

July 26, 2010

## **Norwegian Cruise Line Reports Results For Second Quarter 2010**

### **Company posts eighth consecutive quarter of year-over-year EBITDA growth; 12.6% improvement in EBITDA over prior year; Net Yield increases 6.6% over prior year**

**Miami - Jul 26, 2010** --- Norwegian Cruise Line (NCL Corporation Ltd., "Norwegian" or "the Company") today reported results for the second quarter ended June 30, 2010.

EBITDA for the second quarter of 2010 improved 12.6% to \$94.7 million versus \$84.2 million for the same period in 2009 (a 12.1% increase on an adjusted basis, to \$95.7 million from \$85.4 million). An improvement in Net Yield of 6.6% in the quarter resulted in Net Revenue increasing to \$364.7 million from \$353.9 million despite a 3.3% decrease in Capacity Days in the quarter due to the departure of Norwegian Majesty from the fleet in October 2009. The increase in Net Yield came from both improved passenger ticket pricing and increased onboard revenue per Capacity Day. Occupancy Percentage for the quarter was 109.2%. Net loss for the quarter was \$14.9 million on revenue of \$477.9 million compared to net income of \$15.4 million on revenue of \$478.4 million in 2009. The net loss in 2010 included a non-recurring charge of \$33.1 million related to foreign exchange contracts associated with the financing of Norwegian Epic. Excluding this non-recurring charge, net income for the period was \$18.2 million.

Net Cruise Cost for the second quarter was essentially flat year over year. On a per Capacity Day basis, Net Cruise Cost increased 3.5% primarily due to higher average fuel costs in the period and fewer capacity days as a result of the departure of Norwegian Majesty. Average fuel cost per metric ton in the period climbed to \$508 in 2010 from \$356 in 2009. Net Cruise Cost Excluding Fuel per Capacity Day decreased 2.3%.

"The results for the quarter demonstrate that we are continuing to build momentum," said Kevin Sheehan, chief executive officer of Norwegian Cruise Line. "Our improved results over last year were achieved while absorbing a 43% increase in the price of fuel," said Sheehan.

Interest expense, net of capitalized interest, increased to \$37.0 million in the quarter compared to \$26.6 million in 2009 due to higher average interest rates in the period. Other expense increased to \$33.8 million in 2010 versus \$4.3 million in 2009 primarily due to the aforementioned loss on foreign exchange contracts.

#### Updates and Outlook

Last month the Company took delivery of Norwegian Epic, its largest, most innovative Freestyle Cruising vessel to date. With 21 dining options, an equal number of bars and lounges, and an entertainment lineup which includes venues housing world-renown acts such as Blue Man Group and Legends in Concert in the Epic Theater, Cirque Dreams and Dinner™ in the Spiegel Tent, The Second City Comedy Troupe and Howl at the Moon at Headliners and Nickelodeon at Sea entertainment throughout the ship, Norwegian Epic has brought the Company's Freestyle Cruising offering to a new level. "The depth and breadth of choices and activities on board Norwegian Epic is unparalleled in the industry," said Sheehan.

After inaugural events in Rotterdam and Southampton, Norwegian Epic took guests on a maiden transatlantic voyage to New York City, where she became the largest vessel ever to dock in Manhattan. In a spectacular ceremony, Norwegian Epic was formally christened by her Godmother, country music icon and Freestyle Cruising fan Reba McEntire. After a successful two-night christening voyage, Norwegian Epic returned to Manhattan to serve as the host site for NBC's top-rated broadcast of the Macy's Fourth of July Fireworks Spectacular on the Hudson River. Added Sheehan, "We could not have asked for a better way to introduce Norwegian Epic to the world. From the delighted looks on guests' faces and the tremendous positive feedback we've received from those who sailed on her, we know that all the hard work and dedication by all of Norwegian's team members has created something truly special." Regarding her bookings, Sheehan commented, "Norwegian Epic has been booking extremely well, setting records week after week since her introduction in Europe and subsequent inaugural events in New York and Miami." Norwegian Epic is currently sailing alternating 7-day Eastern and Western Caribbean itineraries on Saturdays from the Port of Miami through April 2011, when she will then reposition to start her summer Mediterranean season out of Barcelona.

The second half of 2010 is showing solid improvements in pricing from 2009 levels with load factors consistent with prior year. Unlike this same time last year, the Company has been successful at holding price while balancing load factor. The booking curve continues to be healthy, but has narrowed from the highest levels achieved in the first quarter of 2010.

## Terminology and Non-GAAP Financial Measures

*Berths.* Double occupancy per cabin even though many cabins can accommodate three or more passengers.

*Capacity Days.* Berths multiplied by the number of cruise days for the period.

*EBITDA.* Earnings before interest, other income (expense) including taxes, impairment loss, and depreciation and amortization.

*Gross Cruise Cost.* The sum of total cruise operating expense and marketing, general and administrative expense.

*Gross Yield.* Total revenue per Capacity Day.

*Net Cruise Cost.* Gross Cruise Cost less commissions, transportation and other expense and onboard and other expense.

*Net Cruise Cost Excluding Fuel.* Net Cruise Cost less fuel expense.

*Net Per Diem.* Net Revenue per Passenger Cruise Day.

*Net Revenue.* Total revenue less commissions, transportation and other expense and onboard and other expense.

*Net Yield.* Net Revenue per Capacity Day.

*Occupancy Percentage or Load Factor.* The ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

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

## Non-GAAP Information

To supplement the Company's consolidated financial statements presented in accordance with accounting principles generally accepted in the U.S., the Company also provides certain non-GAAP financial measures, including EBITDA, Net Revenue, Net Yield, and Net Cruise Cost.

We define EBITDA as earnings before interest, other income (expense) including taxes, impairment loss, and depreciation and amortization and is used by management to measure operating performance of the business. Management believes EBITDA, when considered along with other performance measures, is a useful measure as it reflects certain operating drivers of the Company's business, such as sales growth, operating costs, marketing, general and administrative expense and other operating income and expense. EBITDA is also one of the measures used by the Company to calculate incentive compensation for management-level employees. This non-GAAP financial measure has certain material limitations, including: .

-it does not include net interest expense. As the Company has borrowed money for general corporate purposes, interest expense is a necessary element of its costs and ability to generate profits and cash flows; and

-it does not include depreciation and amortization expense. As the Company uses capital assets, depreciation and amortization are necessary elements of its costs and ability to generate profits and cash flows.

Management compensates for these limitations by using EBITDA as only one of several measures for evaluating the Company's business performance. In addition, capital expenditures, which impact depreciation and amortization, interest expense and income tax expense, are reviewed separately by management. Management believes EBITDA can provide a more complete understanding of the underlying operating results and trends and an enhanced overall understanding of the Company's financial performance and prospects for the future. EBITDA is not intended to be a measure of liquidity or cash flows from operations or measures comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments.

We define Adjusted EBITDA as EBITDA with supplemental adjustments. Each adjustment and the reasons we consider them appropriate for supplemental analysis should be evaluated. In evaluating Adjusted EBITDA, be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA is

not intended to be a measure of liquidity or cash flows from operations or measures comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments, and it is subject to certain additional adjustments. Our use of Adjusted EBITDA may not be comparable to other companies within our industry.

We use certain non-GAAP financial measures, such as Net Revenue, Net Yield and Net Cruise Cost to enable us to analyze our performance. We utilize Net Revenue and Net Yield to manage our business on a day-to-day basis and believe that they are the most relevant measures of our revenue performance because they reflect the revenue earned by us net of significant variable costs and are commonly used in the cruise industry to measure revenue performance. In measuring our ability to control costs in a manner that positively impacts net income, we believe changes in Net Cruise Cost and Net Cruise Cost Excluding Fuel to be the most relevant indicators of our performance and are commonly used in the cruise industry as a measurement of costs. Accordingly, we do not believe that reconciling information for such projected figures would be meaningful. Our use of non-GAAP financial measures may not be comparable to other companies within our industry.

### About Norwegian Cruise Line

Norwegian Cruise Line is the innovator in cruise travel with a 44-year history of breaking the boundaries of traditional cruising, most notably with the introduction of Freestyle Cruising which has revolutionized the industry by allowing guests more freedom and flexibility.

Today, Norwegian has 11 purpose-built Freestyle Cruising ships, providing guests the opportunity to enjoy a relaxed cruise vacation on some of the newest and most contemporary ships at sea.

Norwegian's largest and most innovative Freestyle Cruising ship, Norwegian Epic, debuted in June 2010. Norwegian Cruise Line is the official cruise line of Blue Man Group, debuting for the first time at sea on Norwegian Epic, as well as the official cruise line of Legends in Concert, Second City<sup>®</sup> Comedy Troupe, Howl at the Moon Dueling Pianos, Gibson Guitar, and Nickelodeon, the number-one entertainment brand for kids. Cirque Dreams<sup>®</sup> & Dinner is also featured on board Norwegian Epic as the first show of its kind at sea under a big top.

High resolution, downloadable images are available at [www.ncl.com/pressroom](http://www.ncl.com/pressroom). For further information on Norwegian Cruise Line, visit [www.ncl.com](http://www.ncl.com), follow us on Facebook and Twitter, watch us on YouTube, or contact us in the U.S. and Canada at 888-NCL-CRUISE (625-2784).

### Forward-Looking Statements

This release may contain statements, estimates or projections that constitute "forward-looking statements" as defined under U.S. federal securities laws including the statements made under the "Outlook" section of this release. Generally, the words "expect," "anticipate," "goal," "project," "plan," "believe," "seek," "will," "may," "forecast," "estimate," "intend," "future," and similar expressions are intended to identify forward-looking statements, which are not historical in nature. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Risks that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the adverse impact of the worldwide economic downturn and related factors such as high levels of unemployment and underemployment, fuel price increases, declines in the securities and real estate markets, and perceptions of these conditions that decrease the level of disposable income of consumers or consumer confidence; changes in cruise capacity, as well as capacity changes in the overall vacation industry; intense competition from other cruise companies as well as non-cruise vacation alternatives which may affect our ability to compete effectively; our substantial leverage, including the inability to generate the necessary amount of cash to service our existing debt, repay our credit facilities if payment is accelerated and the incurrence of substantial indebtedness in the future; the continued availability under our credit facilities and compliance with our covenants; our ability to incur significantly more debt despite our substantial indebtedness; our ability to generate sufficient cash flow from operations or draw on our credit facilities may be limited and not in an amount sufficient to fund our liquidity needs; the impact of volatility and disruptions in the global credit and financial markets which may adversely affect our ability to borrow and could increase our counterparty credit risks, including those under our credit facilities, derivative instruments, contingent obligations, insurance contracts and new ship progress payment guarantees; adverse events impacting the security of travel that may affect consumer demand for cruises such as terrorist acts, acts of piracy, armed conflict and other international events; the impact of any future changes relating to how travel agents sell and market our cruises; the impact of any future increases in the price of, or major changes or reduction in, commercial airline services; changes in fuel prices or other cruise operating expenses; the risks associated with operating internationally; the impact of the spread of contagious diseases; changes in general economic, business and geo-political conditions; accidents causing damage to ships and other accidents/incidents affecting the health, safety, security and vacation satisfaction of passengers and causing damage to ships, which could cause the modification of itineraries or cancellation of a cruise or series of cruises; our ability to attract and retain qualified shipboard crew, maintain good relations with employee unions and maintain or renegotiate our collective bargaining agreements on favorable terms; the continued availability of attractive port

destinations; the loss of key personnel or our ability to recruit or retain qualified personnel; the control by certain of our shareholders whose interest may not be aligned with ours; the impact of problems encountered at shipyards, as well as, any potential claim, impairment loss, cancellation or breach of contract in connection with our contracts with shipyards; future changes in the applicable tax laws; changes involving the environmental, health, safety, security and other regulatory regimes in which we operate; general industry trends, including the introduction of competing itineraries and other products by other companies; the ability to obtain financing and/or insurance coverage on terms that are favorable or consistent with our expectations; the lack of acceptance of new itineraries, products or services by our targeted customers; our ability to implement brand strategies and our shipbuilding programs, and to continue to expand our brands and business worldwide; the costs of new initiatives and our ability to achieve expected cost savings from our new initiatives; changes in interest rates, fuel costs, or foreign currency rates; increases in our future fuel expenses related to implementing recently proposed IMO regulations, which require the use of higher priced low sulfur fuels in certain cruising areas; the delivery schedules and estimated costs of new ships on terms that are favorable or consistent with our expectations; changes in other operating costs such as crew, insurance and security; the impact of pending or threatened litigation and investigations; the impact of changes in our credit ratings; the possibility of environmental liabilities and other damage that is not covered by insurance or that exceeds our insurance coverage; our ability to attain and maintain any price increases for our products; the impact of delays, costs and other factors resulting from emergency ship repairs as well as scheduled maintenance, repairs and refurbishment of our ships; the implementation of regulations in the U.S. requiring U.S. citizens to obtain passports for travel to additional foreign destinations; the impact of weather and natural disasters; and other risks discussed in the Company's filings with the Securities and Exchange Commission. You should not place undue reliance on forward-looking statements as a prediction of actual results. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based. In addition, certain financial measures in this release constitute non-GAAP financial measures as defined by Regulation G. A reconciliation of these items can be found attached hereto and on the Company's web site at [www.ncl.com/investors](http://www.ncl.com/investors).

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