



CARNIVAL
CORPORATION & PLC

Maritime Policy & Compliance

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March 29, 2013

The Honorable John D. Rockefeller IV
Chairman, Committee on Commerce,
Science and Transportation
United States Senate
254 Russell Senate Office Building
Washington, DC 20510-6125

RE: Request to Carnival Corporation dated March 14, 2013

Dear Chairman Rockefeller:

Thank you for taking the time to contact us expressing your concerns regarding the Carnival Triumph incident. As our Chairman and CEO Micky Arison has discussed with you in the past, Carnival Corporation (“Carnival”) and all of our brands consider the safety and comfort of our guests our paramount concern. We regret unfortunate incidents such as occurred on the Carnival Triumph. On the rare occasions where incidents of this kind occur, Carnival conducts internal investigations into the cause of any malfunction, implements remedial measures that are identified, and extends those lessons learned to all of the brands within the Carnival family. As described later in this letter, we are currently engaged in this process with respect to the Carnival Triumph.

Your letter provided a list of 90 “serious events” that occurred on our ships based on reports filed by us with the U.S. Coast Guard during a five year period. We have undertaken a review of each of the reports on the list attached to your letter.

Eighty-three of the 90 reports filed by Carnival brands during this period did not meet the definition of a “Serious Marine Incident” as defined in the Code of Federal Regulations¹ and did not require U.S. Coast Guard intervention. The remaining seven incidents were the Carnival Splendor, Carnival Triumph, and Costa Concordia incidents, two ship allisions that did not involve any guest or crew injuries, an instance of appendicitis that required the airlifting of a crewmember, and an instance of a guest who jumped off one of our ships at sea.

Carnival takes all of these occurrences very seriously and our commitment to safety is reflected in the significant reviews, corrective measures, redundancies and investments undertaken by Carnival. For example, in response to the incident onboard the Carnival Splendor referenced in your letter, we conducted a lengthy investigation and implemented a number of processes centered on fire prevention, system redundancies and protection, and training of our personnel. These processes and practices were implemented on the Carnival Triumph and we believe prevented injury and more extensive damage to the ship. The attached chart delineates the recommendations from the Carnival Splendor incident that were put in place on the Carnival Triumph.

In January 2012, in response to the Costa Concordia incident, Carnival launched a comprehensive audit and review of safety and emergency response across all of its cruise brands. Outside industry-leading experts in the fields of emergency response organization, training and implementation were engaged to assist Carnival with this project. This effort included a review of the following areas:

- All safety and emergency response policies and procedures;
- Officer and crew training and evaluation;
- Bridge management; and
- Companywide response and support efforts.

Additionally, the cruise industry through the Cruise Lines International Association (“CLIA”), initiated a comprehensive Global Operational Safety Review with the purpose of identifying additional practices that could strengthen the cruise industry’s already exceptional safety record. CLIA received input and guidance from an independent panel of experts with extensive experience in the maritime, regulatory and accident investigation fields. Their work culminated in the introduction of ten new industry-wide policies that exceed current international

¹ The Code of Federal Regulations defines a Serious Marine Incident as any marine casualty or accident as defined in 46 CFR 4.03-I, which is required to be reported by 46 CFR 4.05-I resulting in the following:

1. One or more deaths;
2. An injury to a crewmember, passenger, or other person which requires professional medical treatment beyond first aid, and, in the case of a person employed aboard a vessel in commercial service, which renders the individual unfit to perform routine vessel duties;
3. Damage to property, as defined in 46 CRR 4.05-I(a)(7) of this part, in excess of \$100,000;
4. Actual or constructive total loss of any vessel subject to inspection under 46 USC 3301;
5. Actual or constructive total loss of any self-propelled vessel, not subject to inspection under 46 USC 3301, 100 gross tons or more;
6. A discharge of oil of 10,000 gallons or more into the navigable waters of the United States, as defined by 33 USC 1321, whether or not resulting from a marine casualty;
7. A discharge of a reportable quantity (RQ) of a hazardous substance into navigable waters of the United States or a release of a RQ of a hazardous substance into the environment, whether or not resulting from a marine casualty.

regulatory requirements.² The Chief Executive Officers of member companies, including all of the Carnival brands, approved these policies, which will be submitted to the International Maritime Organization (“IMO”) for consideration.

The new policy recommendations that exceed current international regulatory standards are:

- Passenger Muster policy;
- Passage Planning policy;
- Personnel Access to the Bridge policy;
- Excess Lifejackets policy;
- Recording the Nationality of Passengers policy;
- Common Elements of Musters and Emergency Instructions policy;
- Lifeboat Loading for Training Purposes policy;
- Harmonization of Bridge Procedures policy;
- Location on Lifejacket Stowage policy;
- Securing Heavy Objects policy.

Immediately after the Carnival Triumph incident, Carnival implemented short term preventive measures and announced a comprehensive review of its entire fleet focusing on four areas:

- Prevention, detection and suppression of fires;
- Engine room redundancies;
- Additional emergency power to permit the operation of basic hotel facilities;
- Potential operational changes determined from the first three steps and how those might be implemented.

Carnival has retained outside experts in the disciplines of fire safety, naval architecture, marine engineering, electrical engineering and mechanical engineering to conduct this review. Carnival canceled additional cruises to further strengthen operating redundancies and bolster the ship’s back up power capabilities on not just the Carnival Triumph, but also on her sister ship, the Carnival Sunshine, currently out of service for planned upgrades.

Carnival has an excellent safety record throughout its 41 year history. The Carnival Corporation brands carried over 28 million guests between 2010 and 2012, and we are proud of our record of providing our guests with safe and memorable vacation experiences. Carnival continues to put forth great efforts to exceed the regulatory requirements to ensure that its guests are confident knowing they will enjoy a fun cruise vacation.

In closing, Carnival would like to address several statements in your letter regarding prior incidents. As you know, Carnival has acknowledged and apologized to our guests for the conditions onboard the Carnival Triumph. However, much of the information in your letter as to the conditions on board, such as your statements on rotting food and raw sewage, are inaccurate. For instance, while the Carnival Triumph was enroute to Mobile, Alabama, fresh provisions were

² CLIA Operational Safety Review Executive Summary, page 2.

provided regularly via sister ships or helicopter and served to the passengers. There are other inaccuracies in your letter regarding the Carnival Triumph, but we believe it would better serve all parties to await the official government reports from the Bahamas, U.S. Coast Guard and NTSB for an independent and accurate assessment of the ship conditions.

In addition, you refer to a recent incident with the Carnival Dream in St. Maarten. There are misconceptions here as well. To clarify, the ship's power plant, propulsion and hotel systems were all fully operational. While at dock in St. Maarten, the ship's engineering team conducted a regularly scheduled test of the ship's emergency diesel generator. A malfunction occurred which rendered the emergency generator inoperable. Aside from some periodic interruptions to restroom and elevator service for a few hours one night, all of the ship's systems and services remained functional. One public restroom was taken offline for cleaning one evening, and there was a request for cleaning of one guest cabin bathroom, but otherwise there were no issues with sanitation functionality or cleanliness on the vessel. Guests were allowed to disembark the vessel. Reports to the contrary are completely false. Carnival again thanks you for allowing us the opportunity to provide answers to the questions set forth in your recent correspondence. We have attached Carnival's responses to your questions.

Sincerely,

CARNIVAL CORPORATION

A handwritten signature in black ink, appearing to read "James M. Hunn", written in a cursive style.

Captain James M. Hunn
Senior Vice President
Corporate Maritime Policy

**RESPONSES OF CARNIVAL TO MARCH 14, 2013
REQUEST OF CHAIRMAN ROCKEFELLER**

1. *It is rumored that Carnival Triumph experienced similar mechanical and engine room problems in January of this year. Specifically, some have claimed that on a cruise in mid-January the ship had propulsion problems, and on January 28 an incident occurred that resulted in damage of the ship's propulsion system and one or more generators. Can you confirm or deny these claims?*

The Carnival Triumph experienced an electrical issue with one of the ship's alternators in late January 2013. Repairs were conducted by the supplier and were fully completed on February 2, 2013. Comprehensive testing of the repaired alternator was conducted and certified by both the supplier and Lloyd's Register, the vessel's international classification society. There is no evidence of any relationship between this issue and the fire that occurred on February 10, 2013.

2. *It has been reported that the Carnival Triumph engine room fire appears to have started with a leak in an engine fuel line. When was the last time that engine was serviced, when was the last time the suspect fuel line was inspected and replaced, and how often should the engine be serviced and such fuel lines be inspected and replaced under your preventive maintenance schedule? When and where was the engine room last inspected by Coast Guard Marine Safety Inspectors?*

The fire onboard the Carnival Triumph was the result of a leak in a flexible fuel return pipe for the Number 6 diesel generator. The flexible pipe is not part of the engine, but is part of the fuel system piping that supplies fuel to the engines. Since 1998, the IMO has required ships to inspect flexible fuel pipes, replace them when needed and pressure test them every five years. Carnival's preventive maintenance system is more conservative requiring that the flexible fuel pipes be visually inspected every six months and replaced when needed or at least every 18 months. The flexible pipe that failed in this case was replaced on August 23, 2012.

As noted above, the flexible pipe that failed was not part of the engine. There is no evidence to suggest that the diesel generator engine failed or otherwise was the cause of the fire. The engine is regularly serviced by the crew and inspected by the Classification Society. The major service intervals for the engine are every 12,000 running hours as per the manufacturer's guidelines and the engine was due for an overhaul pending delivery of required spare parts. The last major service was in September 2009. The engine was last inspected by the Classification Society in November 2012 and approved for operation with no restrictions. The last U.S. Coast Guard port state inspection of the Carnival Triumph occurred on November 15, 2012.

3. *What lessons were learned as a result of the November 8, 2010 Carnival Splendor marine casualty, in which that ship suffered a similar engine room fire that knocked out onboard air conditioning and water supply? As a result of these lessons learned from the 2010 incident,*

were there any changes made to your safety management system? Were any of these lessons learned put to use aboard the Carnival Triumph?

The fires onboard the Carnival Splendor and the Carnival Triumph were caused by two very different events. The Carnival Splendor experienced a fire resulting from the failure of a connecting rod in one of its diesel electric generator engines, while the Carnival Triumph fire was the result of a fuel system leak external to the engine. As noted above, we implemented a number of processes, training and lessons learned across our entire fleet as a result of the Carnival Splendor incident. Changes to the Safety Management System were made as a result of these lessons learned. Attached is a chart that details these processes and the changes implemented since the Carnival Splendor incident. As part of the examination into the Carnival Triumph incident, we will look to determine how we can further strengthen redundancies in an effort to avoid the loss of propulsion in the future in the event of an engine fire.

- 4. The U.S. Coast Guard and U.S. Navy have indicated that the costs to them of responding to the 2010 Carnival Splendor incident were \$1,541,904.53 and \$1,884,376.75, respectively. More recently, the Coast Guard has indicated to me that the cost of responding to the Carnival Triumph incident is \$779,914.26. These costs ultimately must be borne by federal taxpayers. Given that you reportedly pay little or nothing in federal taxes, do you intend to reimburse the Coast Guard and the Navy for the cost of responding to either the Carnival Splendor marine casualty or the Carnival Triumph marine casualty?*

Carnival's policy is to honor maritime tradition that holds that the duty to render assistance at sea to those in need is a universal obligation of the entire maritime community. The cruise industry is no exception and as noted in the attached press release, we frequently render assistance at sea at our own cost, on our own initiative or at the direct request of the U.S. Coast Guard and other authorities. For example, the U.S. Coast Guard requested assistance from the cruise industry 11 times in the past 12 months within Florida and Caribbean waters.³ This assistance included rescue efforts for vessels in distress. The duty to render assistance at sea is internationally recognized and all of our brands work with foreign governments and maritime authorities to render assistance at sea to others when the circumstance arise or when requested by such agencies in foreign or international waters.

We remain deeply grateful for all of the services performed by the brave men and women of the U.S. Coast Guard and U.S. Navy.

- 5. Carnival regularly uses and benefits from a variety of services provided by the U.S. Coast Guard and other federal agencies. Do you think the federal taxes Carnival pays each year cover the cost of the federal services on which it relies?*

³ As recently as March 25th the U.S. Coast Guard requested assistance from the Carnival Breeze in connection with the rescue of two individuals on board a small boat off the Florida coast. The Carnival Breeze diverted from its scheduled course to meet the boat and rendered medical assistance to these individuals, one of whom was airlifted by the U.S. Coast Guard from the Carnival Breeze for further medical care shore side. Attached is the U.S. Coast Guard press release regarding the incident.

The cruise industry generated 350,000 jobs and over \$40 billion in economic impact to the U.S. in 2011 alone. The industry provided \$16.5 billion in wages to American workers in 2011, an 8.3% increase over 2010. Every state where our ships call or home port benefits from the dollars spent by cruise lines to buy products and retain services from local businesses. Moreover, ships that call at U.S. ports pay hundreds of millions of dollars in annual fees and taxes to federal, state and local governmental agencies in the form of port head taxes, dock fees, wharfage and other fees. The cruise industry's contribution to the American economy in the form of various taxes and job creation assists in payment of the federal services that are provided.

6. *What percent of your business do you attribute to your access to United States ports and infrastructure?*

Carnival does not include the measure requested in our regular business reporting, however, the percentage of Available Lower Berth Days ("ALBDs") associated with voyages that originate in U.S. ports is 43%. The percentage of ALBDs our ships spend in US ports, as compared to time spent outside the U.S., is in the range of 10% -15%.⁴

As you requested, we have enclosed copies of the current Safety Management Certificates and the shipboard emergency response procedures from the Safety Management Systems for the Carnival Dream, Carnival Triumph and Carnival Splendor. Please note that we are not including copies of the Ship Security Plans. The Ship Security Plan is a restricted access document under the International Ship and Port Facility Security Code as it contains very sensitive information pertaining to such items as response to piracy threat, hijacking, ship bomb search plans, access control and key control procedures.

Should you or your staff wish to generally discuss ship security with us, we would be glad to meet with you.

⁴ ALBDs is a standard measure of passenger capacity for a period of time, which we use to perform rate and capacity variance analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period. This calculation was based on 2013 itinerary data analysis using planned /published itinerary data.

ACTIONS IMPLEMENTED TO ENHANCE SAFETY ON THE CARNIVAL TRIUMPH AFTER THE CARNIVAL SPLENDOR FIRE

<p>1. Fire Command Training: All senior officers and key personnel are receiving training to enhance their leadership capabilities in emergency situations like fires.</p>	<p>Courses began in May 2011 and are ongoing.</p>
<p>2. Engine Fire Squad Training: Quick Response Team Squads have been sent to training focusing on response to fire including fire extinguishing training.</p>	<p>Courses began in February 2011 and are ongoing.</p>
<p>3. Hi-Fog Training for Emergency Situations: All engineering officers shall receive annual training on the use of the Hi-Fog system and its components.</p>	<p>Training is administered by a qualified technician at the end of each Hi-Fog system's annual inspection. The Safety Officer onboard also offers the training monthly.</p>
<p>4. Introduction of Updated Firefighting Standard Operating Procedures: All procedures regarding firefighting actions have been revised and enhanced with the aid of experts from the MTI Academy.</p>	<p>New SOPs were issued and were uploaded into internal systems.</p>
<p>5. New System Testing Protocols (CO₂, Hi-Fog): The CO₂ protocol of testing and maintenance has been reviewed and enhanced using assistance from the experts at Tyco Company. The Hi-Fog system protocols have also been enhanced with the assistance of experts at the Marioff Corporation.</p>	<p>New protocols were issued in March 2011.</p>
<p>6. Hi-Fog Full Scale Functional Test: A full scale test of the Hi-Fog system is now conducted periodically.</p>	<p>Ongoing</p>
<p>7. Removal of Pre-Warning Alarm from Fire Detection System: All alarms that sounded prior to an actual fire have been removed from the fire detection systems. This will avoid an overload of the system and allow for a better response in the case of a real fire emergency.</p>	<p>Completed August 2011.</p>
<p>8. CO₂ Testing Under Pressure. The CO₂ systems have now been tested under pressure to ensure the integrity and functionality of the entire system.</p>	<p>Completed October 2011.</p>
<p>9. Engine Hot Spot Protection and Monthly Inspections.</p>	<p>Completed monthly. PM Completed January 2013.</p>
<p>10. Engine Room Spray Guard Installation.</p>	<p>Completed.</p>
<p>11. Change of CO₂ Sequence: The sequence of the release of the gas has been modified to improve the functionality of the system.</p>	<p>Completed October 2011.</p>
<p>12. Upgrade of the Hi-Fog System: The software used in the Hi-Fog system has been upgraded to provide for a better response in an emergency while also expanding</p>	<p>The software update completed October 2011. The complete upgrade of the system is</p>

the actual coverage to the crank case of the diesel engines.	scheduled for April 2013.
13. Added Redundant Satellite Phone Connections: Extra iridium phones were placed onboard.	Four extra phones were issued in November 2011.
14. Increased the number of CCTV Cameras in Engine Spaces: The number and quality of CCTV cameras was increased to enhance video coverage in the engine spaces in case of an emergency.	System upgraded to digital IP and extra cameras installed in January 2012.
15. Synchronization of all Emergency Clocks: All internal clocks on the emergency system onboard have been synchronized to facilitate the retrieval of information during an investigation.	Completed October 2011.
16. Implemented New Watertight Door Operational Procedure: The procedures for the opening and closing of water tight doors have been enhanced.	Policy issued in May 2012.
17. Implemented Manual Roll Call for CO2 Discharge: A new procedure was implemented to account for all personnel in the engine spaces before the release of the CO2.	Policy issued April 2011.
18. Total Fire Risk Assessment: A total fire risk assessment for all engine spaces has been conducted.	Completed June 2011.
19. Review of CO2 Manual: The CO2 Manual has been revised to include the new protocol for release of CO2.	Completed October 2011.

USCG PRESS RELEASE – CARNIVAL BREEZE

****PHOTO AVAILABLE**** Coast Guard rescues two with help from Carnival Cruise ship Page 1 of 2

7th District Public Affairs
U.S. Coast Guard

U.S. Department of
Homeland Security
**United States
Coast Guard**



Date: March 25, 2013
Contact:

News Release

****PHOTO AVAILABLE**** Coast Guard rescues two with
help from Carnival Cruise ship



EDITOR'S NOTE: Click on thumbnail for high resolution image.

MIAMI – A Coast Guard helicopter crew with assistance from the cruise ship Carnival Breeze, safely medically evacuated two men 15 miles east of Elliot Key, Fla., Sunday.

The Coast Guard received a report that the 28-foot sailing vessel Gretchen Joy had two people aboard, one suffering heart problems and the other sick due to inclement weather. Coast Guard Sector Miami watchstanders launched both an MH-65 Dolphin rescue helicopter crew and 45-foot Response Boat-Medium crew to respond.

Upon arriving on scene, the helicopter crew lowered a rescue swimmer into the water. The swimmer made his way to the sailboat, assessed the condition of the people aboard, and determined a medevac was necessary. Due to the approximately five-foot swells, the rescue swimmer deemed it unsafe to put the people in the water for a basket hoist.

Sector Miami watchstanders decided to divert the Cruise Ship Carnival Breeze, which was approximately five-miles away, to provide a more stable platform to conduct a hoist. The cruise ship arrived on scene and waited for the RB-M to transport the two people to them. Once aboard the cruise ship, the Coast Guard helicopter then hoisted the woman with the heart condition. The remaining patient, stayed aboard the cruise ship where he received medical care. The commercial assistance provider TowBoat US then took the vessel in tow to Convoy Point.

"This medevac exemplifies the great working relationship the Coast Guard has with both the commercial assistance providers and the cruise ship industry," said Capt. Chris Scraba, Commanding Officer of Coast Guard Sector Miami. "Often times weather increases the level of danger and in this specific case, the cruise ship Carnival Breeze greatly facilitated in quickly getting the patient ashore to a medical facility in the safest manner possible."

The patient was taken to Ryder Trauma Center where she was later released in stable condition.

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