



NCL Corporation Ltd. Terminology & Non-GAAP Financial Measures

Revised Monday, November 16, 2009



Terminology & Non-GAAP Financial Measures

Capacity Days represents double occupancy per cabin multiplied by the number of cruise days for the period.

Gross Cruise Cost represents the sum of total cruise operating expenses and marketing, general and administrative expenses.

Gross Yield represents total revenues per Capacity Day.

Net Yield represents total revenues less commissions, transportation and other expenses, and onboard and other expenses per Capacity Day. We utilize Net Yields to manage our business on a day-to-day basis and believe that it is the most relevant measure of our pricing performance and is commonly used in the cruise industry to measure pricing performance. We have not provided a quantitative reconciliation of projected Gross Yield to projected Net Yields due to the significant uncertainty in projecting the costs deducted to arrive at this measure. Accordingly, we do not believe that reconciling information for such projected figures would be meaningful.

Net Cruise Cost represents Gross Cruise Cost excluding commission, transportation and other expenses and onboard and other expenses. In measuring our ability to control costs in a manner that positively impacts net income/(loss), we believe changes in Net Cruise Cost and Net Cruise Cost excluding fuel to be the most relevant indicator of our performance and is commonly used in the cruise industry as a measurement of costs.

Terminology & Non-GAAP Financial Measures

Passenger Cruise Days represent the number of passengers carried for the period, multiplied by the number of days in their respective cruises.

Occupancy Percentage, in accordance with cruise industry practice, represents the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

EBITDA represents earnings before interest, other income (expense) including taxes, depreciation and amortization, and impairment loss. We present EBITDA because management believes that EBITDA would be useful for investors in assessing our operating performance and our performance relative to our financial obligations. Additionally, EBITDA is a measure commonly used by financial analysts because of its usefulness in evaluating operating performance.

EBITDAR represents EBITDA before ship charter costs. We present EBITDAR because management believes that EBITDAR would be useful for investors in assessing our operating performance and our performance relative to our financial obligations. Additionally, EBITDAR is a measure commonly used by financial analysts because of its usefulness in evaluating operating performance.

Terminology & Non-GAAP Financial Measures

Pro Forma EBITDA represents EBITDA excluding certain restructuring charges.

Net Income/(Loss) Excluding Non-Cash Foreign Exchange Translation represents net income/(loss) before the effect of non-cash foreign exchange translation gains and losses. We believe that this financial measure is useful because it excludes non-cash foreign exchange translation gains and losses related to the translation of balance sheet amounts which the Company believes are not relevant to understanding the trends of our operational performance or its prospects for future operational performance. Management uses this measure to establish operational goals and believes that it may assist in analyzing the underlying trends of our operational performance over time.

Net Debt-to-Capital is a ratio which represents total long-term debt, including current portion of long-term debt, less cash and cash equivalents (“Net Debt”) divided by the sum of Net Debt and total shareholder’s equity (“Capital”). We believe Net Debt and Net Debt-to-Capital, along with total long-term debt and shareholder’s equity are useful measures of our capital structure.

Note: Our definitions may differ from the definitions used by other companies.



Full Year 2004 through 2008

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Passengers Carried	874,926	981,665	1,153,844	1,304,385	1,270,281
Passenger Cruise Days	6,744,609	7,613,100	8,807,632	9,857,946	9,503,839
Capacity Days	6,370,096	7,172,040	8,381,445	9,246,715	8,900,816
Occupancy Percentage	105.9%	106.1%	105.1%	106.6%	106.8%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Passenger ticket revenues	\$ 992,124	\$ 1,196,948	\$ 1,442,628	\$ 1,575,851	\$ 1,501,646
Onboard and other revenues	353,238	435,262	537,313	601,043	604,755
Total Revenues	1,345,362	1,632,210	1,979,941	2,176,894	2,106,401
Less:					
Commissions, transportation and other	259,313	331,386	429,280	434,749	341,936
Onboard and other	120,250	141,957	186,240	204,768	182,817
Net Revenues	\$ 965,799	\$ 1,158,867	\$ 1,364,421	\$ 1,537,377	\$ 1,581,648
Capacity Days	6,370,096	7,172,040	8,381,445	9,246,715	8,900,816
Gross Yields	\$ 211.20	\$ 227.58	\$ 236.23	\$ 235.42	\$ 236.65
Net Yields	\$ 151.61	\$ 161.58	\$ 162.79	\$ 166.26	\$ 177.70

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Day data):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Total cruise operating expenses	\$ 1,008,455	\$ 1,251,013	\$ 1,571,014	\$ 1,697,019	\$ 1,578,481
Marketing, general and administrative expense	204,560	225,240	249,250	287,093	299,827
Gross Cruise Costs	1,213,015	1,476,253	1,820,264	1,984,112	1,878,308
Less:					
Commissions, transportation and other	259,313	331,386	429,280	434,749	341,936
Onboard and other	120,250	141,957	186,240	204,768	182,817
Net Cruise Costs	\$ 833,452	\$ 1,002,910	\$ 1,204,744	\$ 1,344,595	\$ 1,353,555
Capacity Days	6,370,096	7,172,040	8,381,445	9,246,715	8,900,816
Gross Cruise Costs per Capacity Day	\$ 190.42	\$ 205.83	\$ 217.18	\$ 214.57	\$ 211.03
Net Cruise Costs per Capacity Day	\$ 130.84	\$ 139.84	\$ 143.74	\$ 145.41	\$ 152.07

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Day data):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Net Cruise Costs	\$ 833,452	\$ 1,002,910	\$ 1,204,744	\$ 1,344,595	\$ 1,353,555
Less:					
Fuel	78,013	119,412	164,530	193,173	258,262
Net Cruise Costs excluding Fuel	\$ 755,439	\$ 883,498	\$ 1,040,214	\$ 1,151,422	\$ 1,095,293
Capacity Days	6,370,096	7,172,040	8,381,445	9,246,715	8,900,816
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 118.59	\$ 123.19	\$ 124.11	\$ 124.52	\$ 123.06

Terminology & Non-GAAP Financial Measures

EBITDA and Pro Forma EBITDA were calculated as follows (in thousands):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Net Income / (Loss)	\$ (18,090)	\$ 16,235	\$ (130,899)	\$ (226,962)	\$ (211,803)
Interest ⁽¹⁾	47,452	82,203	133,086	174,025	149,568
Depreciation and Amortization	76,937	85,615	119,097	148,003	162,565
Other income (expenses), net	11,547	(27,525)	38,107	95,256	(1,024)
Impairment Loss	14,500	-	8,000	2,565	128,775
EBITDA	\$ 132,346	\$ 156,528	\$ 167,391	\$ 192,887	\$ 228,081
Restructuring Charges and Pro Forma Adjustments	-	-	-	-	72,007
Pro Forma EBITDA	\$ 132,346	\$ 156,528	\$ 167,391	\$ 192,887	\$ 300,088

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

Net Debt-to-Capital ratio calculated as follows (in thousands):

	As of December 31,				
	2004	2005	2006	2007	2008
Long Term Debt	\$ 1,604,331	\$ 1,965,983	\$ 2,405,357	\$ 2,977,888	\$ 2,474,014
Current Portion of Long Term Debt	86,198	140,694	154,638	191,172	182,487
Total Long Term Debt	1,690,529	2,106,677	2,559,995	3,169,060	2,656,501
Less: Cash and Equivalents	172,424	60,416	63,530	40,291	185,717
Net Debt	\$ 1,518,105	\$ 2,046,261	\$ 2,496,465	\$ 3,128,769	\$ 2,470,784
Total Shareholder's Equity	\$ 1,350,977	\$ 1,377,704	\$ 1,455,067	\$ 1,235,526	\$ 1,549,799
Net Debt	1,518,105	2,046,261	2,496,465	3,128,769	2,470,784
Net Debt and Capital	\$ 2,869,082	\$ 3,423,965	\$ 3,951,532	\$ 4,364,295	\$ 4,020,583
Net Debt-to-Capital	52.9%	59.8%	63.2%	71.7%	61.5%

Terminology & Non-GAAP Financial Measures


Operating Income Excluding Impairment Losses was calculated as follows (in thousands):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Operating (loss) income	\$ 40,910	\$ 70,342	\$ 32,580	\$ 42,214	\$ (63,247)
Impairment loss	14,500	-	8,000	2,565	128,775
Operating (loss) income, excluding impairment losses	\$ 55,410	\$ 70,342	\$ 40,580	\$ 44,779	\$ 65,528

Terminology & Non-GAAP Financial Measures

Net loss Excluding Impairment Losses was calculated as follows (in thousands):

	Years Ended December 31,				
	2004	2005	2006	2007	2008
Net Income	\$ (18,090)	\$ 16,235	\$ (130,899)	\$ (226,962)	\$ (211,803)
Impairment loss	14,500	-	8,000	2,565	128,775
Net Income, excluding impairment losses	\$ (3,590)	\$ 16,235	\$ (122,899)	\$ (224,397)	\$ (83,028)



**Quarterly through
December 31, 2006 and 2007**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended March 31,	
	2006	2007
Passengers Carried	239,502	307,211
Passenger Cruise Days	1,999,152	2,428,962
Capacity Days	1,894,548	2,337,620
Occupancy Percentage	105.5%	103.9%

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Passengers Carried	289,607	320,434	529,109	627,645
Passenger Cruise Days	2,131,185	2,424,646	4,130,337	4,853,608
Capacity Days	1,986,319	2,255,567	3,880,867	4,593,187
Occupancy Percentage	107.3%	107.5%	106.4%	105.7%

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Passengers Carried	329,087	355,889	858,196	983,534
Passenger Cruise Days	2,393,121	2,537,664	6,523,458	7,391,272
Capacity Days	2,220,144	2,281,324	6,101,011	6,874,511
Occupancy Percentage	107.8%	111.2%	106.9%	107.5%

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31	
	2006	2007	2006	2007
Passengers Carried	295,648	320,851	1,153,844	1,304,385
Passenger Cruise Days	2,284,174	2,466,674	8,807,632	9,857,946
Capacity Days	2,280,434	2,372,204	8,381,445	9,246,715
Occupancy Percentage	100.2%	104.0%	105.1%	106.6%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended March 31,	
	2006	2007
Passenger ticket revenues	\$ 308,799	\$ 350,651
Onboard and other revenues	118,618	141,085
Total Revenues	427,417	491,736
Less:		
Commissions, transportation and other	91,086	100,800
Onboard and other	38,350	42,651
Net Revenues	\$ 297,981	\$ 348,285
Capacity Days	1,894,548	2,337,620
Gross Yields	\$ 225.60	\$ 210.36
Net Yields	\$ 157.28	\$ 148.99

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Passenger ticket revenues	\$ 366,740	\$ 402,791	\$ 675,539	\$ 753,442
Onboard and other revenues	136,816	151,328	255,434	292,413
Total Revenues	503,556	554,119	930,973	1,045,855
Less:				
Commissions, transportation and other	106,276	114,060	197,362	214,860
Onboard and other	46,264	51,421	84,614	94,072
Net Revenues	\$ 351,016	\$ 388,638	\$ 648,997	\$ 736,923
Capacity Days	1,986,319	2,255,567	3,880,867	4,593,187
Gross Yields	\$ 253.51	\$ 245.67	\$ 239.89	\$ 227.70
Net Yields	\$ 176.72	\$ 172.30	\$ 167.23	\$ 160.44

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Passenger ticket revenues	\$ 442,133	\$ 466,952	\$ 1,117,672	\$ 1,220,394
Onboard and other revenues	156,433	165,551	411,867	457,964
Total Revenues	598,566	632,503	1,529,539	1,678,358
Less:				
Commissions, transportation and other	132,678	125,164	330,040	340,024
Onboard and other	58,084	61,999	142,698	156,071
Net Revenues	\$ 407,804	\$ 445,340	\$ 1,056,801	\$ 1,182,263
Capacity Days	2,220,144	2,281,324	6,101,011	6,874,511
Gross Yields	\$ 269.61	\$ 277.25	\$ 250.70	\$ 244.14
Net Yields	\$ 183.68	\$ 195.21	\$ 173.22	\$ 171.98

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2007	2006	2007
Passenger ticket revenues	\$ 324,956	\$ 355,457	\$ 1,442,628	\$ 1,575,851
Onboard and other revenues	125,445	143,079	537,313	601,043
Total Revenues	450,401	498,536	1,979,941	2,176,894
Less:				
Commissions, transportation and other	99,239	94,725	429,280	434,749
Onboard and other	43,542	48,698	186,240	204,768
Net Revenues	\$ 307,620	\$ 355,113	\$ 1,364,421	\$ 1,537,377
Capacity Days	2,280,434	2,372,204	8,381,445	9,246,715
Gross Yields	\$ 197.51	\$ 210.16	\$ 236.23	\$ 235.42
Net Yields	\$ 134.90	\$ 149.70	\$ 162.79	\$ 166.26

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended March 31,	
	2006	2007
Total cruise operating expenses	\$ 339,708	\$ 401,151
Marketing, general and administrative expense	57,942	66,990
Gross Cruise Costs	397,650	468,141
Less:		
Commissions, transportation and other	91,086	100,800
Onboard and other	38,350	42,651
Net Cruise Costs	\$ 268,214	\$ 324,690
Capacity Days	1,894,548	2,337,620
Gross Cruise Costs per Capacity Day	\$ 209.89	\$ 200.26
Net Cruise Costs per Capacity Day	\$ 141.57	\$ 138.90

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Total cruise operating expenses	\$ 399,177	\$ 421,359	\$ 738,885	\$ 822,510
Marketing, general and administrative expense	56,198	65,601	114,140	132,591
Gross Cruise Costs	455,375	486,960	853,025	955,101
Less:				
Commissions, transportation and other	106,276	114,060	197,362	214,860
Onboard and other	46,264	51,421	84,614	94,072
Net Cruise Costs	\$ 302,835	\$ 321,479	\$ 571,049	\$ 646,169
Capacity Days	1,986,319	2,255,567	3,880,867	4,593,187
Gross Cruise Costs per Capacity Day	\$ 229.26	\$ 215.89	\$ 219.80	\$ 207.94
Net Cruise Costs per Capacity Day	\$ 152.46	\$ 142.53	\$ 147.14	\$ 140.68

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Total cruise operating expenses	\$ 434,833	\$ 452,129	\$ 1,173,718	\$ 1,274,639
Marketing, general and administrative expense	59,619	67,679	173,759	200,270
Gross Cruise Costs	494,452	519,808	1,347,477	1,474,909
Less:				
Commissions, transportation and other	132,678	125,164	330,040	340,024
Onboard and other	58,084	61,999	142,698	156,071
Net Cruise Costs	\$ 303,690	\$ 332,645	\$ 874,739	\$ 978,814
Capacity Days	2,220,144	2,281,324	6,101,011	6,874,511
Gross Cruise Costs per Capacity Day	\$ 222.71	\$ 227.85	\$ 220.86	\$ 214.55
Net Cruise Costs per Capacity Day	\$ 136.79	\$ 145.81	\$ 143.38	\$ 142.38

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2007	2006	2007
Total cruise operating expenses	\$ 397,295	\$ 422,380	\$ 1,571,014	\$ 1,697,019
Marketing, general and administrative expense	75,491	86,823	249,250	287,093
Gross Cruise Costs	472,786	509,203	1,820,264	1,984,112
Less:				
Commissions, transportation and other	99,239	94,725	429,280	434,749
Onboard and other	43,543	48,698	186,240	204,768
Net Cruise Costs	\$ 330,004	\$ 365,780	\$ 1,204,744	\$ 1,344,595
Capacity Days	2,280,434	2,372,204	8,381,445	9,246,715
Gross Cruise Costs per Capacity Day	\$ 207.32	\$ 214.65	\$ 217.18	\$ 214.57
Net Cruise Costs per Capacity Day	\$ 144.71	\$ 154.19	\$ 143.74	\$ 145.41

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended March 31,	
	2006	2007
Net Cruise Costs	\$ 268,214	\$ 324,690
Less:		
Fuel	37,773	44,401
Net Cruise Costs excluding Fuel	\$ 230,441	\$ 280,289
Capacity Days	1,894,548	2,337,620
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 121.63	\$ 119.90

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Net Cruise Costs	\$ 302,835	\$ 321,479	\$ 571,049	\$ 646,169
Less:				
Fuel	42,388	42,675	80,161	87,076
Net Cruise Costs excluding Fuel	\$ 260,447	\$ 278,804	\$ 490,888	\$ 559,093
Capacity Days	1,986,319	2,255,567	3,880,867	4,593,187
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 131.12	\$ 123.61	\$ 126.49	\$ 121.72

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Net Cruise Costs	\$ 303,690	\$ 332,645	\$ 874,739	\$ 978,814
Less:				
Fuel	41,902	45,372	122,063	132,448
Net Cruise Costs excluding Fuel	\$ 261,788	\$ 287,273	\$ 752,676	\$ 846,366
Capacity Days	2,220,144	2,281,324	6,101,011	6,874,511
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 117.91	\$ 125.92	\$ 123.37	\$ 123.12

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2007	2006	2007
Net Cruise Costs	\$ 330,004	\$ 365,780	\$ 1,204,744	\$ 1,344,595
Less:				
Fuel	42,467	60,725	164,530	193,173
Net Cruise Costs excluding Fuel	\$ 287,537	\$ 305,055	\$ 1,040,214	\$ 1,151,422
Capacity Days	2,280,434	2,372,204	8,381,445	9,246,715
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 126.09	\$ 128.60	\$ 124.11	\$ 124.52

Terminology & Non-GAAP Financial Measures

EBITDA and EBITDAR were calculated as follows (in thousands):

	Three Months Ended March 31,	
	2006	2007
Net Income / (Loss)	\$ (28,798)	\$ (60,763)
Interest ⁽¹⁾	27,979	39,992
Income Tax Expense/(Benefit)	(900)	30
Depreciation and Amortization	26,879	35,357
Non-cash Foreign Exchange Translation (Gain)/Loss	5,102	9,151
EBITDA	\$ 30,262	\$ 23,767
Ship Charter Costs	6,467	6,467
EBITDAR	\$ 36,729	\$ 30,234

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

EBITDA and EBITDAR were calculated as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Net Income / (Loss)	\$ (35,102)	\$ (24,599)	\$ (63,900)	\$ (85,362)
Interest ⁽¹⁾	32,521	40,799	60,500	80,791
Income Tax Expense/(Benefit)	100	138	(800)	168
Depreciation and Amortization	28,543	35,846	55,422	71,203
Non-cash Foreign Exchange Translation (Gain)/Loss	22,273	12,460	27,375	21,611
Impairment Loss	-	2,565		2,565
EBITDA	\$ 48,335	\$ 67,209	\$ 78,597	\$ 90,976
Ship Charter Costs	6,538	5,170	13,005	11,637
EBITDAR	\$ 54,873	\$ 72,379	\$ 91,602	\$ 102,613

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

EBITDA and EBITDAR were calculated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Net Income / (Loss)	\$ 49,001	\$ (8,594)	\$ (14,899)	\$ (93,956)
Interest ⁽¹⁾	34,041	42,570	94,541	123,361
Income Tax Expense/(Benefit)	(419)	-	(1,219)	168
Depreciation and Amortization	30,990	35,795	86,412	106,998
Non-cash Foreign Exchange Translation (Gain)/Loss	(2,456)	42,924	24,919	64,535
Impairment Loss	-	-	-	2,565
EBITDA	\$ 111,157	\$ 112,695	\$ 189,754	\$ 203,671
Ship Charter Costs	6,610	4,673	19,615	16,310
EBITDAR	\$ 117,767	\$ 117,368	\$ 209,369	\$ 219,981

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

EBITDA and EBITDAR were calculated as follows (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2007	2006	2007
Net Income / (Loss)	\$ (116,000)	\$ (133,006)	\$ (130,899)	\$ (226,962)
Interest ⁽¹⁾	38,545	50,664	133,086	174,025
Income Tax Expense/(Benefit)	429	577	(790)	745
Depreciation and Amortization	32,684	41,005	119,097	148,003
Non-cash Foreign Exchange Translation (Gain)/Loss	13,978	29,976	38,897	94,511
Impairment Loss	8,000	-	8,000	2,565
EBITDA	\$ (22,364)	\$ (10,784)	\$ 167,391	\$ 192,887
Ship Charter Costs	6,610	4,074	26,226	20,384
EBITDAR	\$ (15,754)	\$ (6,710)	\$ 193,617	\$ 213,271

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

Net Debt-to-Capital ratio calculated as follows (in thousands):

	As of	
	December 31, 2006	March 31, 2007
Long Term Debt	\$ 2,405,357	\$ 2,407,159
Current Portion of Long Term Debt	154,638	155,305
Total Long Term Debt	2,559,995	2,562,464
Less: Cash and Equivalents	63,530	41,513
Net Debt	\$ 2,496,465	\$ 2,520,951
Total Shareholder's Equity	\$ 1,455,067	\$ 1,397,414
Net Debt	2,496,465	2,520,951
Net Debt and Capital	\$ 3,951,532	\$ 3,918,365
Net Debt-to-Capital	63.2%	64.3%

Terminology & Non-GAAP Financial Measures

Net Debt-to-Capital ratio calculated as follows (in thousands):

	As of	
	December 31, 2006	June 30, 2007
Long Term Debt	\$ 2,405,357	\$ 2,401,315
Current Portion of Long Term Debt	154,638	156,057
Total Long Term Debt	2,559,995	2,557,372
Less: Cash and Equivalents	63,530	68,680
Net Debt	\$ 2,496,465	\$ 2,488,692
Total Shareholder's Equity	\$ 1,455,067	\$ 1,376,641
Net Debt	2,496,465	2,488,692
Net Debt and Capital	\$ 3,951,532	\$ 3,865,333
Net Debt-to-Capital	63.2%	64.4%

Terminology & Non-GAAP Financial Measures


Net Debt-to-Capital ratio calculated as follows (in thousands):

	As of	
	December 31, 2006	September 30, 2007
Long Term Debt	\$ 2,405,357	\$ 2,478,482
Current Portion of Long Term Debt	154,638	159,352
Total Long Term Debt	2,559,995	2,637,834
Less: Cash and Equivalents	63,530	47,881
Net Debt	\$ 2,496,465	\$ 2,589,953
Total Shareholder's Equity	\$ 1,455,067	\$ 1,367,004
Net Debt	2,496,465	2,589,953
Net Debt and Capital	\$ 3,951,532	\$ 3,956,957
Net Debt-to-Capital	63.2%	65.5%

Terminology & Non-GAAP Financial Measures

Net Debt-to-Capital ratio calculated as follows (in thousands):

	As of	
	December 31, 2006	December 31, 2007
Long Term Debt	\$ 2,405,357	\$ 2,977,888
Current Portion of Long Term Debt	154,638	191,172
Total Long Term Debt	2,559,995	3,169,060
Less: Cash and Equivalents	63,530	40,291
Net Debt	\$ 2,496,465	\$ 3,128,769
Total Shareholder's Equity	\$ 1,455,067	\$ 1,235,526
Net Debt	2,496,465	3,128,769
Net Debt and Capital	\$ 3,951,532	\$ 4,364,295
Net Debt-to-Capital	63.2%	71.7%



**Three months and
nine months ended
September 30, 2007 and 2008**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Passengers Carried	355,889	360,810	983,534	966,701
Passenger Cruise Days	2,537,664	2,553,190	7,391,272	7,321,490
Capacity Days	2,281,324	2,293,946	6,874,511	6,745,362
Occupancy Percentage	111.2%	111.3%	107.5%	108.5%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Passenger ticket revenues	\$ 466,952	\$ 467,797	\$ 1,220,394	\$ 1,200,799
Onboard and other revenues	165,551	\$ 171,191	457,964	\$ 474,752
Total Revenues	632,503	638,988	1,678,358	1,675,551
Less:				
Commissions, transportation and other	125,164	102,589	340,024	275,187
Onboard and other	61,999	57,173	156,071	149,609
Net Revenues	\$ 445,340	\$ 479,226	\$ 1,182,263	\$ 1,250,755
Capacity Days	2,281,324	2,293,946	6,874,511	6,745,362
Gross Yields	\$ 277.25	\$ 278.55	\$ 244.14	\$ 248.40
Net Yields	\$ 195.21	\$ 208.91	\$ 171.98	\$ 185.42

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Total cruise operating expenses	\$ 452,129	\$ 431,982	\$ 1,274,639	\$ 1,242,091
Marketing, general and administrative expense	67,679	65,509	200,270	212,014
Gross Cruise Costs	519,808	497,491	1,474,909	1,454,105
Less:				
Commissions, transportation and other	125,164	102,589	340,024	275,187
Onboard and other	61,999	57,173	156,071	149,609
Net Cruise Costs	\$ 332,645	\$ 337,729	\$ 978,814	\$ 1,029,309
Capacity Days	2,281,324	2,293,946	6,874,511	6,745,362
Gross Cruise Costs per Capacity Day	\$ 227.85	\$ 216.87	\$ 214.55	\$ 215.57
Net Cruise Costs per Capacity Day	\$ 145.81	\$ 147.23	\$ 142.38	\$ 152.60

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Net Cruise Costs	\$ 332,645	\$ 337,729	\$ 978,814	\$ 1,029,309
Less:				
Fuel	45,372	78,729	132,448	211,777
Net Cruise Costs excluding Fuel	\$ 287,273	\$ 259,001	\$ 846,366	\$ 817,534
Capacity Days	2,281,324	2,293,946	6,874,511	6,745,362
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 125.92	\$ 112.91	\$ 123.12	\$ 121.20

**Three months and
twelve months ended
December 31, 2007 and 2008**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Passengers Carried	320,851	303,580	1,304,385	1,270,281
Passenger Cruise Days	2,466,674	2,182,349	9,857,946	9,503,839
Capacity Days	2,372,204	2,155,454	9,246,715	8,900,816
Occupancy Percentage	104.0%	101.2%	106.6%	106.8%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Passenger ticket revenues	\$ 355,457	\$ 300,847	\$ 1,575,851	\$ 1,501,646
Onboard and other revenues	143,079	130,003	601,043	604,755
Total Revenues	498,536	430,850	2,176,894	2,106,401
Less:				
Commissions, transportation and other	94,725	66,749	434,749	341,936
Onboard and other	48,697	33,208	204,768	182,817
Net Revenues	\$ 355,114	\$ 330,893	\$ 1,537,377	\$ 1,581,648
Capacity Days	2,372,204	2,155,454	9,246,715	8,900,816
Gross Yields	\$ 210.16	\$ 199.89	\$ 235.42	\$ 236.65
Net Yields	\$ 149.70	\$ 153.51	\$ 166.26	\$ 177.70

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Total cruise operating expenses	\$ 422,380	\$ 336,390	\$ 1,697,019	\$ 1,578,481
Marketing, general and administrative expense	86,823	87,813	287,093	299,827
Gross Cruise Costs	509,203	424,203	1,984,112	1,878,308
Less:				
Commissions, transportation and other	94,725	66,749	434,749	341,936
Onboard and other	48,697	33,208	204,768	182,817
Net Cruise Costs	\$ 365,781	\$ 324,246	\$ 1,344,595	\$ 1,353,555
Capacity Days	2,372,204	2,155,454	9,246,715	8,900,816
Gross Cruise Costs per Capacity Day	\$ 214.65	\$ 196.80	\$ 214.57	\$ 211.03
Net Cruise Costs per Capacity Day	\$ 154.19	\$ 150.43	\$ 145.41	\$ 152.07

Terminology & Non-GAAP Financial Measures

Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Net Cruise Costs	\$ 365,781	\$ 324,246	\$ 1,344,595	\$ 1,353,555
Less:				
Fuel	60,725	46,485	193,173	258,262
Net Cruise Costs excluding Fuel	\$ 305,056	\$ 277,761	\$ 1,151,422	\$ 1,095,294
Capacity Days	2,372,204	2,155,454	9,246,715	8,900,816
Net Cruise Costs Excluding Fuel per Capacity Day	\$ 128.60	\$ 128.86	\$ 124.52	\$ 123.06

Terminology & Non-GAAP Financial Measures

EBITDA and Pro Forma EBITDA were calculated as follows (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Net Income / (Loss)	\$ (133,006)	\$ (210,986)	\$ (226,962)	\$ (211,803)
Interest ⁽¹⁾	50,664	34,258	174,025	149,568
Depreciation and Amortization	41,005	41,522	148,003	162,565
Other income (expenses), net	30,553	13,041	95,256	(1,024)
Impairment Loss	-	128,775	2,565	128,775
EBITDA	\$ (10,784)	\$ 6,610	\$ 192,887	\$ 228,081
Restructuring Charges and Pro Forma Adjustments	-	28,796	-	72,007
Pro Forma EBITDA	\$ (10,784)	\$ 35,406	\$ 192,887	\$ 300,088

⁽¹⁾ Interest includes interest expense (net of capitalized interest) and interest income.

Terminology & Non-GAAP Financial Measures

Operating Income Excluding Impairment Losses was calculated as follows (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Operating (loss) income	\$ (51,672)	\$ (163,650)	\$ 42,214	\$ (63,247)
Impairment loss	-	128,775	2,565	128,775
Operating (loss) income, excluding impairment losses	\$ (51,672)	\$ (34,875)	\$ 44,779	\$ 65,528

Terminology & Non-GAAP Financial Measures

Net loss Excluding Impairment Losses was calculated as follows (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Net loss	\$ (133,006)	\$ (210,986)	\$ (226,962)	\$ (211,803)
Impairment loss	-	128,775	2,565	128,775
Net loss, excluding impairment losses	\$ (133,006)	\$ (82,211)	\$ (224,397)	\$ (83,028)



**Three months ended
March 31, 2008 and 2009**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended March 31,	
	2008	2009
Passengers Carried	309,034	332,961
Passenger Cruise Days	2,455,290	2,263,459
Capacity Days	2,307,929	2,117,520
Occupancy Percentage	106.4%	106.9%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended March 31,	
	2008	2009
Passenger ticket revenues	\$ 358,534	\$ 283,148
Onboard and other revenues	153,039	\$ 141,307
Total Revenues	511,573	424,455
Less:		
Commissions, transportation and other	85,343	66,949
Onboard and other	45,006	35,436
Net Revenues	\$ 381,224	\$ 322,070
Capacity Days	2,307,929	2,117,520
Gross Yields	\$ 221.66	\$ 200.45
Net Yields	\$ 165.18	\$ 152.10

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended March 31,	
	2008	2009
Total cruise operating expenses	\$ 401,774	\$ 310,250
Marketing, general and administrative expense	74,978	63,303
Gross Cruise Costs	476,752	373,553
Less:		
Commissions, transportation and other	85,343	66,949
Onboard and other	45,006	35,436
Net Cruise Costs	\$ 346,403	\$ 271,168
Capacity Days	2,307,929	2,117,520
Gross Cruise Costs per Capacity Day	\$ 206.57	\$ 176.41
Net Cruise Costs per Capacity Day	\$ 150.09	\$ 128.06

Terminology & Non-GAAP Financial Measures

EBITDA was calculated as follows (in thousands):

	Three Months Ended March 31,	
	2008	2009
Net Income (Loss)	\$ (145,013)	\$ 5,189
Less:		
Interest income	(289)	(348)
Other income, net	-	(17,335)
Plus:		
Interest expense, net of capitalized interest	47,712	25,412
Depreciation and amortization	39,756	37,984
Other (expenses), net	92,655	-
EBITDA	\$ 34,821	\$ 50,902



**Three and Six months ended
June 30, 2008 and 2009**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Passengers Carried	296,857	338,097	605,891	671,058
Passenger Cruise Days	2,313,010	2,307,675	4,768,300	4,571,134
Capacity Days	2,143,487	2,105,876	4,451,416	4,223,396
Occupancy Percentage	107.9%	109.6%	107.1%	108.2%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Passenger ticket revenue	\$ 374,467	\$ 330,265	\$ 733,001	\$ 613,413
Onboard and other revenue	150,522	\$ 148,152	303,561	\$ 289,459
Total Revenues	524,989	478,417	1,036,562	902,872
Less:				
Commissions, transportation and other	87,255	83,239	172,598	150,188
Onboard and other	47,430	41,275	92,436	76,711
Net Revenue	\$ 390,304	\$ 353,903	\$ 771,528	\$ 675,973
Capacity Days	2,143,487	2,105,876	4,451,416	4,223,396
Gross Yield	\$ 244.92	\$ 227.18	\$ 232.86	\$ 213.78
Net Yield	\$ 182.09	\$ 168.06	\$ 173.32	\$ 160.05

Terminology & Non-GAAP Financial Measures


Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Total cruise operating expense	\$ 408,335	\$ 332,608	\$ 810,109	\$ 642,858
Marketing, general and administrative expense	71,526	61,654	146,504	124,957
Gross Cruise Cost	479,861	394,262	956,613	767,815
Less:				
Commissions, transportation and other	87,255	83,239	172,598	150,188
Onboard and other	47,430	41,275	92,436	76,711
Net Cruise Cost	\$ 345,176	\$ 269,748	\$ 691,579	\$ 540,916
Capacity Days	2,143,487	2,105,876	4,451,416	4,223,396
Gross Cruise Cost per Capacity Day	\$ 223.87	\$ 187.22	\$ 214.90	\$ 181.80
Net Cruise Cost per Capacity Day	\$ 161.03	\$ 128.09	\$ 155.36	\$ 128.08

Terminology & Non-GAAP Financial Measures

EBITDA was calculated as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Net income (loss)	\$ (26,990)	\$ 15,419	\$ (172,003)	\$ 20,608
Interest income	(538)	(287)	(827)	(635)
Interest expense, net of capitalized interest	34,420	26,635	82,132	52,047
Other expense (income), net	(2,162)	4,253	90,493	(13,082)
Operating income (loss)	4,730	46,020	(205)	58,938
Depreciation and amortization expense	40,398	38,135	80,154	76,119
EBITDA	\$ 45,128	\$ 84,155	\$ 79,949	\$ 135,057



**Three and Nine months ended
September 30, 2008 and 2009**

Terminology & Non-GAAP Financial Measures

The following table sets forth unaudited statistical information for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Passengers Carried	360,810	348,614	966,701	1,019,672
Passenger Cruise Days	2,553,190	2,483,300	7,321,490	7,054,434
Capacity Days	2,293,946	2,163,140	6,745,362	6,386,536
Occupancy Percentage	111.3%	114.8%	108.5%	110.5%

Terminology & Non-GAAP Financial Measures

Gross Yields and Net Yields were calculated as follows (in thousands, except Capacity Days and Yields):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Passenger ticket revenue	\$ 467,798	\$ 392,473	\$ 1,200,799	\$ 1,005,886
Onboard and other revenue	171,191	\$ 158,203	474,752	\$ 447,662
Total Revenues	638,989	550,676	1,675,551	1,453,548
Less:				
Commissions, transportation and other	102,589	97,144	275,187	247,332
Onboard and other	57,173	47,462	149,609	124,173
Net Revenue	\$ 479,227	\$ 406,070	\$ 1,250,755	\$ 1,082,043
Capacity Days	2,293,946	2,163,140	6,745,362	6,386,536
Gross Yield	\$ 278.55	\$ 254.57	\$ 248.40	\$ 227.60
Net Yield	\$ 208.91	\$ 187.72	\$ 185.42	\$ 169.43

Terminology & Non-GAAP Financial Measures

Gross Cruise Costs and Net Cruise Costs were calculated as follows (in thousands, except per Capacity Days data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Total cruise operating expense	\$ 431,982	\$ 344,831	\$ 1,242,091	\$ 987,689
Marketing, general and administrative expense	65,510	54,202	212,014	179,159
Gross Cruise Cost	497,492	399,033	1,454,105	1,166,848
Less:				
Commissions, transportation and other	102,589	97,144	275,187	247,332
Onboard and other	57,173	47,462	149,609	124,173
Net Cruise Cost	\$ 337,730	\$ 254,427	\$ 1,029,309	\$ 795,343
Capacity Days	2,293,946	2,163,140	6,745,362	6,386,536
Gross Cruise Cost per Capacity Day	\$ 216.87	\$ 184.47	\$ 215.57	\$ 182.70
Net Cruise Cost per Capacity Day	\$ 147.23	\$ 117.62	\$ 152.60	\$ 124.53

Terminology & Non-GAAP Financial Measures

Operating Income Margin was calculated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Net Revenue	\$ 479,227	\$ 406,070	\$ 1,250,755	\$ 1,082,043
Operating Income	100,608	113,431	100,403	172,369
Operating Income Margin	21.0%	27.9%	8.0%	15.9%

Terminology & Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA were calculated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Net income (loss)	\$ 171,186	\$ 85,625	\$ (817)	\$ 106,233
Interest income	(1,139)	(132)	(1,966)	(767)
Interest expense, net of capitalized interest	35,143	25,813	117,275	77,860
Other expense (income), net	(104,582)	2,125	(14,089)	(10,957)
Operating income (loss)	100,608	113,431	100,403	172,369
Depreciation and amortization expense	40,889	38,212	121,043	114,331
EBITDA	\$ 141,497	\$ 151,643	\$ 221,446	\$ 286,700
Legal fees and settlements ⁽¹⁾	3,500	-	3,500	1,500
NCLA shutdown costs ⁽²⁾	1,724	-	13,138	-
Norwegian Sky start-up expenses ⁽³⁾	2,583	-	8,504	-
Consulting fees	1,215	-	7,231	-
Other ⁽⁴⁾	361	(3,468)	(1,531)	(2,662)
Adjusted EBITDA	\$ 150,880	\$ 148,175	\$ 252,288	\$ 285,538

⁽¹⁾ Includes legal fees for the cancellation of a newbuild ship order and for credit facility amendments.

⁽²⁾ Costs in connection with the Hawaii restructuring, which were reimbursed by Star Cruises pursuant to the Reimbursement and Distribution Agreement.

⁽³⁾ Costs incurred from the reflagging of Pride of Aloha from the U.S.-flagged fleet to the international fleet as Norwegian Sky.

⁽⁴⁾ Includes insurance claim recoveries, costs related to severance agreements, and a supplemental Protection and Indemnity insurance call.