exchange or the exercise of the Put Option. In lieu thereof, Carnival shall pay to such Investors otherwise entitled to a fractional share cash in an amount equal to the product of such fraction and the closing price for the Carnival Common Stock on the New York Stock Exchange Composite Tape on the last trading day prior to the closing of either the Carnival Exchange or the Put Option.

9.7 Closing of the Carnival Exchange and the Put Option. The closing for the purchase of the Shares pursuant to Sections 9.4 or 9.6 shall be held at such place and time as Carnival shall designate in writing to the Investors. At such closing, in exchange for all of the Shares held by each Investor participating in the Carnival Exchange or the Put Option, as the case may be, Carnival shall issue, sell and deliver to such Investor and such Investor shall purchase, acquire and accept from Carnival, certificates evidencing the number of Shares of Carnival Common Stock to which such Investor is entitled under Sections 9.4 and 9.6, registered in such Investor's name, all of which, upon issuance shall have been duly authorized, validly issued, fully paid and non-assessable and free and clear from all Liens. All Shares delivered by each Investor to Carnival under this Section 9.7 shall be free and clear from all Liens.

9.8 Exchange Ratio Adjustment. If Carnival or the Company shall, at any

time or from time to time, (i) declare a dividend of shares of the Carnival Common Stock or Shares payable in Carnival Common Stock or Shares, respectively, (ii) subdivide the outstanding shares of Carnival Common Stock or Shares, (iii) combine the outstanding Carnival Common Stock or Shares into a smaller number of shares, or (iv) issue any shares of Carnival Common Stock or Shares in a reclassification of Carnival Common Stock or Shares, respectively (including any such reclassification in connection with a consolidation or merger in which Carnival or the Company is the surviving corporation), then in each such case, the Exchange Ratio in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, shall be proportionately adjusted so that upon the Carnival Exchange or the closing of the Put Option each Investor shall be entitled to receive the same aggregate number of shares of Carnival Common Stock which, if the Carnival Exchange or the closing of the Put Option had occurred immediately prior to such date, such Investor would have owned upon such Carnival Exchange or the closing of the Put Option and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If there occurs any reclassification of the Carnival Common Stock, consolidation or merger of Carnival with or into another Person (other than a merger or consolidation of Carnival in which Carnival is the continuing corporation and which does not result in any reclassification or change of outstanding shares of the Carnival Common Stock) or the sale or conveyance of all or substantially all of the assets of Carnival to another Person, then each Investor will thereafter be entitled to receive, upon the Carnival Exchange or the closing of the Put Option, the same kind and amounts of securities (including shares of stock) or other assets, or both, which were issuable or distributable to the holders of outstanding Carnival Common Stock upon such reclassification, consolidation, merger, sale or conveyance, in respect of that number of shares of Carnival Common Stock then deliverable upon the Carnival Exchange or the closing of the Put Option if the Carnival Exchange or the Put Option had been exercised immediately prior to such reclassification, consolidation, merger, sale or conveyance. Any such adjustment of the Exchange Ratio shall become effective immediately after the record date of such dividend or the effective date of such subdivision, combination, reclassification, consolidation, merger, sale or

conveyance. Such adjustment of the Exchange Ratio shall be made successively whenever any event listed above shall occur. If a stock dividend is declared and such stock dividend is not paid, the Exchange Ratio shall again be adjusted to be the Exchange Ratio in effect immediately prior to such record date.

9.9 No Claims. Each Investor understands and agrees that it shall have no claim against the Company, Newco, Carnival or any of their directors, officers or affiliates if the Initial Public Offering shall not occur or if Carnival elects to effect the Carnival Exchange and to the fullest extent permitted by law, waives any such claim.

ARTICLE 10.

RIGHT TO PARTICIPATE IN CERTAIN ISSUANCE OF CAPITAL SHARES

10.1 Right to Participate in New Issuance. If the Company determines to issue any Shares or any security convertible into or exercisable or exchangeable for Shares, to any shareholder of the Company (including a Shareholder) (other than capital shares to be issued (i) in connection with an employee stock option plan or other bona fide employment compensation arrangement that is approved by the Company's Board of Directors, (ii) pursuant to a stock split or stock dividend, (iii) pursuant to the exercise of any option, warrant or convertible security theretofore issued, (iv) as consideration in connection with a bona fide acquisition by the Company or any of its subsidiaries or (v) pursuant to the Initial Public Offering) (each such issuance not excluded by the immediately preceding parenthetical being herein referred to as a "New Issuance"), then the Company shall notify the Shareholders of the proposed New Issuance. Such notice shall specify the number and class of securities to be issued, the rights, terms and privileges thereof and the estimated price at which such securities will be issued.

10.2 Exercise of Right. By written notice to the Company given within 15 Business Days of being notified of such New Issuance, each Shareholder shall be entitled to purchase that percentage of New Issuance determined by dividing (a) the total number of Shares owned by such Shareholder by (b) the total number of all outstanding Shares. Such right shall be exercisable within 15 Business Days following the receipt of the notice delivered pursuant to the previous sentence. To the extent the Shareholders do not elect to purchase all of the securities proposed to be offered and sold in the New Issuance, the Company may

issue those securities not so subscribed for to the shareholders participating in such issuance, provided that such sales are consummated within 120 Business Days after the Shareholders' rights hereunder have expired or been waived.

10.3 Closing. The closing of the New Issuance shall be held at such time as the Company shall designate in writing to the Shareholders that elect to purchase securities in the new Issuance pursuant to this Article 10 not fewer than five Business Days prior to the date of such closing, at the Company's principal offices, or at another place designated by the Company in writing to such Shareholders in such notice.

ARTICLE 11.

SHARES CERTIFICATE LEGEND

The Company and Shareholders agree that each certificate representing the Shares now or hereafter held by a Shareholder shall be endorsed with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH A "TRANSFER" AND VOTING OF ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THE SUBSCRIPTION AGREEMENT, DATED AS OF MAY 27, 1998 (THE "SUBSCRIPTION AGREEMENT", AMONG SEABOURN CRUISE LINE LIMITED, (THE "COMPANY", CARNIVAL CORPORATION AND THE PERSONS NAMED THEREIN, A COPY OF WHICH MAY BE INSPECTED AT THE COMPANY'S PRINCIPAL OFFICE. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE SUBSCRIPTION' AGREEMENT."

ARTICLE 12.

AFTER-ACQUIRED SECURITIES

Except as otherwise provided in Article 14, all of the provisions of this Agreement shall apply to all of the Shares now owned or that may be issued or transferred hereafter to a Shareholder in consequence of any additional issuance, purchase, exchange or reclassification of any of the Shares (including without limitation, upon the exercise of any option or warrant), corporate reorganization, or any other form of recapitalization, consolidation, merger, share split or share dividend, or that are acquired by a Shareholder in

any other manner, and, in the case of any such event, appropriate adjustment shall be made to any number of Shares hereunder to take account of such event provided, however, that, with respect to CG, only (i) Shares issued pursuant to this Agreement and (ii) Shares issued as a result of a recapitalization, reclassification, combination, stock dividend or otherwise with respect to Shares issued pursuant to this Agreement shall be subject to the terms of this Agreement.

ARTICLE 13.

TRANSACTIONS WITH AFFILIATES

13.1 Limitation on Transactions with Affiliates. From and after the Closing, the Company will not sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make any contract, agreement, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless such Affiliate Transaction is on terms no less favorable to the Company than those that could be obtained an arm's length basis with a third party.

13.2 Exceptions. The limitation under Section 13.1 does not limit, and shall not apply to (i) any transaction or series of transactions approved by a majority of the disinterested members of the Board of Directors; (ii) any transaction between the Company and a wholly-owned subsidiary; (iii) the payment of reasonable compensation to directors and officers of the Company; (iv) reasonable loans made by the Company to its officers and directors as approved by the Board of Directors; (v) any employment agreement with officers entered into by the Company in the ordinary course of business of the Company.

ARTICLE 14.

TERMINATION

14.1 General. This Agreement shall become effective upon the execution hereof and shall terminate upon the earlier of:

(i) the consummation by the Company of the Initial Public Offering or the consummation of the Carnival Exchange; and

(ii) such earlier date as the Shareholders shall unanimously agree in writing to terminate this Agreement.

14.2 Non-Consummation of Cunard Acquisition. This Agreement shall terminate (i) upon the termination of the Sale and Purchase Agreement or (ii) if acquisition of the business of Cunard is not consummated for any reason.

14.3 Return of Shares and Purchase Price. If this Agreement is terminated pursuant to Section 14.2 and the Company has issued the Shares to the Investors under Section 2.1(a) and the Investors have paid to the Company the purchase price under Section 2.1(b), then the Investors shall surrender to the Company the certificates representing the Shares and upon the receipt of such Shares, the Company shall repay to each Investor such amount as such Investor paid under Section 2.1(b) by wire transfer of immediately available funds to such account as may be designated by each Investor to the Company.

14.4 Shareholder No Longer Holds Shares. Notwithstanding Section 14.1, this Agreement shall terminate permanently as to any Shareholder at such time as such Shareholder no longer owns any Shares; provided that any other Person that holds any Shares previously held by a Shareholder and has agreed to be bound hereby in accordance with the terms hereof in connection with the Transfer to such other Person shall continue to be bound hereby as a Shareholder with respect to such Shares.

14.5 No Liability. If this Agreement is terminated as provided in Section 14.2, no party shall have any liability or further obligation to any other party under this Agreement.

ARTICLE 15.

CONFIDENTIALITY

All information relating to the Company provided to any Investor shall be kept confidential and shall not be disclosed to any third party except (a) as has become generally available to the public (other than through disclosure by such Investor in contravention of this Agreement), (b) to such Investor's directors, officers, trustees, partners, employees, agents and professional consultants on a need-to-know basis, (c) to any other Shareholder, (d) to any Person to which such Investor offers to sell or transfer any Shares, provided that the prospective transferee shall agree to be bound by the provisions of this Article 15, or (e) in order to comply with any law, rule, regulation or

order applicable to such Investor.

ARTICLE 16.

MISCELLANEOUS

16.1 Survival of Representations, Warranties, Other Agreements and Undertakings. All of the representations and warranties, as well as those other agreements and undertakings made herein to be performed after the Closing Date, shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Investors or acceptance of the Shares.

16.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

(a) if to the Company:

3655 N.W. 87th Avenue
Miami, Florida 33178
Telecopier No.: (305) 471-4700
Attention: General Counsel

with a copy to:

Thommessen Krefting Greve Lund
Haakon VII's gate 10, P.O. Box 1484
0116 Oslo, Norway
Attention: Jorgen Lund
Telecopier No.: (47) 23 11 10 10

(b) if to Carnival:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178
Telecopier No.: (305) 471-4700
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019
Telecopy: (212) 757-3990
Attention: James M. Dubin, Esq.

(c) if to the Investors:

Christiania Markets
Postboks 1166 Sentrum
0107 Oslo, Norway
Telecopy: (47) 22 69 08 88

with a copy to:

Haight, Gardner, Holland & Knight
195 Broadway
New York, New York 10007
Telcopy: (212) 385-9010
Attention: Mark A. Saunders, Esq.

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed by airmail; and when receipt is mechanically acknowledged, if telecopied.

16.3 Fees and Expenses. The Company agrees (i) to pay to Christiania a fee equal to 2% of the purchase price paid by the Investors, under this Agreement (up to a maximum amount of US \$2,000,000) with US \$1,600,000 to be paid on the Closing Date and the remainder to be paid on the date on which the additional Shares are issued under Section 2.3 and (ii) to reimburse Christiania for the reasonable third-party fees and expenses incurred by Christiania in connection with the negotiation, execution and delivery of the Sale and Purchase Agreement and this Agreement (up to a maximum amount of US \$350,000) on the Closing Date.

16.4 Carnival Expenses. The Company agrees to reimburse Carnival for all out-of-pocket expenses incurred by Carnival in connection with the transactions contemplated by the Sale and Purchase Agreement and this Agreement and the transactions contemplated thereby and hereby (including, without limitation, travel, expenses and legal and accounting fees and expenses).

16.5 Third Party Beneficiaries. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give any person or entity, other than the parties hereto, and their respective successors, permitted assigns and affiliates, any rights or remedies under or by reason of this Agreement.

16.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. The Company may not assign any of its rights or obligations under this Agreement, except to a successor-in-interest to the Company, without the written consent of the Majority Investors and no Shareholder may assign any of its rights or obligations without the consent of the Company (except for an assignment pursuant to Section 6.3).

16.7 Amendment and Waiver.

(a) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the parties from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by the Company, Carnival and the Majority Investors, and (ii) only in the specific instance and for the specific purpose for which made or given.

(b) No failure or delay on the part of the parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the parties at law, in equity or otherwise.

16.8 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

16.9 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

16.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

16.11 Arbitration. (i) After the Closing, any dispute, controversy, or claim arising out of or relating to any provision of this Agreement or the interpretation, enforceability, performance, breach, termination, or validity hereof, including, without limitation, this Section 16.11 shall be solely and finally settled by arbitration in New York City, the State of New York in accordance with the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association as modified by the provisions of this Article. An award rendered in connection with an arbitration pursuant to this Section 16.11 shall be final and binding upon the parties, and any judgment upon such an award may be entered and enforced in any court of competent jurisdiction.

(ii) Proceedings in the arbitration shall be conducted in the English language, and all documents not in English submitted by either party must be accompanied by a translation to English.

16.12 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

16.13 Entire Agreement. This Agreement, together with the schedules hereto is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein.

16.14 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any governmental authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first above written.

SEABOURN CRUISE LINE LIMITED

By: /s/ Jorgen Lund
Name: Jorgen Lund
Title: Director

CARNIVAL CORPORATION

By: /s/ Arnaldo Perez
Name: Arnaldo Perez
Title: Vice President

STOREBRAND

By: /s/ Truls Evensen
Name: Truls Evensen
Title: Portfolio Manager

VITAL

By: : /s/ Peter Hermanrud
Name: Peter Hermanrud
Title: Investment Director

VESTA FORSIKRING

By: /s/ Robert Lingaas
Name: Robert Lingaas
Title: Portfolio Manager

AVANSE

By: /s/ Bjorn W. Johansen
Name: Bjorn W. Johansen
Title: Inv. Director

INDUSTRIFINANS

By: /s/Bengt Losnedal
Name: Bengt Losnedal
Title: Portfolio Manager

POSTBANKEN VERDIPAPIRFOND

By: /s/ Dagfin Hopsdal
Name: Dagfin Hopsdal
Title: Inv. Director

STATOIL

By: /s/ Terje Moi
Name: Terje Moi
Title: Senior Manager

K-HOLDING

By: /s/ Birger Harneshaug
Name: Birger Harneshaug

Title: Adm. Director

TOLUMA (WILH.WILHELMSSEN)

By: /s/ Knut Wang
Name: Knut Wang
Title: Managing Director

K-FONDENE

By: /s/ Thomas Voght
Name: Thomas Voght
Title:

VESTA FORVALTNING

By: /s/ Hogne Tyssoy
Name: Hogne Tyssoy
Title: Investment Director

GJENSIDIGE FORSLKRING

By: /s/ Bard Johannessen
Name: Bard Johannessen
Title: Portfolio Manager

HAFSLUND INVEST

By: /s/ Steven Kunz
Name: Steven Kunz
Title:

CG CRUISE INVEST AS

By: /s/ Jorgen Lund
Name: Jorgen Lund
Title: Attorney-in-fact

CHRISTIANIA BANK OG KREDITKASSE ASA

By: /s/ Tom Knoff
Name: Tom Knoff
Title:

Christiania irrevocably and unconditionally guarantees the due and punctual payment of the purchase price by each Investor under Section 2.1(b) and any

Investor Purchase Price Adjustment owed by any Investor under Section 2.3.

CHRISTIANIA MARKETS

By: /s/ Tom Knoff
Name: Tom Knoff
Title:

Schedule 2.1

Subscription for Shares

	Initial Subscription Price To Be Paid At Closing (US\$)	Shares To Be Issued at Closing	Assumed Investor Share Adjustment	Investment Percentage (%)
Storebrand				
Storebrand Liv	12,912,241	1,032,979	258,245	11.31
Helikopeterservice PK fund	53,790	4,303	1,076	0.05
Wilh.Wilhelmsen PK fund	63,751	5,100	1,275	0.06
Bergens Tidende PK fund	11,289	903	226	0.01
Bergesen d.y. PK fund	40,110	3,209	802	0.04
IBM konsern PK fund	358,601	28,688	7,172	0.31
Kraft Freia PK fund	46,485	3,719	930	0.04
Kvinherad Kom Kraft fund	80,619	6,450	1,612	0.07
Sparebankenes Sikrings fund	73,978	5,918	1,480	0.06
Forretningsbankenes Sikrings fund	55,118	4,409	1,102	0.05
Vidal				
Vital Forsikring	9,130,656	730,452	182,613	8.00
Vesta Forsikring				
Vesta Forsikring	3,968,858	317,509	79,377	3.48
Vesta Liv	2,432,526	194,602	48,651	2.13
Avanse				
Avanse Vekst	2,282,664	182,613	45,653	2.00
Avanse Shipping	913,066	73,045	18,261	0.80
Avanse Kapital	5,934,926	474,794	118,699	5.20
Industrifinans				
Industrifinans Aktiv	3,245,353	259,628	64,907	2.84

Industrifinans Aksje Norge	2,342,212	187,377	46,844	2.05
Industrifinans Stor Kunde	1,310,051	104,804	26,201	1.15
Postbanken Verdipapirfond				
Postbanken Aksjespar	5,441,176	435,294	108,824	4.77
Postbanken Aksjevekst	960,208	76,817	19,204	0.84
Statoil				
Statoil	6,401,384	512,111	128,028	5.61
K-Holding				
K-Holding	2,580,403	206,432	51,608	2.26
Toluma (Wilh. Wilhelmsen)				
Skips AS Tudor	2,647,890	211,831	52,958	2.32
AS Wingana	913,066	73,045	18,261	0.80
Katten Invest DA	91,307	7,305	1,826	0.08
K-fondene				
K-Avkastning	5,972,640	477,811	119,453	5.23
K-Kapital	2,328,317	186,265	46,566	2.04
K-Vekst	1,822,161	145,773	36,443	1.60
Vesta forvaltning				
Vesta AMS	2,257,852	180,628	45,157	1.98
Vesta Horisont	922,990	73,839	18,460	0.81
Vesta 2010	248,116	19,849	4,962	0.22
Vesta 2020	129,020	10,322	2,580	0.11
Vesta 2030	94,284	7,543	1,886	0.08
Gjensidige Forslkring				
Gjensidige Skade	913,066	73,045	18,261	0.80
Gjensidige Liv	3,652,262	292,181	73,045	3.20
Hafslund Invest	2,719,348	217,548	54,387	2.38
CG Cruise Invest AS				
GC Cruise Invest AS	26,796,490	2,143,719	535,930	23.48
Christiania Bank ASA				
Christiania Bank ASA	1,984,925	158,794	39,699	1.74
TOTAL	114,133,199	9,130,656	2,282,664	100.0

RECAPITALIZATION AGREEMENT
Among

SEABOURN CRUISE LINE LIMITED

CARNIVAL CORPORATION

and

CG HOLDING AS

Dated: May 27, 1998

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RECAPITALIZATION AGREEMENT

This Recapitalization Agreement is made and entered into as of this 27th day of May, 1998 among Seabourn Cruise Line Limited, a Bahamas International Business Corporation (the "Company"), Carnival Corporation, a Panamanian Corporation ("Carnival") and CG Holding AS ("CG" and together with Carnival, the "Existing Shareholders").

WHEREAS, each of the Existing Shareholders is the legal and beneficial owner of 2,400 of issued and outstanding shares of the Company (the "Existing Shares").

WHEREAS, pursuant to an Agreement for the Sale and Purchase of the Business of Cunard, dated April 3, 1998, among Cunard Line Limited and others as sellers and Carnival as buyer and Kvaerner ASA as guarantor (the "Sale and Purchase Agreement"), Carnival agreed to acquire the business carried on by affiliates of Kvaerner ASA under the name Cunard.

WHEREAS, Carnival will assign its rights and duties under the Sale and Purchase Agreement to a newly-formed subsidiary ("Newco") of the Company.

WHEREAS, the Company intends to change its name to Cunard Line Limited and contribute its assets and business to the combined entity.

WHEREAS, the parties hereto currently intend to consider an initial public offering of equity securities of the Company prior to November 30, 1999 and, if such an initial public offering is made, the parties will consider listing the equity securities of the Company on the Oslo Stock Exchange, either as primary or secondary listing (it being understood that any such decisions concerning an initial public offering shall be made by Carnival in its sole discretion).

WHEREAS, prior to the acquisition of the business of Cunard Line Limited (the "Cunard Acquisition"), the Company and the Existing Shareholders desire to effect a recapitalization of the Company pursuant to which the Existing Shareholders will receive ordinary shares of the Company (the "New Shares");

WHEREAS, at Closing (as defined herein), as part of the recapitalization, the parties will be issued an aggregate of 11,760,000 New Shares of Seabourn based upon an assumed purchase price of Seabourn of US\$147,000,000 and, after Closing, the parties will be issued additional New Shares reflecting an adjustment to the assumed purchase price.

WHEREAS, the Company wishes to issue and sell to Carnival, and Carnival wishes to purchase from the Company, additional New Shares to finance the Cunard Acquisition and repay the Seabourn Subordinated Loan (as defined herein).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Actual Seabourn Share Issuance Amount" means with respect to each Existing Shareholder, an amount equal to (i) the product of 0.5 and the Adjusted Seabourn Price divided by (ii) US\$10.00.

"Adjusted Cunard Price" means the purchase price under the Sale and Purchase Agreement as adjusted under clause 4.2 thereof plus the actual amount of the fees and expenses of Christiania reimbursed under Section 16.3 of the Subscription Agreement.

"Adjusted Seabourn Price" means (i) US\$310 million minus (ii) the principal amount of the Seabourn Subordinated Loan (immediately prior to the Closing) the amount of any long-term debt of the Company (at the Closing) and the Company Debts (calculated in accordance with Section 2.5) plus (iii) the Company Credits (calculated in accordance with Section 2.5).

"Affiliate means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. For purposes of this definition, "control", when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Assumed Carnival Share Issuance Amount" means the assumed post-closing share adjustment amount of Carnival set forth on Schedule A.

"Assumed Cunard Price" means US\$380,444,000.

"Agreement" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Business Day" means any day other than a Saturday, Sunday or public holiday in England and Wales, the United States, Bermuda or the Bahamas.

"Carnival Additional Share Adjustment Amount" means the Carnival Purchase Price Adjustment divided by US\$10.00.

"Carnival Share Issuance Amount" the sum of (i) either (a) the Assumed Carnival Share Issuance Amount plus the Carnival Additional Share Adjustment Amount (if the Adjusted Cunard Price exceeds the Assumed Cunard Price) or (b) the Assumed Carnival Share Issuance Amount minus the Carnival Additional Share Adjustment Amount otherwise.

"Carnival Purchase Price Adjustment" means the product of (i) 0.7 and (ii) either (a) the Adjusted Cunard Price minus the Assumed Cunard Price (if the Adjusted Cunard Price exceeds the Assumed Cunard Price) or (b) the Assumed Cunard Price minus the Adjusted Cunard Price otherwise.

"Closing" has the meaning set forth in Section 2.4 of this Agreement.

"Closing Date" means the second Business Day (as defined in the Sale and Purchase Agreement) after all of the conditions of Completion shall have been fulfilled or waived by the parties to the Sale and Purchase Agreement.

"Completion" has the meaning set forth in the Sale and Purchase Agreement.

"Control" means direct or indirect ownership of stock or shares possessing more than 50 percent of the total combined voting power of all classes of stock or shares entitled to vote.

"Debt Repayment Amount" means (i) the outstanding principal amount under the Seabourn Subordinated Loan at Closing divided by (ii) 10.

"Existing Shareholders" has the meaning set forth in the recitals to this Agreement.

"Initial Public Offering" means an initial public offering of equity securities of the Company in the United States, the United Kingdom or Norway and a related listing of such shares on a national securities exchange or trading market in the United States, the London Stock Exchange or the Oslo Stock Exchange, respectively.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (excluding those arising by operation of law) or other security interest of any kind or nature whatsoever.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, governmental authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Seabourn Additional Share Issuance Amount" means, with respect to each Existing Shareholder, the Actual Seabourn Share Issuance Amount minus the Seabourn Base Shares.

"Seabourn Base Shares" means, with respect to each Existing Shareholder, the number of New Shares representing base shares as set forth opposite such Existing Shareholder's name on Schedule A.

"Seabourn Subordinated Loan" means the Secured Term Loan Agreement dated February 18, 1992, by and between Seabourn, as Borrower and Carnival as Lender, as amended by Addendum No. 1 dated February 15, 1996.

"Subscription Agreement" means the Subscription Agreement, dated as of the date hereof, between the Company, Carnival and the persons named therein.

"US\$" means United States dollars, the lawful currency of the United

States of America.

ARTICLE 2

TERMS OF RECAPITALIZATION AND PURCHASE OF SHARES

2.1 Articles Amendment Prior to the Closing, the Company and the Existing Shareholders shall take all action necessary to adopt, file and make effective the amendments to the Company's Memorandum and Articles of Association attached hereto as Exhibits A and B respectively.

2.2 Recapitalization.

(a) Upon the terms and subject to the conditions set forth herein, the Company shall effect a recapitalization by way of an increase of the share capital by a transfer to the share capital account from the paid-in capital account to increase the par value of the Existing Shares, and a subsequent stock split whereby the Existing Shares shall be converted into a number of New Shares equal to the number determined under Sections 2.2(b) and 2.5.

(b) At the Closing, each of the Existing Shareholders, upon presentation and surrender to the Company of the certificate representing the Existing Shares held by such Existing Shareholder, shall be entitled to receive a certificate representing the Seabourn Base Shares. After the Closing, the Company shall issue additional New Shares to the Existing Shareholders subject to the terms of Section 2.5.

(c) Upon the terms and subject to the conditions herein, the Company agrees to issue to Carnival, and Carnival agrees to subscribe for and accept from the Company a number of New Shares equal to the Debt Repayment Amount in repayment for the outstanding principal amount under the Seabourn Subordinated Loan. At the Closing, the Company shall pay to Carnival all accrued interest and other fees and expenses on the Seabourn Subordinated Loan through and including the Closing Date.

(d) At the Closing, upon delivery of the New Shares specified in Section 2.2(c), all amounts outstanding under the Seabourn Subordinated Loan shall be deemed repaid in accordance with terms of the agreements governing the Seabourn Subordinated Loan.

2.3 Purchase and Sale of the New Shares by Carnival. (a) At the Closing, upon the terms and subject to the conditions set forth herein, the Company agrees to issue to Carnival, and Carnival agrees to subscribe for and accept from the Company, an aggregate of 26,304,864 New Shares. After the Closing, the Company shall issue additional New Shares to Carnival subject to the terms of Section 2.6.

(b) The purchase price payable by Carnival for the New Shares under this Section 2.3 shall be US\$266,310,800, subject to adjustment in accordance with Section 2.6. At the Closing, Carnival shall pay to the Company US\$266,310,800, which shall be held on account for the purchase price payable hereunder.

2.4 The Closing. (a) The closing of the transactions contemplated hereby (other than the additional New Shares to be issued pursuant to Sections 2.5 and 2.6) (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind, Wharton and Garrison in New York, at 10 a.m., local time, on the Closing Date or at such other time as the parties may mutually agree.

(b) At the Closing, (i) the Company shall deliver to each Existing Shareholder certificates evidencing the number of Seabourn Base Shares to which such Existing Shareholder is entitled registered in such Existing Shareholder's name, upon presentation and surrender to the Company of the certificate representing such Existing Shares held by such Existing Shareholder, (ii) the Company shall deliver to Carnival certificates representing a number of New Shares equal to the Debt Repayment Amount registered in Carnival's name, in full satisfaction of all amounts owing under the Seabourn Subordinated Loan and (iii) the Company shall deliver to Carnival certificates evidencing 26,304,864 New Shares registered in Carnival's name, upon payment of the funds payable by Carnival under Section 2.3(b). All amounts paid by Carnival hereunder shall be paid by wire transfer of immediately available funds to such account as may be designated by the Company. Upon payment of all amounts required under Sections 2.3 and 2.6 and the repayment of the Seabourn Subordinated Loan, all New Shares issued hereunder shall be validly issued, fully paid and non-assessable and free and clear from all Liens.

2.5 Recapitalization Post-Completion Adjustment. (a) Within 45 days of the Closing, or as otherwise agreed to by the parties to the Sale and

Purchase Agreement, the Company shall deliver to the Existing Shareholders (and to the parties to the Subscription Agreement) a statement (the "Initial Financial Statement") prepared by Price Waterhouse LLP ("Price Waterhouse"), the Company's independent accountants, setting forth, as of the Closing Date the Adjusted Seabourn Price and the Company's debits (the "Company Debits") and credits (the "Company Credits") as described on Schedule 2.5 and itemized to reflect each of the categories set forth on Schedule 2.5 (it being understood that Schedule 2.5 sets forth a calculation of such amounts as of February 28, 1998 for informational purposes only). The Initial Financial Statement should be prepared on a basis consistent with generally accepted accounting principles in the United States and the Company's audited financial statements.

(b) The calculation of the Adjusted Seabourn Price, Company Debits and Company Credits in the Initial Financial Statement shall become final and binding on the Company and the Existing Shareholders for all purposes of this Agreement unless either of the Existing Shareholders shall give written notice of its disagreement (a "Notice of Disagreement") to the Company within 20 Business Days following receipt of its Initial Financial Statement. Any such Notice of Disagreement shall specify in all reasonable detail the nature of any disagreements so asserted. During a period of 10 Business Days following the aforesaid 20 Business Day period, the Company and the Existing Shareholders shall attempt to resolve in writing any differences they may have with respect to any matter specified in any Notice of Disagreement. If at the end of such 10 Business Day period, the Company and the Existing Shareholders are unable to reach agreement with respect to all such matters, then all such matters specified in any Notice of Disagreement as to which such written agreement has not been reached (the "Disputed Matters") shall be submitted to and reviewed by an expert (the "Expert"), which shall be an independent public accounting firm of outstanding international reputation (other than Price Waterhouse) selected by the Company and the Existing Shareholders. If within five Business Days following the expiration of such 10 Business Day period, the Company and the Existing Shareholders have failed to agree in writing upon the selection of the Expert or any Expert selected by them has not agreed to perform the services called for thereunder, the Company shall select the Expert by lot from among the following independent accounting firms (Arthur Andersen LLP, Coopers & Lybrand L.L.P. or KPMG Peat Marwick LLP). Within 10 Business Days, the Expert shall calculate each Disputed Matter in the Initial Financial Statement and deliver a report to the Company and the Existing Shareholders. Each Existing Shareholder shall pay one-half of the Expert's reasonable costs.

(c) The Company shall provide to its accountants and the Expert such access and assistance as they may reasonably require to allow them to perform their duties under this Section 2.5 (including, without limitation, reasonable access to all working papers, records, accounts, invoices and other documents used by Price Waterhouse in connection with the preparation of the Initial Financial Statement and reasonable access to such personnel of Price Waterhouse as were involved in the preparation of the Initial Financial Statement).

(d) If a Notice of Disagreement is delivered in a timely manner, the calculation of the Adjusted Seabourn Price, Company Debits and Company Credits, as modified to reflect the resolution of Disputed Matters in accordance with this Section 2.5, shall become final and binding on the Company and the Existing Shareholders for all purposes of this agreement upon the earlier of (i) the date the Company and the Existing Shareholders resolve in writing all Disputed Matters and (ii) the date the Expert delivers its report that resolves all Disputed Matters.

(e) Within five Business Days after the calculation of Company Credits and Company Debits is determined to be final and binding under this Section 2.5, the Company shall issue to each Existing Shareholder a number of New Shares equal to the Seabourn Additional Share Issuance Amount.

2.6 Cunard Post-Closing Adjustment. Upon completion of the adjustments of the purchase price under clause 4.2 of the Sale and Purchase Agreement, the Company shall notify Carnival in writing of the Carnival Purchase Price Adjustment and whether the Company or Carnival must pay such adjustment. Within five Business Days thereafter, (i) either (a) if the Adjusted Cunard Price exceeds the Assumed Cunard Price, Carnival shall pay the Carnival Purchase Price Adjustment by wire transfer of immediately available funds to the account designated under Section 2.2 or (b) otherwise the Company shall pay Carnival the Carnival Purchase Price Adjustment by wire transfer of immediately available funds to an account of Carnival as designated in writing by Carnival to the Company and (ii) subject to the receipt of any amounts due

under Section 2.6(i)(a), the Company shall issue to Carnival a number of additional New Shares equal to the Carnival Share Issuance Amount.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Existing Shareholders on the date hereof and on the Closing Date as follows:

3.1 Due Incorporation. The Company is an International Business Corporation duly incorporated and validly existing under the laws of the Bahamas and has all requisite corporate power and lawful authority to own, lease and operate its properties and to carry on its business as now being conducted.

3.2 Qualification. The Company is duly qualified or otherwise authorized to transact business in each jurisdiction in which such qualification or authorization is required by applicable law or in which the failure so to qualify or be authorized would have a material adverse effect on the Company.

3.3 Capital Stock. (a) As of the date hereof, the authorized share capital of the Company is US\$5,000, made up of 5,000 shares. As of the date hereof, 4,800 shares are issued and outstanding. Upon the Closing, the authorized share capital of the Company will be US\$15 million, made up of 150 million shares. Except for this Agreement and the Subscription Agreement, the Company has no obligations to issue any of its New Shares.

(b) Upon the payment by Carnival of the purchase price provided under Section 2, the New Shares issuable hereunder will be duly authorized, validly issued, fully paid and non-assessable and free and clear of all Liens.

3.4 Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the New Shares (i) are within the Company's corporate power and have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Memorandum and Articles of Association, or any amendment of either thereof, or any other organizational or governing documents of the Company; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under any material agreement of the Company.

3.5 Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES
OF THE EXISTING SHAREHOLDERS

Each of the Existing Shareholders represents and warrants as applicable (severally as to itself only and not jointly) to the Company on the date hereof and on the Closing Date that:

4.1 Title to Shares Such Existing Shareholder has good and marketable title to the Existing Shares which are to be transferred to the Company by such Existing Shareholder pursuant hereto, free and clear of any and all Liens.

4.2 Authorization; No Contravention. The execution, delivery and performance by such Existing Shareholder of this Agreement and the transactions contemplated hereby, including, without limitation, the payment of the purchase price (i) are within such Existing Shareholder's corporate or other power and have been duly authorized by all necessary action of such Existing Shareholder; (ii) do not contravene the terms of the certificate of incorporation and by-laws (or comparable instruments), or any amendment of either thereof, or any organizational or governing documents of such Existing Shareholder, as applicable, and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under any material agreement of such Existing Shareholder.

4.3 Binding Effect. This Agreement has been duly authorized, executed and delivered by such Existing Shareholder and constitutes a legal,

valid and binding obligation of such Existing Shareholder enforceable against such Existing Shareholder in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

ARTICLE 5

CONDITIONS TO THE OBLIGATION OF THE COMPANY AND THE EXISTING SHAREHOLDERS TO CLOSE

The obligations of the Company to issue New Shares on the Closing Date and the Existing Shareholders to surrender certificates under Section 2.2(b) and the obligation of Carnival to pay the amounts under Section 2.3(b) and to deem the Seabourn Subordinated Loan repaid, shall be conditioned upon the waiver or satisfaction of all conditions set forth in clause 6 of the Sale and Purchase Agreement.

ARTICLE 6

LIMITATIONS ON TRANSFER

6.1 General Restrictions on Transfer. Each Existing Shareholder agrees that such Existing Shareholder shall not, either directly or indirectly, offer, sell, transfer, assign, mortgage, hypothecate, pledge, create a security interest in or Lien upon, encumber, donate, contribute, place in trust, or otherwise voluntarily or involuntarily dispose of (any of the foregoing actions, to "Transfer" and, any offer, sale, transfer, assignment, mortgage, hypothecation, pledge, security interest or Lien, encumbrance, donation, contribution, placing in trust or other disposition, a "Transfer") any New Shares, or any interest therein, except in a transaction that is specifically permitted by this Agreement.

6.2 Void Transfers. Any attempt to Transfer any New Shares, or any interest therein, which is not in compliance with this Agreement shall be null and void ab initio, and the Company shall not give any effect in the Company's stock records to such attempted Transfer.

6.3 Permitted Transfers. Notwithstanding Sections 6.1 and 6.2, Transfers (including, without limitation, pledges of New Shares as collateral for loans) may be made pursuant to this Agreement if:

(i) such Transfer complies in all respects with the applicable provisions of this Agreement including, without limitation, Articles 7 and/or 8 and applicable federal and state securities laws;

(ii) the transferee agrees in writing with the Company and the other Existing Shareholders to be bound by the terms and conditions of this Agreement with respect to the New Shares transferred to such transferee to the same extent as the Existing Shareholder who originally held such New Shares is or was bound hereby (whereupon such transferee shall be entitled to the same rights as such Existing Shareholder who originally held such New Shares had with respect to such New Shares and shall be deemed to be a Existing Shareholder for all purposes hereunder with respect to such New Shares);

(iii) if requested by the Company, in its sole discretion, an opinion of counsel to such transferring Existing Shareholder shall be supplied to the Company, at such transferring Existing Shareholder's expense, to the effect that such Transfer complies with applicable United States federal and state securities laws; and

(iv) except for the parties to this Agreement, such transferee is not (i) a Person engaged, directly or indirectly, in the cruise line business, (ii) an owner, partner or shareholder holding more than 10% of the equity interest in such a Person or (iii) an Affiliate of a Person described in clauses (i) and (ii).

ARTICLE 7

RIGHT OF FIRST OFFER, TAG-ALONG AND BRING-ALONG RIGHTS

7.1 Right of First Offer. (a) If CG shall desire to sell all or any portion of its New Shares to any Person other than Carnival, CG shall offer such New Shares first to Carnival by sending written notice (the "Offering Notice" to Carnival which shall state (a) the number of New Shares proposed to be transferred (the "Offered Shares") and (b) the proposed purchase price per Offered Shares which the Selling Stockholder is willing to accept (the "Offer

Price"). Upon delivery of the Offering Notice, such offer shall be irrevocable unless and until the rights of first offer provided for herein shall have been waived or shall have expired.

(b) For a period of 15 Business Days after the giving of the Offering Notice pursuant to Section 7.1(a) (the "Carnival Option Period"), Carnival shall have the right (the "Carnival Option") to purchase all (but not less than all) of the Offered Shares at a purchase price equal to the Offer Price and upon the terms and conditions set forth in the Offering Notice. The right of Carnival to purchase all of the Offered Shares under this Section 7.1(b) shall be exercisable by delivering written notice of the exercise thereof, prior to the expiration of the 15 Business Day period referred to above, to CG. The failure of Carnival to respond within such 15 Business Day period shall be deemed to be a waiver of Carnival's rights under Section 7.1(a). Carnival may waive its rights under Section 7.1(a) prior to the expiration of the 15 Business Day period by written notice to CG.

(c) The closing of the purchase of the Offered Shares subscribed for by Carnival under Section 7.1(b) shall be held at such place and time as Carnival shall designate in writing to CG. At such closing, CG shall deliver the Offered Shares to Carnival upon payment of the Offer Price. All amounts paid hereunder shall be paid by wire transfer of immediately available funds to such account as may be designated by CG to Carnival. At such closing, the Offered Shares shall be free and clear from all Liens.

7.2 Tag-Along Rights. (a) If Carnival shall desire to sell New Shares representing a majority of all outstanding New Shares (a "Proposed Sale") to any Person other than CG or an Affiliate of Carnival (a "Third Party Purchaser"), then Carnival shall offer CG the right to participate in the Proposed Sale with respect to a number of New Shares determined as provided in this Section 7.2 by sending written notice (the "Tag-Along Notice") to the Company and CG, which notice shall (i) state the number of New Shares proposed to be sold in such Proposed Sale by Carnival (the "Proposed Sale Shares"), (ii) state the proposed purchase price per Proposed Sale Share (the "Tag-Along Price") and all other material terms and conditions of such Proposed Sale and (iii) if applicable, be accompanied by any written offer from the Third Party Purchaser; provided, however, that Carnival shall not be obligated to deliver a Tag-Along Notice if the Transfer (if consummated) is made pursuant to Section 7.3

(b) CG shall have the right to require Carnival to cause the Third Party Purchaser to purchase from CG at the Tag-Along Price (and otherwise upon the same terms and conditions as those set forth in the Tag-Along Notice) a number of New Shares owned by CG ("CG's Tag-Along Shares") not in excess of the product of (i) the total number of Proposed Sale Shares, times (ii) a fraction, the numerator of which is the total number of New Shares owned by CG and the denominator of which is equal to the sum of the total number of New Shares owned by Carnival and CG and any person owning New Shares entitled to participate in such Proposed Sale pursuant to the Subscription Agreement. Such right of CG shall be exercisable by written notice to Carnival with copies to the Company given within 10 Business Days after receipt of the Tag-Along Notice (the "Tag-Along Notice Period"), which notice shall state the number of Tag-Along Shares that CG elects to sell in the Proposed Sale, if less than the maximum number of CG's Tag-Along Shares; provided that, if such notice shall not state a number of Tag-Along Shares, then CG will be deemed to have elected to sell the maximum number of CG's Tag-Along Shares. Failure by CG to respond within the Tag-Along Notice Period shall be regarded as a rejection of the offer made pursuant to the Tag-Along Notice. The number of Tag-Along Shares elected, or deemed to be elected, by CG to be sold as provided above is referred to in this Section 7.2 as CG's "Participating Tag-Along Shares". The number of New Shares to be sold by Carnival in the Proposed Sale shall be reduced by the aggregate number of Participating Tag-Along Shares to be sold pursuant to this Section 7.2 by CG.

(c) At the request of Carnival made not less than two Business Days prior to the proposed Transfer, CG shall deliver to Carnival certificates representing its Participating Tag-Along Shares, duly endorsed, in proper form for Transfer, together with a limited power-of-attorney authorizing Carnival to transfer such Participating Tag-Along Shares to the Third Party Purchaser and to execute all other documents required to be executed in connection with such transaction.

(d) If no Transfer of the Tag-Along Shares in accordance with the provisions of this Section 7.2 shall have been completed within 70 Business

Days of the Tag-Along Notice, then Carnival shall promptly return to CG, in proper form, all certificates representing CG's Participating Tag-Along Shares and the limited power-of-attorney previously delivered by CG to Carnival.

(e) The closing of the sale of the Participating Tag-Along Shares by the Participating Tag-Along Shareholders shall be held at the same place and time as the closing of the sale by Carnival in the Proposed Sale. Promptly after the consummation of the Transfer of the Participating Tag-Along Shares pursuant to this Section 7.2, CG shall receive (i) the consideration with respect to the Participating Tag-Along Shares so Transferred and (ii) such other evidence of the completion of such Transfer and the terms and conditions (if any) thereof as may reasonably be requested by Carnival.

(f) The provisions of this Section 7.2 shall remain in effect, notwithstanding any return to CG of Participating Tag-Along Shares as provided in Section 7.2(d).

7.3 Bring-Along Rights. (a) In the event that Carnival receives a bona fide offer from a Third Party Purchaser (excluding offers from Affiliates of Carnival) to purchase (including a purchase by merger) at least a majority of the outstanding New Shares, Carnival may send written notice (a "Buyout Notice") to the Company and CG notifying CG that it will be required to sell the same percentage of its New Shares in such sale as the Selling Shareholder propose to sell (which percentage shall be specified in such Buyout Notice) (the "Designated Percentage").

(b) Upon receipt of a Buyout Notice, CG shall be obligated:

(i) to sell the Designated Percentage of its New Shares in the transaction (including a sale or merger) contemplated by the Buyout Notice on the same terms and conditions as Carnival;

(ii) to provide for the payment by CG of its pro rata portion of all costs associated with such transaction, in the proportion that the number of New Shares owned by such Existing Shareholder bears to the number of outstanding New Shares; and

(iii) otherwise to take all necessary action to cause the consummation of such transaction, including voting its New Shares in favor of such transaction and not exercising any appraisal rights in connection therewith.

(c) CG further agrees to (i) take all actions (including executing documents) in connection with the consummation of the proposed transaction as may reasonably be requested of it by Carnival and (ii) appoint Carnival as its attorneys-in-fact to do the same on its behalf.

(d) In the event a contract with respect to the transaction contemplated by the Buyout Notice has not been entered into within the 90 Business Days after the date of delivery of the Buyout Notice, the obligations of CG under this Section 7.3 with respect to such Buyout Notice shall terminate, subject, however, to the right of Carnival to deliver a further Buyout Notice.

ARTICLE 8

CHANGE OF CONTROL BUYOUT

(a) If Atle Brynstad no longer has Control of CG (a "Loss of Control"), then Carnival may, within 30 Business Days of such Loss of Control, by notice in writing to CG (the "Loss of Control Notice"), offer to purchase all (but not some) of the New Shares held by CG (the "CG Shares") at such price per share (the "Stated Price") as shall be specified by Carnival in the Loss of Control Notice. At the closing contemplated under Section 8(c), CG shall sell the CG Shares to Carnival and Carnival shall purchase the CG Shares pursuant to the terms of this Article

(b) The Loss of Control Notice shall become final and binding on the Existing Shareholders for all purposes of this Agreement unless CG shall, within 14 Business Days, give written notice to Carnival requesting that the value of the CG Shares be appraised (the "Appraisal Notice"). The appraised per share value of the CG Shares (the "Appraised Value") shall be determined by an appraisal conducted by a committee of three appraisers (the "Appraisal Committee"). Each of the Existing Shareholders shall, within five Business Days of the delivery of the Appraisal Notice to Carnival, select one of the appraisers constituting such committee and the two appointed appraisers shall select a third. The Company shall be responsible for their reasonable costs of the Appraisal Committee. If either Existing Shareholder fails within the specified time to select an appraiser, the committee shall be comprised of such appraiser or appraisers who have been so selected. The Appraisal

Committee shall be instructed that the appraisal report (which shall set forth the Appraisal Value) (the "Appraisal Report") shall be completed and delivered to the Company and to the Existing Shareholders within 28 Business Days of the appointment date of the Appraisal Committee. Such appraisal shall be made on the basis of the fair market value of the Company taking into account the value and goodwill, if any, of the established business operations conducted by the Company, and the Appraised Value shall be such fair market value as so determined divided by the fully diluted number of New Shares issued and outstanding. In the event that the Appraisal Committee cannot agree on the Appraised Value, the Appraised Value shall be the highest amount supported by a majority of the appraisers. If the Appraisal Price is determined under this Section 8(b), then the Appraisal Price shall, notwithstanding Section 8(a), be the Stated Price for all purposes of Article 8. The determination of the Appraisal Price under this Section 8(b) shall become final and binding on the Company and the Existing Shareholders for all purposes of this Agreement.

(c) The closing of the sale contemplated by this Article 8 shall occur within five Business Days after the calculation of the Stated Price is determined to be final and binding under this Article 8 and be held at such place and time as Carnival shall designate in writing to CG. At such closing, CG shall deliver to Carnival certificates evidencing all of the CG Shares upon payment by Carnival to CG of a per share price equal to the Stated Price. All amounts paid hereunder shall be paid by wire transfer of immediately available funds to such account as may be designated by CG to Carnival. All CG Shares when delivered to Carnival shall be free and clear from all Liens.

ARTICLE 9

CORPORATE GOVERNANCE AND CERTAIN OTHER ACTIONS

9.1 General. Each Existing Shareholder shall vote its New Shares at any regular or special meeting of Existing Shareholders of the Company, or in any written consent executed in lieu of such a meeting of Existing Shareholders, and shall take all other actions necessary, to give effect to the provisions of this Agreement (including Sections 2.1 and 9.2), and to ensure that the Company's Memorandum and Articles of Association do not, at any time hereafter, conflict in any respect with the provisions of this Agreement.

9.2 Election of Directors. Each Existing Shareholder agrees that, except as the Existing Shareholders may otherwise agree in writing, the number of directors constituting the entire Board of Directors shall be seven. One of such directors shall be designated by CG; provided that if CG ceases to own 10% of the issued and outstanding New Shares, CG's designated director shall resign from the Board of Directors and CG shall no longer have the right to designate a director. The initial director designated by CG shall be Atle Brynstad.

9.3 Removal and Replacement. CG shall be entitled at any time and for any reason (or for no reason) to designate its designee on the Board of Directors for removal. If the CG designee dies, is removed or resigns as a director, then CG shall, as soon as practicable thereafter, designate a replacement director and, as soon as practicable thereafter, the Company and each of the Existing Shareholders shall take action, including, if necessary, the voting of its New Shares, to elect or cause the election by the Board of Directors of such replacement director in accordance with Section 9.2.

9.4 Company Name Change. Each Existing Shareholder hereby agrees to approve the change of the Company's name to Cunard Line Limited and to take all action necessary, including the voting of its New Shares, to effect the same.

ARTICLE 10

INITIAL PUBLIC OFFERING

10.1 Initial Public Offering. It is the current intention of the parties to complete the Initial Public Offering prior to November 30, 1999 (the "IPO Deadline"); provided that, if market conditions do not permit the Initial Public Offering prior to the IPO Deadline, the IPO Deadline may be extended at the option of Carnival. If the Initial Public Offering is in the United States, the Company and CG shall in good faith attempt to negotiate a registration rights agreement with customary terms and provisions to provide CG with one demand registration right and with piggy-back registration rights.

10.2 Initial Public Offering Procedure. Prior to the Initial Public Offering, the Company shall provide CG with written information regarding the Initial Public Offering process and, to the extent determined by Carnival in its sole discretion, shall invite CG to participate in such Initial Public

Offering. If, after being so invited, CG desires to sell New Shares in the Initial Public Offering CG shall, within a time limit set out by the Company in writing, notify the Company in writing of its wish to sell and the amount of New Shares it desires to sell.

10.3 Customary Agreements. In connection with the Initial Public Offering, Carnival and CG agree to enter into customary agreements (including, without limitation, a lock-up agreement) with the Company and the arrangers/underwriters of the Initial Public Offering.

10.4 Carnival Exchange. Notwithstanding Sections 10.1, 10.2 and 10.3, at the option of Carnival, in its sole discretion, in lieu of an Initial Public Offering, Carnival may at any time elect to purchase all of the New Shares owned by CG (the "Carnival Exchange") in exchange for shares of common stock of Carnival (the "Carnival Common Stock"). Prior to effecting the Carnival Exchange, Carnival shall, in its sole discretion, consider first whether to effect the Initial Public Offering. In the Carnival Exchange, CG shall be entitled to receive a number of shares equal to the product of (i) the number of New Shares owned by CG and (ii) the Exchange Ratio. The Exchange Ratio shall initially be 0.14493 and shall be subject to adjustment as provided in Section 10.7 below. If it elects to effect the Carnival Exchange, Carnival shall notify CG in writing of the Carnival Exchange. Such notice shall specify the Exchange Ratio and the place and time of the closing of the Carnival Exchange (which shall be a date within 20 Business Days of the calculation of the Exchange Ratio).

10.5 Put Option. Notwithstanding Sections 10.1, 10.2, 10.3 and 10.4, if on the third anniversary of the Closing, the Company has not completed the Initial Public Offering and the Carnival Exchange has not occurred, CG shall, from and after the third anniversary of the Closing, have the option (the "Put Option") to put all of CG's New Shares to Carnival in exchange for Carnival Common Stock. The Put Option shall be exercisable by CG by delivery of written notice to Carnival (the "Put Option Notice") within 10 days after the third anniversary of the Closing. At the closing of the Put Option, CG shall be entitled to receive a number of shares of Carnival Common Stock equal to the product of (i) the number of New Shares owned by CG and (ii) the Exchange Ratio. At the closing of the Put Option Carnival shall be obligated to purchase all of the New Shares owned by CG in exchange for shares of Carnival Common Stock as determined in accordance with the preceding sentence. Carnival shall provide notice in writing to CG of the Exchange Ratio and the place and time of the closing of the Put Option (which closing date shall be within 45 Business Days after the third anniversary of the Closing).

10.6 No Fractional Shares. No fraction of Carnival Shares will be issued to CG in connection with the Carnival Exchange or the exercise of the Put Option. In lieu thereof, Carnival shall pay to CG cash in an amount equal to the product of such fraction and the closing price for the Carnival Common Stock on the New York Stock Exchange Composite Tape on the last trading day prior to the closing of either the Carnival Exchange or the Put Option.

10.7 Closing of the Carnival Exchange and the Put Option. The closing for the purchase of the New Shares pursuant to Sections 10.4 or 10.6 shall be held at such place and time as Carnival shall designate in writing to CG. At such closing, in exchange for all of the New Shares held by CG, Carnival shall issue, sell and deliver to CG shall purchase, acquire and accept from Carnival, certificates evidencing the number of shares of Carnival Common Stock to which CG is entitled under Sections 10.4 or 10.6, registered in CG's name, all of which, upon issuance shall have been duly authorized, validly issued, fully paid and non-assessable and free and clear from all Liens. All New Shares delivered by CG to Carnival under this Section 10.7 shall be free and clear from all Liens.

10.8 Exchange Ratio Adjustment. If Carnival or the Company shall, at any time or from time to time, (i) declare a dividend of shares of the Carnival Common Stock or New Shares payable in Carnival Common Stock or New Shares, respectively, (ii) subdivide the outstanding shares of Carnival Common Stock or New Shares, (iii) combine the outstanding Carnival Common Stock or New Shares into a smaller number of shares, or (iv) issue any shares of Carnival Common Stock or New Shares in a reclassification of Carnival Common Stock or New Shares, respectively (including any such reclassification in connection with a consolidation or merger in which Carnival or the Company is the surviving corporation), then in each such case, the Exchange Ratio in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, shall be proportionately adjusted

so that upon the Carnival Exchange or the closing of the Put Option CG shall be entitled to receive the same aggregate number of shares of Carnival Common Stock which, if the Carnival Exchange or the closing of the Put Option had occurred immediately prior to such date, CG would have owned upon such Carnival Exchange or the closing of the Put Option and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If there occurs any reclassification of the Carnival Common Stock, consolidation or merger of Carnival with or into another Person (other than a merger or consolidation of Carnival in which Carnival is the continuing corporation and which does not result in any reclassification or change of outstanding shares of the Carnival Common Stock) or the sale or conveyance of all or substantially all of the assets of Carnival to another Person, then CG will thereafter be entitled to receive, upon the Carnival Exchange or the closing of the Put Option, the same kind and amounts of securities (including shares of stock) or other assets, or both, which were issuable or distributable to the holders of outstanding Carnival Common Stock upon such reclassification, consolidation, merger, sale or conveyance, in respect of that number of shares of Carnival Common Stock then deliverable upon the Carnival Exchange or the closing of the Put Option if the Carnival Exchange or the Put Option had been exercised immediately prior to such reclassification, consolidation, merger, sale or conveyance. Any such adjustment of the Exchange Ratio shall become effective immediately after the record date of such dividend or the effective date of such subdivision, combination, reclassification, consolidation, merger, sale or conveyance. Such adjustment of the Exchange Ratio shall be made successively whenever any event listed above shall occur. If a stock dividend is declared and such stock dividend is not paid, the Exchange Ratio shall again be adjusted to be the Exchange Ratio in effect immediately prior to such record date.

10.9 No Claims. CG understands and agrees that it shall have no claim against the Company, Newco, Carnival or any of their directors, officers or affiliates if the Initial Public Offering shall not occur or if Carnival elects to effect the Carnival Exchange and to the fullest extent permitted by law, waives any such claim.

ARTICLE 11

RIGHT TO PARTICIPATE IN CERTAIN ISSUANCE OF CAPITAL SHARES

11.1 Right to Participate in New Issuance. If the Company determines to issue any Shares or any security convertible into or exercisable or exchangeable for Shares, to any shareholder of the Company (including an Existing Shareholder) (other than capital shares to be issued (i) in connection with an employee stock option plan or other bona fide employment compensation arrangement that is approved by the Company's Board of Directors, (ii) pursuant to a stock split or stock dividend, (iii) pursuant to the exercise of any option, warrant or convertible security theretofore issued, (iv) as consideration in connection with a bona fide acquisition by the Company or any of its subsidiaries or (v) pursuant to the Initial Public Offering) (each such issuance not excluded by the immediately preceding parenthetical being herein referred to as a "New Issuance"), then the Company shall notify the Existing Shareholders of the proposed New Issuance. Such notice shall specify the number and class of securities to be issued, the rights, terms and privileges thereof and the estimated price at which such securities will be issued.

11.2 Exercise of Right. By written notice to the Company given within 15 Business Days of being notified of such New Issuance, each Existing Shareholder shall be entitled to purchase that percentage of New Issuance determined by dividing (a) the total number of Shares owned by such Existing Shareholder by (b) the total number of all outstanding Shares. Such right shall be exercisable within 15 Business Days following the receipt of the notice delivered pursuant to the previous sentence. To the extent the Existing Shareholders do not elect to purchase all of the securities proposed to be offered and sold in the New Issuance, the Company may issue those securities not so subscribed for, provided that such sales are consummated within 120 Business Days after the Existing Shareholders' rights hereunder have expired or been waived.

11.3 Closing. The closing of the New Issuance shall be held at such time as the Company shall designate in writing to the Existing Shareholders that elect to purchase securities in the New Issuance pursuant to this Article 11 not fewer than five Business Days prior to the date of such closing, at the Company's principal offices, or at another place designated by the Company in writing to such Existing Shareholders in such notice.

ARTICLE 12

SHARES CERTIFICATE LEGEND

The Company and Existing Shareholders agree that each certificate representing the New Shares now or hereafter held by an Existing Shareholder shall be endorsed with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH A "TRANSFER") AND VOTING OF ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THE RECAPITALIZATION AGREEMENT, DATED AS OF MAY 27, 1998 (THE "RECAPITALIZATION AGREEMENT"), AMONG SEABOURN CRUISE LINE LIMITED, (THE "COMPANY"), CARNIVAL CORPORATION AND CG HOLDING AS, A COPY OF WHICH MAY BE INSPECTED AT THE COMPANY'S PRINCIPAL OFFICE. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE RECAPITALIZATION AGREEMENT."

ARTICLE 13

AFTER-ACQUIRED SECURITIES

All of the provisions of this Agreement shall apply to all of the New Shares now owned or that may be issued or transferred hereafter to an Existing Shareholder in consequence of any additional issuance, purchase, exchange or reclassification of any of the New Shares (including without limitation, upon the exercise of any option or warrant), corporate reorganization, or any other form of recapitalization, consolidation, merger, share split or share dividend, or that are acquired by an Existing Shareholder in any other manner, and, in the case of any such event, appropriate adjustment shall be made to any number of New Shares hereunder to take account of such event provided, however, with respect to CG, no New Shares that are subject to the terms of the Subscription Agreement shall be subject to the terms of this Agreement.

ARTICLE 14

TRANSACTIONS WITH AFFILIATES

14.1 Limitation on Transactions with Affiliates. From and after the Closing, the Company will not sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make any contract, agreement, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless such Affiliate Transaction is on terms no less favorable to the Company than those that could be obtained on an arm's length basis with a third party.

14.2 Exceptions. The limitation under Section 14.1 does not limit, and shall not apply to (i) any transaction or series of transactions approved by a majority of the disinterested members of the Board of Directors; (ii) any transaction between the Company and a wholly-owned subsidiary; (iii) the payment of reasonable compensation to directors and officers of the Company; (iv) reasonable loans made by the Company to its officers and directors as approved by the Board of Directors; (v) any employment agreement with officers entered into by the Company in the ordinary course of business of the Company.

ARTICLE 15

TERMINATION

15.1 General This Agreement shall become effective upon the execution hereof and shall terminate upon the earlier of:

(i) the consummation by the Company of the Initial Public Offering or the consummation of the Carnival Exchange; and

(ii) such earlier date as the Existing Shareholders shall unanimously agree in writing to terminate this Agreement;

15.2 Non-Consummation of Cunard Acquisition. This Agreement shall terminate (i) upon the termination of the Sale and Purchase Agreement or (ii) if acquisition of the business of Cunard is not consummated for any

reason.

15.3 No Liability. If this Agreement is terminated pursuant to Article 15.2 and the Company has issued the Purchased Shares to Carnival under Section 2.3(a) and Carnival has paid to the Company the purchase price under Section 2.3(b), then Carnival shall surrender to the Company the certificates representing the Purchased Shares and upon the receipt of such Purchased Shares, the Company shall repay to Carnival such amount as Carnival paid under Section 2.3(b) by wire transfer of immediately available funds to such account as may be designated by Carnival to the Company.

15.4 No Liability. If this Agreement is terminated as provided in Section 15.2, no party shall have any liability or further obligation to any other party under this Agreement.

ARTICLE 16

TERMINATION OF JOINT VENTURE AGREEMENT

Each of CG, Carnival and the Company hereby consents to the termination of the Joint Venture Agreement, dated February 18, 1992 (the "Joint Venture Agreement"), between CG, Carnival and the Company, which shall, effective as of the Closing Date, be terminated and of no further force and without further obligation of any party thereunder.

ARTICLE 17

CONFIDENTIALITY

All information relating to the Company provided to CG and its affiliates shall be kept confidential and shall not be disclosed to any third party except (a) as has become generally available to the public (other than through disclosure by CG or its affiliates in contravention of this Agreement), (b) to CG's directors, officers, trustees, partners, employees, agents and professional consultants on a need-to-know basis, (c) to any Person to which CG offers to sell or transfer any New Shares, provided that the prospective transferee shall agree to be bound by the provisions of this Article 17, or (d) in order to comply with any law, rule, regulation or order applicable to CG or its affiliates.

ARTICLE 18

MISCELLANEOUS

18.1 Survival of Representations, Warranties, Other Agreements and Undertakings. All of the representations and warranties, as well as those other agreements and undertakings made herein to be performed after the Closing Date, shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Existing Shareholders or acceptance of the New Shares.

18.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

if to the Company:

3655 N.W. 87th Avenue
Miami, Florida 33178
Telecopier No.: (305) 471-4700
Attention: General Counsel

with a copy to:

Thommessen Krefting Greve Lund
Haakon VII's gate 10, P.O. Box 1484
0116 Oslo, Norway
Attention: Jorgen Lund
Telecopier No.: (47) 23 11 10 10

if to Carnival, to:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178
Attention: General Counsel
Telecopier No.: (305) 471-4700

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019
Attention: James M. Dubin, Esq.
Telecopier No.: (212) 757-3990

if to CG, to:

CG Holding AS
Smallvollveien 65, P.O. Box 50 Bryn
0611 Oslo, Norway
Attention: Atle Brynstad
Telecopier No.: (47) 22 90 88 99

with a copy to:

Thommessen Krefting Greve Lund AS
Haakon VII's gate 10, P.O. Box 1484
0116 Oslo, Norway
Attention: Jorgen Lund
Telecopier No.: (47) 23 11 10 10

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five Business Days after being deposited in the mail, postage prepaid, if mailed by airmail; and when receipt is mechanically acknowledged, if telecopied.

18.3 Expenses. The Company agrees to reimburse each of Carnival and CG for all out of pocket expenses incurred by such party in connection with the transactions contemplated by the Sale & Purchase Agreement, the Subscription Agreement and this Agreement and the transactions contemplated thereby and hereby (including without limitation, travel expenses and legal and accounting fees and expenses).

18.4 Third Party Beneficiaries. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give any person or entity, other than the parties hereto, and their respective successors, permitted assigns and affiliates, any rights or remedies under or by reason of this Agreement.

18.5 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. The Company may not assign any of its rights or obligations under this Agreement, except to a successor-in-interest to the Company, without the written consent of the Existing Shareholders and no Existing Shareholder may assign any of its rights or obligations without the consent of the Company (except for an assignment pursuant to Section 6.3).

18.6 Amendment and Waiver.

(a) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the parties from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by the Company and the Existing Shareholders, and (ii) only in the specific instance and for the specific purpose for which made or given.

(b) No failure or delay on the part of the parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the parties at law, in equity or otherwise.

18.7 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

18.8 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

18.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

18.10 Arbitration. (i) After the Closing, any dispute, controversy, or claim arising out of or relating to any provision of this Agreement or the interpretation, enforceability, performance, breach, termination, or validity hereof, including, without limitation, this Section 18.9 shall be solely and finally settled by arbitration in New York City, the State of New York in accordance with the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association as modified by the provisions of this Article. An award rendered in connection with an arbitration pursuant to this Section 18.9 shall be final and binding upon the parties, and any judgment upon such an award may be entered and enforced in any court of competent jurisdiction.

(ii) Proceedings in the arbitration shall be conducted in the English language, and all documents not in English submitted by either party must be accompanied by a translation into English.

18.11 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

18.12 Entire Agreement. This Agreement, together with the schedules hereto is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein.

18.13 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any governmental authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first above written.

SEABOURN CRUISE LINE LIMITED

By: /s/ Jorgen Lund
Name: Jorgen Lund
Title: Director

CARNIVAL CORPORATION

By: /s/ Arnaldo Perez
Name: Arnaldo Perez
Title: Vice President

CG HOLDING AS

By: /s/ Jorgen Lund
Name: Jorgen Lund
Title: Attorney-in-fact

Schedule A

	Seabourn Base Shares (1)	Cunard Base Shares (2)	Assumed Carnival Share Issuance Amount
Carnival (3)	5,880,000	26,304,864	5,326,216

CG 5,880,000 -- --

- (1) Approximately 80% of the assumed number of New Shares to be issued based on assumed purchase price, 1,470,000 New Share are assumed to be the post-closing adjustment.
- (2) Approximately 80% of the assumed number of New Shares to be issued based on assumed price of \$380,440,000 for Cunard and 5,000,000 ?option? New Shares. Based on the assumed purchase price, 5,326.216 New Shares are assumed to be the post-closing adjustment.
- (3) Does not include 1,500,000 New Shares assumed to be issued to Carnival in satisfaction of the Seabourn Subordinated Loan.

SEABOURN CRUISE LINE LIMITED
SCHEDULE 2.5 - COMPANY CREDITS AND DEBITS
AS OF FEBRUARY 28, 1998

COMPANY CREDITS

(a) Cash	4,244,271
(b) Trade debtors	64,857
(c) Insurance claims (H&M, P&I, etc.)	431,685
(d) Prepaid marketing/credit card fees	1,047,327
(e) Prepaid insurance/other	1,492,188
(f) Inventories	8,623,790
(g) Miscellaneous debtors	2,212,105
(h) Other prepayments	2,672,918
Total Company Credits:	20,789,141

COMPANY DEBITS

(a) Trade creditors	3,592,945
(b) Bank Credit Line	4,200,226
(c) Other passage money	225,766
(d) Wages and salaries	2,441,858
(e) Accrued expenses	2,861,357
(f) Steiner/Other concessionaires	226,885
(g) Miscellaneous creditors	
(h) Customer prepayments	45,139,580
Total Company Debits:	58,688,418

Company Credits less Company Debits: -37,899,275

CARNIVAL CORPORATION

1993 OUTSIDE DIRECTORS' STOCK OPTION PLAN

(adopted by the Board of Directors on July 10, 1993 and amended on April 6, 1998)

CARNIVAL CORPORATION, a Panamanian corporation (the "Company"), hereby formulates and adopts the following 1993 Outside Directors' Stock Option Plan (the "Plan") for Eligible Directors of the Company and its Subsidiaries (as defined in Paragraph 4).

1. Purpose. The purpose of the Plan is to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract and retain the services of experienced and knowledgeable nonemployee directors and by encouraging such directors to acquire an increased proprietary interest in the Company.

2. Administration. The Plan shall be administered by the Compensation Committee of the Board of Directors.

Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary and advisable for the administration of the Plan. The determinations of the Committee shall be conclusive.

3. Common Stock Subject to Options. Subject to the adjustment provisions of Paragraph 13 below, a maximum of 400,000 shares of Class A Common Stock, par value \$.01 per share, of the Company (the "Common Stock") may be made subject to options granted under the Plan. If, and to the extent that, options granted under the Plan shall terminate, expire or be canceled for any reason without having been exercised, new options may be granted in respect of the shares covered by such terminated, expired or canceled options. The granting and such terms of such new options shall comply in all respects with the provisions of the Plan.

Shares sold upon the exercise of any option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury, or both.

There shall be reserved at all times for sale under the Plan a number of shares, of either authorized and unissued shares of Common Stock, shares of Common Stock held in the Company's treasury, or both, equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan.

4. Participation in Plan. Each member of the Company's Board of Directors (a "Director") who is not otherwise an employee of the Company or any subsidiary of the Company (an "Eligible Director") shall be eligible to participate in the Plan.

5. Option Grants.

(a) Each Eligible Director serving in such capacity at the time of the adoption of the Plan by the Board of Directors shall be granted an option to purchase 10,000 shares of Common Stock. In addition, each Eligible Director shall receive (i) an option to purchase 10,000 shares of Common Stock for each five year period of service as a Director prior to the adoption of the Plan and (ii) credit (the "Prior Service Credit") for any such prior period of service of less than five years, such credit to be added to future years of service until a five year period is accrued.

(b) Any Eligible Director elected or appointed to the Board of Directors following the adoption of the Plan shall be granted immediately upon

such election or appointment an option to purchase 10,000 shares of Common Stock.

(c) An option to purchase 10,000 options shall be granted automatically to each Director who is an Eligible Director after completion of each five-year period of consecutive service in such capacity, taking into account any Prior Service Credit.

An Eligible Director receiving an option pursuant to the Plan is hereinafter referred to as an "Optionee".

6. Price. The option price of each share of Common Stock purchasable under any option granted pursuant to the Plan shall not be less than the Fair Market Value (as defined below) thereof at the time the option is granted.

For purposes of the Plan, "Fair Market Value" of a share of Common Stock means the average of the high and low sales prices of a share of Common Stock on the New York Stock Exchange Composite Tape on the date in question. If shares of Common Stock are not traded on the New York Stock Exchange on such date, "Fair Market Value" of a share of Common Stock shall be determined by the Committee in its sole discretion.

7. Duration of Options. Except as set forth in the following sentence, each option granted hereunder shall become immediately exercisable. Any options granted prior to the approval of the Plan by the shareholders of the Company shall not vest or be exercisable or transferrable in any manner until such shareholder approval is obtained at the next Annual Meeting of the Shareholders following adoption of the Plan by the Board of Directors. If such shareholder approval is not obtained at such meeting, all options issued pursuant to the Plan shall be cancelled and deemed null and void. Each option granted hereunder prior to April 13, 1998 shall be exercisable for a period of five years from the date of grant and each option granted hereunder on or after April 13, 1998 shall be exercisable for a period of ten years from the date of grant.

8. Exercise of Options. An option granted under this Plan shall be deemed exercised when the person entitled to exercise the option (a) delivers written notice to the Company at its principal business office, directed to the attention of its Secretary, of the decision to exercise, (b) concurrently tenders to the Company full payment for the shares to be purchased pursuant to such exercise,, and (c) complies with such other reasonable requirements as the Committee establishes pursuant to Paragraph 2 of the Plan.

Payment for shares with respect to which an option is exercised may be made in cash, check or money order and, subject to the Committee's consent, by Common Stock. No person will have the rights of a shareholder with respect to shares subject to an option granted under this Plan until a certificate or certificates for the shares have been delivered to him.

9. Nontransferability of Options. Subject to Paragraph 7 of the Plan, no option or any right evidenced thereby shall be transferable in any manner other than by will or the laws of descent and distribution, and, during the lifetime of an Optionee, only the Optionee (or the Optionee's court-appointed legal representative) may exercise an option. In the Committee's discretion, an option may be transferred pursuant to a "qualified domestic relations order", as defined in section 414(p) of the Code.

10. Rights of Optionee. Neither the Optionee nor the Optionee's executor or administrator shall have any of the rights of a stockholder of the Company with respect to the shares subject to an option until certificates for such shares shall actually have been issued upon the due exercise of such option. No adjustment shall be made for any regular cash dividend for which the record date is prior to the date of such due exercise and full payment for such shares has been made therefor.

11. Right To Terminate Relationship. Nothing in the Plan or in any option shall confer upon any Optionee the right to continue to serve as a Director of the Company.

12. Nonalienation of Benefits. No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. To the extent permitted by applicable law, no right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefits.

13. Adjustment Upon Changes in Capitalization, etc. In the event of any stock split, stock dividend, stock change, reclassification, recapitalization or combination of shares which changes the character or amount of Common Stock prior to exercise of any portion of an option theretofore granted under the Plan, such option, to the extent that it shall not have been exercised, shall entitle the Optionee (or the Optionee's executor or administrator) upon its exercise to receive in substitution therefor such number and kind of shares as the Optionee would have been entitled to receive if the Optionee had actually owned the stock subject to such option at the time of the occurrence of such change; provided, however, that if the change is of such a nature that the Optionee, upon exercise of the option, would receive property other than shares of stock the Committee shall make an appropriate adjustment in the option to provide that the Optionee (or the Optionee's executor or administrator) shall acquire upon exercise only shares of stock of such number and kind as the Committee, in its sole judgment, shall deem equitable; and, provided further, that any such adjustment shall be made so as to conform to the requirements of section 424(a) of the Code.

In the event that any transaction (other than a change specified in the preceding paragraph) described in section 424(a) of the Code affects the Common Stock subject to any unexercised option, the Board of Directors of the surviving or acquiring corporation shall make such similar adjustment as is permissible and appropriate.

If any such change or transaction shall occur, the number and kind of shares for which options may thereafter be granted under the Plan shall be adjusted to give effect thereto.

14. Purchase for Investment. Whether or not the options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended, each person exercising an option under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Company will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of any option granted under the Plan.

15. Form of Agreements with Optionees. Each option granted pursuant to the Plan shall be in writing and shall have such form, terms and provisions, not inconsistent with the provisions of the Plan, as the Committee shall provide for such option. The effective date of the granting of an option shall be the date on which the Committee approves such grant. Each Optionee shall be notified promptly of such grant, and a written agreement shall be promptly executed and delivered by the Company and the Optionee.

16. Termination and Amendment of Plan and Options. Unless the Plan shall theretofore have been terminated as hereinafter provided, options may be granted under the Plan at any time, and from time to time, prior to the tenth anniversary of the Effective Date (as defined below), on which date the Plan will expire, except as to options then outstanding under the Plan. Such options shall remain in effect until they have been exercised, have expired or have been canceled.

The Board, without further approval of the Company's shareholders, may amend this Plan at any time and from time to time in such respects as the Board of Directors may deem advisable, subject to any shareholder or regulatory approval required by law; provided that (i) any such amendment shall comply with the applicable requirements for exemption (to the extent necessary) under

Rule 16b-3 under the Securities Exchange Act of 1934 and (ii) in no event shall the Plan be amended more than once every six months other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules and regulations promulgated by the Securities and Exchange Commission.

No termination, modification or amendment of the Plan, without the consent of the Optionee, may adversely affect the rights of such person with respect to such option. With the consent of the Optionee and subject to the terms and conditions of the Plan, the Committee may amend outstanding option agreements with any Optionee.

17. Effective Date of Plan. The Plan shall become effective upon its adoption by the Board of Directors (the "Effective Date"), subject, however, to its approval by the Company's shareholders within 12 months after the date of such adoption.

18. Government and Other Regulations. The obligation of the Company with respect to options granted under the Plan shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required, including, without limitation, the effectiveness of any registration statement required under the Securities Act of 1933, as amended, the rules and regulations of any securities exchange on which the Common Stock may be listed.

19. Withholding. The Company's obligation to deliver shares of Common Stock in respect of any option granted under the Plan shall be subject to all applicable federal, state and local tax withholding requirements. Federal, state and local tax withholding tax due upon the exercise of any option (or upon any disqualifying disposition of shares of Common Stock subject to an Incentive Option) in the Committee's sole discretion, may be paid in shares of Common Stock (including the withholding of shares subject to an option) upon such terms and conditions as the Committee may determine.

20. Separability. If any of the terms or provision of the Plan conflict with the requirements of Rule 16b-3 under the Exchange Act, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3.

21. Exclusion from Pension and Profit-Sharing Computation. By acceptance of an option, each Optionee shall be deemed to have agreed that such grant is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of the Company or any of its Subsidiaries. In addition, such option will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Optionee which is payable to such beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

22. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Florida.

EXHIBIT 12

CARNIVAL CORPORATION
 RATIO OF EARNINGS TO FIXED CHARGES
 (in thousands, except ratios)

	Six Months Ended May 31,	
	1999	1998
Net income	\$361,103	\$270,510
Income tax benefit	(7,645)	(6,861)
Income before income taxes	353,458	263,649
Adjustments to Earnings:		
Minority interest	1,642	
Dividends received in excess of income from affiliates	19,017	23,621
Earnings as adjusted	374,117	287,270
Fixed Charges:		
Interest expense	26,880	24,735
Interest portion of rent expense (1)	1,275	1,533
Capitalized interest	19,915	15,979
Total fixed charges	48,070	42,247
Fixed charges not affecting earnings:		
Capitalized interest	(19,915)	(15,979)
Earnings before fixed charges	\$402,272	\$313,538
Ratio of earnings to fixed charges	8.4X	7.4X

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

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