Carnival Corporation & plc Announces Capital Deployment Plan Authorizing Repurchase of $1 Billion of Company's Shares and Increasing Dividend 20 Percent

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MIAMI, Oct. 25, 2004 /PRNewswire-FirstCall/ -- Carnival Corporation & plc (NYSE: CCL; LSE:) (NYSE: CUK) today announced its capital deployment plan with the company's board of directors authorizing the repurchase of up to an initial $1 billion of Carnival Corporation & plc shares and approving an increase in the quarterly dividend by 20 percent to $0.15 per share.

The stock repurchase will commence in 2005 and take place from time to time in open market or privately negotiated transactions in accordance with all applicable laws, rules and regulations. The stock repurchase program reflects the company's continued strong cash flow and is also in response to the Standard & Poor's index float adjustment scheduled to be implemented in March and September 2005. Following the S&P float adjustment companies will be weighted in the S&P Index by reference to the free float and not the total number of shares outstanding and this may result in possible increased sales volume of the company's stock. Carnival believes that during the course of this process attractive purchase opportunities may arise and this authority puts the company in a position to react accordingly.

The quarterly dividend will be increased by 20 percent to $0.15 per share from $0.125 per share and will be payable to holders of Carnival Corporation common stock and Carnival plc ordinary shares. The board approved a record date for the quarterly dividend of November 19, 2004 and a payment date of December 10, 2004. This follows the company's last dividend increase of 19 percent which was announced in October 2003.

"We have consistently stated our priorities for capital deployment to maximize return on invested capital -- building new ships to grow our business, maintaining a strong balance sheet and credit rating, and returning excess cash flow to our shareholders -- and we are doing all three of these," said Micky Arison, Carnival Corporation & plc's chairman and CEO. Just last week Carnival announced that it placed an order with German shipyard Meyer Werft for two AIDA ships for delivery in 2007 and 2009. That followed a five-ship order with Italian shipbuilder Fincantieri for deliveries in 2007 and 2008 that was placed in September. "We are in the unique position of having strong cash flow to fund our growth initiatives internally, as well as free cash flow to return to shareholders without increasing our debt levels," he said.

The company's current $7 billion newbuilding program includes 14 new ships scheduled for delivery between November 2004 and spring 2009 - one more in fiscal 2004, three each in 2005 and 2006, four in 2007, two in 2008 and one in 2009.

The stock repurchase plan will apply to both Carnival Corporation common stock traded on the New York Stock Exchange and Carnival plc ordinary shares traded on the London Stock Exchange and repurchases may be made by either Carnival Corporation or Carnival plc. However, under the dual listed company (DLC) equalization agreement, the company would be permitted to repurchase Carnival plc shares only after April 17, 2005, and up to five percent a year for the next three years. These purchase restrictions were agreed at the time of the merger in order to protect Carnival plc shareholder interests. In addition, the repurchase of Carnival plc shares requires Carnival plc shareholder approval and the company intends to seek approval of a general authority to make purchases at the next annual meeting in April of 2005.

The dividend will be payable in U.S. dollars to holders of Carnival Corporation common stock or Carnival plc ADSs. The dividend for Carnival plc ordinary shares will be payable in U.S. dollars or sterling. In the absence of instructions or elections to the contrary, holders of Carnival plc ordinary shares will automatically receive the dividend in sterling. Dividends payable in sterling will be converted from U.S. dollars at the exchange rate quoted by the Bank of England in London at 11 a.m. on December 1, 2004. Holders of Carnival plc ordinary shares wishing to receive their dividend in U.S. dollars or participate in the Carnival plc Dividend Reinvestment Plus must elect to do so by November 19, 2004.

Carnival Corporation & plc is the largest cruise vacation group in the world, with a portfolio of 12 cruise brands in North America, Europe and Australia, comprised of Carnival Cruise Lines, Holland America Line, Princess Cruises, Seabourn Cruise Line, Windstar Cruises, AIDA, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, Swan Hellenic, and P&O Cruises Australia. Together, these brands operate 77 ships totaling more than 128,000 lower berths. Carnival Corporation & plc also operates the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

SOURCE: Carnival Corporation & plc

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